

Preparing Budget Justifications

INTRODUCTION

The budget is the financial expression of the project and should accurately reflect the costs of the proposed research/education/service program. The budget justification provides the sponsor agency and reviewers of the application with information such as why costs are programmatically necessary and how they are calculated. Reviewers will analyze the financial data to determine if the proposed costs are allocable to the program, allowable under federal cost principles or non-federal sponsor guidelines (whichever is applicable), reasonable and treated consistently by the institution and similar organizations.

When the University receives an award, the approved budget items become part of the agreement between the University and the sponsor. Only those costs that are included in the budget or re-budgeted costs allowed by the sponsor should be directly charged to the award. If the cost requires prior institutional and/or sponsor approval after the award is made, the approval must be secured before the cost is incurred. Therefore, it is important to develop a budget that will enable the PI to fulfill all of the programmatic requirements of the project.

A budget and budget justification must be provided for:

- Proposed direct costs
- Proposed cost share
- Estimated program income, including projected revenue and expenditures
- Facilities and Administration (F&A or Indirect Costs)

SAMPLE BUDGET JUSTIFICATION

The budget and budget justification must adhere to the guidance provided by the sponsor agency.

The following information is intended to assist principal investigators and project personnel develop budget justifications that will enable reviewers to analyze the budget request in relation to the program selection criteria.

- NOTE: NSF requires that the institution define and consistently apply the definition of a budget year. Please be sure to include the following statement and one of the budget period bullet points at the top of your NSF budget justification:

The University uses the following definition of a “Year” for budgeting and management of compensation on grants:

- A fiscal year is the 12 month period starting July 1 and ending June 30
- An academic year is the 12 month period starting August 1 and ending July 31

You may use either of these periods to base your budget. But the budget period must be consistently applied throughout the project.

A. Salaries and Wages

Provide the following information for each position identified on the budget:

1. Name

2. Degree(s)
3. Title
4. Time commitment
5. Duties and responsibilities in relation to the program goals and objectives

Administrative and clerical positions are normally treated as Facilities and Administration (F&A), but may be charged to a sponsored project when ALL of the following conditions are met:

1. The cost can be readily identified specifically with the project with a high degree of accuracy.
2. The cost is incurred for a different purpose or circumstance as compared to administrative and clerical services that are normally treated as F&A. The budget justification should state that the costs are normally treated as F&A by the institution, but are requested due to a special purpose or circumstance. The special purpose or circumstance should be clearly outlined in the budget justification.
 - a. The work to be performed is different from the administrative and clerical services that are required for routine departmental and administrative support.
 - b. The work to be performed is required to meet the exceptional requirements of the project. Direct charging of these costs may be appropriate where a major project or activity explicitly budgets for administrative or clerical services. "Major project" is defined as a project that requires an extensive amount of administrative or clerical support which is significantly greater than the routine level of such services provided by academic departments. Examples of "major projects" where direct charging of administrative or clerical staff salaries may be appropriate are provided at the end of this document.
3. The cost is explicitly budgeted, with a reasonable justification given for direct charging due to a special purpose or circumstance, and approved by the sponsor agency.

Key Personnel (Includes PI and Co-PI/s)

For each person, it is recommended that the following be included for clarity:

1. Role, position, and suitability to project:
Professor [Smith](#) will serve as PI on this project. A Professor of Biology at UWG and has researched nanostructures extensively. Enter relevant work or accomplishment here, which shows suitability to project.
2. List specific role in project, e.g., directing the project, contributing a specific expertise, showing how this is the best person to lead the project.
3. Commitment of effort to project *Dr. Smith is committed to the project for 2 person months per year. NSF forms request commitment be listed in academic (9 month), summer, or calendar months.*
4. Explain salary request based on what the sponsor request: In general, an explanation of your salary should be made which includes your base salary for year 1 with a 3% increase for each subsequent year.

Example:

Dr. Smith, Project PI, will be responsible for design and implementation of the project including survey development, recruitment, data analysis-primarily qualitative, reporting, and project management. PI Smith requests 12.5% salary for the spring 2016 academic year and 11.1% summer salary for each year of the project with a 3% escalation calculated for year 2. Costs are based on a 9-month salary of \$56,650, \$13,369 for year 1, and \$13,771 for year 2.

Dr. John Jones, Co-PI, will assist with project design and implementation including survey development, recruitment, data analysis-primarily qualitative, and reporting. Dr. Jones requests 12.5% salary for the spring 2016 academic year and 11.1% salary for summer 2016. Costs are based on a 9-month salary of \$78,097, \$18,486 for year 1.

Please remember to escalate salary for subsequent years, as natural rate of inflation can cause a multi-year project to become under-funded in the later years. A 3% escalation is standard. Additionally, if you are requesting both Academic Year and Summer salary, you will need to include both fringe rates in your explanation.

Other Personnel:

It is rare, but salary can sometimes be requested for staff assistance on grants. The request must be thoroughly justified.

Although normally treated as an F&A cost, the nature of the work required for the Program Assistant represents administrative or clerical support which is different from and significantly greater than the routine level of support services provided by the institution. In addition, the Maternal and Child Services Workforce Development program is a "major project" as it is a large, complex programs that entails: assembling and managing teams of investigators from a number of institutions; requires making travel and meeting arrangements for large numbers of participants, such as conferences and seminars; requires significant amounts of data entry and/or transcription that is outside of the normal duties of the Assistant. We request 10 hours of administrative support for the spring semester of the project. The Assistants rate of pay is \$13.25 per hour for 10 hours per week for 15 weeks, \$1988 plus fringe benefits.

Students:

Salary is also requested for one undergraduate summer research assistant in each year. Funding is requested for one student to work 40 hours per week over 10 weeks in the summer (or for two students working 20 hours per week). At a rate of \$10 per hour, the total is \$4,000 per year for summer research in year one. In addition, \$3,000 per semester is requested to support a Graduate Research Assistant during the academic year, for approximately 20 hours per week over two 15-week semesters. The total amount of salary is \$6,000 in the first year of the award, \$6,180 in the second year, and \$6,366 in the third year. Total request for student salaries is \$22,546.

B. Fringe Benefits

Indicate how fringe benefit costs are calculated, based on the types of positions for which funding is requested.

Fringe benefits are calculated at 40% of requested salary dollars for the Academic year and include: FICA, Medicare, retirement and health insurance.

Fringe benefits are calculated at 26% of requested salary dollars for the Summer and include FICA, Medicare, and retirement.

**Please be sure to verify the current fringe rate with the ORSP staff prior to calculating your budget.*

Example:

Fringe benefits are based on established rates for the University of West Georgia. Fringe benefits for effort on the project are \$8,601 for year 1 and \$3,839 for year 2.

C. Travel

Provide a breakdown of travel costs including:

- Purpose of trip
- Name/position of traveler
- To the extent possible, itemize per person travel costs: airfare, lodging-number of nights and cost per night, meals-number of days and federal per diem for location, car rental, parking, mileage, registration fees, etc.
- Include location to be traveled to and specific conferences to be attended, if known.
- Number of trips
- Total costs

Examples:

1. The Research Associate will travel to six pilot sites, twice per year, to supervise data collection and conduct quality assurance monitoring.

In-State Travel: Two days/one night: \$493/Person/Trip

<i>Air Fare</i>	<i>\$200/person</i>
<i>Lodging</i>	<i>\$125/night</i>
<i>Meals</i>	<i>\$21/day x 2 days = \$42 (\$3-Breakfast, \$6-Lunch, \$12-Dinner)</i>
<i>Rental Car</i>	<i>\$40/day x 2 days = \$80</i>
<i>On-Site Parking</i>	<i>\$10/day x 2 days = \$20</i>
<i>Airport Parking</i>	<i>\$7/day x 2 days = \$14</i>
<i>Mileage to Airport</i>	<i>40 mi RT x \$.29/mi = \$11.60</i>
	<i>\$493/person/trip x 10 trips = \$4,930</i>

2. The Principal Investigator will travel to Washington, DC once per year to meet with the program officer and other grantees to review program progress and issues related to implementation and evaluation. The PI will attend the National Conference of X to present finding from the study in year 2. The National Conference is held in Washington DC each spring.

Out-of-State Travel: Three days/two nights: \$1,026/Person

<i>Air Fare</i>	<i>\$400/person</i>
<i>Lodging</i>	<i>\$175/night x 2 nights = \$350</i>
<i>Meals</i>	<i>\$21/day x 3 days = \$63 (\$3-Breakfast, \$6-Lunch, \$12-Dinner)</i>
<i>Rental Car</i>	<i>\$40/day x 3 days = \$120</i>
<i>On-Site Parking</i>	<i>\$20/day x 3 days = \$60</i>
<i>Airport Parking</i>	<i>\$7/day x 3 days = \$21</i>
<i>Mileage to Airport</i>	<i>40 mi RT x \$.29/mi = \$11.60</i>
	<i>\$1,026/person/trip x 2 trips = \$2,052</i>

D. Equipment

Requests for equipment should include the following information.

- Description
- Quantity
- Unit cost
- Justification for the use of each item related to specific program objectives:

- how the equipment will enable project personnel to fulfill the scientific objectives of the project, and
- how the use of such equipment will be solely allocable to the project.

General purpose equipment such as furniture, desktop computers, printers, fax machines, etc., are normally treated as F&A. If the proposed funding is non-federal, refer to the sponsor budget guidelines for definitions of allowable equipment purchases.

Example:

Spectronic Genesys 2 Spectrophotometer: The Spectrophotometer measures the amount of light that the sample absorbs by passing a beam of light through the sample and recording the intensity of light reaching the detector. This instrument will be used to analyze samples generated from exhaled breath condensate, in particular, ammonia and amylase levels. The Spectrophotometer will be allocated solely to this project. 1 unit @ \$6,450

High Performance Liquid Chromatograph with Fluorescence (HPLC) and UV-NIR: The HPLC will be used to evaluate the level of various breath condensate components including glutathione, ethane and ethylene. In addition, when coupled with a mass spectrometer, it is capable of measuring overlapping volatile components also found in breath condensate. Use of the HPLC will be solely allocable to this project. 1 unit @ \$44,345

E. Supplies

Provide the level of detail requested by the sponsor.

To the extent possible, list:

- Item description
- Quantity
- Unit cost
- Total amount

General office supplies normally cannot be included as direct charges to federal awards since these types of costs are included in the negotiated F&A rate. General office supplies include paper, pencils, pens, ink, toner cartridges, etc. These items of cost are considered readily expendable and are treated as F&A. The only exceptions are those in which the purchase of supplies is extensive in nature, can be specifically identified to the project and meets the definition of a direct charge.

Example:

MycoMeter sample kits: MycoMeter kits are necessary to periodically monitor the fungal growth on painted gypsum drywall. The generation of trimethylstibine is believed to be linked to the growth of fungi. Measurements of an indicator of fungal biomass should correlate with the generation rates of trimethylstibine. 175 kits @ \$25/kit = \$4,375

The following supplies are required to create a registration packet, program syllabus and training materials to be distributed to participants of the training program, "Hearing Conservation in Industry." The estimated attendance is 150. A flash drive will be distributed to each attendee to be used during training sessions conducted in the computer lab. A writing pad and pencil will be provided to facilitate note taking. In addition, each attendee will receive a certificate of completion at the conclusion of the program.

2" Three-ring notebooks	150 notebooks x \$2.36 ea =	354.00
Index divider sets	150 sets x \$1.89 ea =	283.50
Flash drive 32 GB	150 drives x \$4.92 =	738.00
#2 Pencils	13 boxes (12) x \$.80 =	10.40
Writing pads	13 pkg (12) x \$7.98 =	103.74
Certificate paper	6 packet (25) x \$4.42 =	26.52
Name badges	3 boxes (50) x \$19.32 =	57.96
		\$1,574.12

F. Consultant Costs

Professional services may be obtained from individuals who are not employees of the grantee institution. The following information should be provided:

1. Name of consultant (if known)
2. Organizational affiliation (if applicable)
3. Nature of services to be rendered
4. Number of days of consultation
5. Expected rate of compensation
 - a. Hourly or day rate
 - b. Other – travel, per diem, other related expenses

Example:

Name, Degree(s)

Funds are requested to conduct up to 10 training sessions pertaining to KidCare Program eligibility. The target audience includes enrollment personnel located in health departments, public health clinics, and other settings. Training sessions will be offered in locations throughout the state of Florida. Training programs will include: Basic Eligibility (4 sessions/year @ 6 hours/session), Advanced Training (4 sessions/year @ 4 hours/session), or Refresher (2 sessions/year @ 4 hours/session). Preparation and follow-up for each training course will not exceed 12 hours and will include consultation with HHS, INS, ORR or other offices or individuals.

<i>Basic Eligibility:</i>	<i>6 hrs trng + 12 hrs prep = 18 hrs/session x 4 sessions x \$50/hr = \$3,600</i>
<i>Advanced Training:</i>	<i>4 hrs trng + 12 hrs prep = 16 hrs/session x 4 sessions x \$50/hr = \$3,200</i>
<i>Refresher:</i>	<i>4 hrs trng + 12 hrs prep = 16 hrs/session x 2 sessions x \$50/hr = \$1,600</i>
	\$8,400

Travel to training site locations will be reimbursed including airfare, mileage, lodging, meals, parking, and other travel related expenses. Travel costs are estimated as follows:

$$\$500/\text{session} \times 10 \text{ sessions} = \$5,000$$

G. Other

This category contains items not included in the previous budget categories. Individually list each item requested and provide appropriate justification related to the program objectives.

The following items are normally treated as F&A:

- Postage expense incurred in support of routine administrative communication activities including mailing technical reports and other project deliverables are treated as F&A. Postage

expenses include US mail, overnight mail, UPS, etc. The only exceptions are those cases where extensive postage expense is required in support of the goals and objectives of the project, e.g., mailing a large number of surveys, mailing conference brochures. Requests to direct charge postage to federal dollars must demonstrate that the postage will provide a direct benefit to the purpose of the project, is extensive, and can be specifically identified with the project.

- Telephone and communication expenses incurred in support of routine administrative activities should not be charged directly to federal dollars, e.g., installation costs, monthly recurring telephone costs, pagers, etc. Exceptions to this rule include long distance calls (telephone and fax) incurred for the sole direct benefit of the project.

Examples:

Long-distance toll calls: Project personnel will communicate with pilot sites, sponsor agency, other program grantees, advisory committee and other constituents. Costs are estimated as follows:

$\$25/\text{person}/\text{month} \times 4.5 \text{ project FTEs} = \$112.50/\text{month} \times 12 \text{ months} = \$1,350$

Subject Fee Payments: Incentives will be provided to solicit participation in three focus group meetings. The focus group sessions will be designed to ascertain barriers encountered by consumers who seek prenatal health care services.

$25 \text{ participants}/\text{focus group} \times \$50/\text{participant} \times 3 \text{ focus group mtgs} = \$3,750$

Tuition: Funding is requested for two Graduate Research Assistants (GA) under the "Personnel" budget category. In addition to salary support, in-state tuition costs will be provided as follows:

$\$209.53/\text{credit hour} \times 9 \text{ hours}/\text{semester} \times 3 \text{ semesters} \times 2 \text{ GAs} = \$11,314.62$

The PI should request tuition waivers for Graduate Assistants, if allowable per the sponsor budget guidance and sufficient funding is available.

H. Contractual Costs-Sub-Awards

If a portion of the scope of work will be assigned to another institution or organization, the following information should be provided:

1. Name of subrecipient
2. Period of performance
3. Scope of work
4. Itemized budget and budget justification (Each proposed subrecipient must provide a budget and budget justification in compliance with the sponsor agency budget guidance.)

The scope of work and itemized budget and budget justification should contain the same level of detail as your information to the sponsor.

I. Total Direct Costs

This should be your total costs lines A-H.

J. Facilities & Administration (F&A) or Indirect Costs

F&A or indirect costs must be calculated in compliance with the budget guidance provided by the sponsor agency. If the sponsor does not specify a rate, the UWG federally negotiated rate of 40% must be used.

The University of West Georgia has a federally negotiated rate of 40% MTD. The current cost rate agreement is attached. $40\% \times \$68,389 = \$27,356$.

K. Total Project Costs

This will be the total costs, Direct + Indirect, being requested from the sponsor.

DEFINITIONS

2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

Direct Cost:

Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect (F&A) costs. See also §200.405 Allocable costs.

F&A Costs:

Costs that are incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity.

Reasonable:

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.

Allocable:

A cost is allocable to a particular sponsored project if the goods or services involved are chargeable or assignable to the project in accordance with the relative benefits received.

Consistent Application of Cost Accounting Principles:

Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs. Where the University treats a particular type of cost as a direct cost on sponsored agreements, all costs incurred for the same purpose in like circumstances must be treated as direct costs for all activities of the institution. Consistent treatment of costs is necessary to avoid inappropriate charges to the federal government or other sponsors when sponsored agreements are charged directly for specified costs, then charged again through the University's indirect cost rate.



REFERENCES

2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl