Review / Questions?

• Workshop #3 Content

• Homework
  – Draft questions for contacting sponsor
  – Draft aims/goals for research
Workshop #4: Budget Development
What you don’t want to see happen when the reviewers look at your budget:
Objectives

- Two Major Cost Categories
- Resources for Budget Preparation
- Types of Costs
- Determining Costs (Creating the Budget)
- Budget Narrative
Two Major Budget Categories

- **Direct Costs**
  - Costs which can be identified with a specific project relatively easily with a high degree of accuracy

- **Facilities & Administrative Costs**
  - aka Overhead or Indirect Costs
  - Costs which cannot be specifically identified with a particular project or activity, but the university incurs as a result of the project
    - (ex. administrative support to process documents)

- **Draft a rough budget EARLY**
Cost Accounting Standards

- The budget must be:
  - Allocable
  - Allowable
  - Reasonable
  - Consistent

What OMB Circular guides cost accounting standards?

Resources You Will Need

- RFP
- College contact for budget information
  - Salary schedules
  - Specific College policies
- University Rates: Fringe, Travel, & Indirect Cost (F&A)
Types of Costs

- Salaries & Wages
- Fringe Benefits
- Consultants
- Subcontracts
- Equipment
- Travel
- Participant Costs
- Tuition
- Materials & Supplies
- Publication
Salaries & Wages

- Which university personnel will work on the project?
  - PI
  - Co-PI
  - Post-doc
  - Graduate Students—WARNING!
  - Undergraduates
  - OPS

- For how much time? 30 hours or more?
Salaries & Wages

- Follow university’s salary schedules
  - Project Year vs. Salary Year

- Salary estimate increases
  - i.e. 3% each August

- Full-time employees typically work 2080 hours per year (40 hours/week x 52 weeks/year)
Salaries & Wages Considerations

• What happens when the funding ends?

• Is the salary classification appropriate?

• Two part-time positions may be less expensive than one full-time (lower fringe benefits)

• Agency salary caps or summer salary limitations?
### Maximum Salary Rates

<table>
<thead>
<tr>
<th>Agency</th>
<th>Max. Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Dept. of Education</td>
<td>No Specific Limit except $513/day for Rehabilitation Training Program grants</td>
</tr>
<tr>
<td>U.S. Dept. of Energy</td>
<td>None Specified</td>
</tr>
<tr>
<td>U.S. Dept. of Justice, Office of Justice Programs</td>
<td>$450/day</td>
</tr>
<tr>
<td>National Aeronautics &amp; Space Administration (NASA)</td>
<td>Up to Level IV of the Executive Schedule (exclusive of expenses and indirect costs)</td>
</tr>
<tr>
<td>National Institute of Health (NIH)</td>
<td>None Specified</td>
</tr>
<tr>
<td>National Science Foundation (NSF)</td>
<td>$537/day</td>
</tr>
</tbody>
</table>

Note: The NIH salary cap does not apply to payments made to consultants.
Example: Fringe Benefits

- 27.90% of full-time salaries
  - 1.60% of OPS salaries & Adjuncts
  - 19.70 to 41.70% of Post Doc

- UCF schedule of fringe benefits
  - [http://www.fa.ucf.edu/CG/Publications/Publications.cfm](http://www.fa.ucf.edu/CG/Publications/Publications.cfm)
  - [http://www.fa.ucf.edu/CG/Publications/Fringe03_2013.pdf](http://www.fa.ucf.edu/CG/Publications/Fringe03_2013.pdf)

### Fringe Benefits Table

<table>
<thead>
<tr>
<th>Fringe Category</th>
<th>Faculty A&amp;P and USPS</th>
<th>OPS Temp/ Adjunct and Research</th>
<th>Graduate &amp; Student &lt;= 32 hours</th>
<th>Graduate &amp; Student &gt; 32 hours</th>
<th>Post Doctoral Associates</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Payroll Matching</strong></td>
<td></td>
<td>**</td>
<td>**</td>
<td>**</td>
<td></td>
</tr>
<tr>
<td>State Health/ HMO</td>
<td>12.00%</td>
<td>**</td>
<td>**</td>
<td>**</td>
<td></td>
</tr>
<tr>
<td>FICA</td>
<td>7.65%</td>
<td>1.45%</td>
<td></td>
<td>7.65%</td>
<td></td>
</tr>
<tr>
<td>Retirement</td>
<td>7.00%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Life Insurance</td>
<td>0.10%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Miscellaneous Fringe</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Workers' Compensation</td>
<td>0.15%</td>
<td>0.15%</td>
<td>0.15%</td>
<td>0.15%</td>
<td></td>
</tr>
<tr>
<td>General Liability</td>
<td>0.00%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployment Compensation</td>
<td>0.00%</td>
<td>0.00%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Termination Pool</td>
<td>1.00%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Fringe Benefit Rate</strong></td>
<td>27.90%</td>
<td>1.60%</td>
<td>0.15%</td>
<td>7.80%</td>
<td></td>
</tr>
</tbody>
</table>

** Federal legislation may impact costs in 2014. Refer to comments on page 2 of this memo.
UCF defines **equipment / OCO** (Other Capital Outlay) as:

- nonexpendable, tangible items with a shelf life of more than one year and that cost over $5,000, either as a single item or as a unit.
- Documented price **quotes** must be provided with proposal.
- Includes software purchase with the same dollar value.
- May include some books.
- Give number and approximate **cost per unit** of each item.
- **Must be justifiable and align with proposal narrative.**
Equipment—PER ITEM!

What’s needed

• Quotes
• Catalog references
• On-line pricing
• Include shipping, installation, maintenance
Equipment Considerations

- Limits on equipment
- Post-project recurring costs
- Purchase early and must be tagged
- Transfer of ownership
- Existing university equipment
Travel

- Is it required for the project?
- Does it benefit the project?
Travel Considerations

- Domestic vs. International
- Domestic = State of Florida Rates
- International = Federal Rates
- Use of U.S. Air Carriers (American Competes Act)
Travel: *It’s in the Details*

- Airfare
- Lodging
- Ground Transportation
- Mileage
- Airport parking, tips, tolls, etc.
- Escalation? 5% or 10% if used
Expenses

- Materials & supplies
- Publication costs
- Contractual services
  - Consultants
  - Subcontracts (more on this later)
- Other
- Tuition
  - Optional to factor increase for tuition - 5%
Expense Considerations

• Think about costs to the organization

• Make sure it’s allowable…check!
  – Call your support people (College or central research administration office)
Other Expenses

- Postage
- Long Distance Telephone
- Maintenance Agreements
- Special Fees/Usage Charges
- Photocopying/printing
- Conference Registration
- Honoraria
- Food—WARNING!!!
What are Participant Costs?

- Costs of
  - transportation
  - per diem
  - stipends
  - other related costs

- Cost for participants or trainees (but not employees) in connection with sponsored conferences, meetings, symposia, training activities
Participant Costs

• Typical costs include:
  – Training (tuition, books, materials, fees)
  – Stipends
  – Meals
  – Lodging
  – Travel
  – Miscellaneous
Participant Cost Considerations

• Calculate the cost per participant
  – There may be a limit on this cost

• Some costs may be disallowed—check the RFP
  – T-shirts
  – Food
Contract Services

- Employee or contractor?
- Special Consultants
  - Maximum day rate?
- Vendor Contracts
  - Negotiated by procurement, not faculty
Subcontracts or Sub-awards

MUST HAVE:

1. Letter of Commitment – authorized signature
2. Statement of Work
   – Deliverables
   – Timeline (consider your start/end dates)
3. Detailed Itemized Budget
4. Budget Justification/Narrative
Subcontracts

- Subcontracts in excess of $1,000,000 must receive approval (University Policy)

- Subcontracts in excess of $50,000 require bid process (University Policy)

- Normally universities charge facilities and administrative costs (F&A) on the first $25,000 of each subcontract
Subcontract Considerations

- Recommend discussing with PI (terms & conditions)
- Normally universities have a standard contract form
- If you name a contractor in a proposal, it may be binding
- “the disclosure should include a clear description of the work to be performed, and the basis for selection of the subawardee (except for collaborative/joint arrangements)”
Match Considerations

- Must fund and track whatever you include:
  - Legal commitment
  - Subject to audit
- Make sure costs aren’t part of the F&A calculation
- Match account handled by College/department
- Watch grant budget dates and fiscal year budget dates
Cost Sharing Considerations

- Reasonable
- Justifiable
- Verifiable
Indirect / F&A Costs

• Facilities and Administrative
• Formerly known as Overhead or Indirect Costs
• Negotiated w/ institution’s cognizant agency (DHHS/ONR?) ~ every 3 years
F&A Cost Considerations

- Know the nature of the project
  - Is it research, instruction, training, or other type of activity, on or off campus?

- Do NOT use the term “reduced indirect”
  - We DO NOT provide reduced indirect rates
  - Either they are allowed or disallowed
  - Indirect rates are dependent upon the negotiated federal rate based on the nature of the activity
F&A Costs

• Federally approved F&A cost rate

• Recovering F&A costs can be significant

• Faculty may not consider this cost
Don’t cut yourself short
Calculating F&A Costs

If there’s a budget limit…

• Estimate BEFORE developing the budget:
  – Total Allowed / 1 + rate = Target direct costs
  – $250,000 / 1.45 = $172,414 Total Direct Cost available (adjust for excluded costs)
F&A Costs

• At UCF, the base is either:
  – TDC – F&A is charged on all direct costs
  – MTDC – F&A is charged on all direct costs (minus - equipment, stipends, tuition, portion of each subcontract >$25k, rentals)

• Choosing the right rate
  – Organized Research (on/off campus)
  – Other Sponsored Activity (on/off campus)
  – Instruction (on/off campus)

• Foregone vs. Waived (there’s a difference!)

Limited F&A Costs

- Normally, universities abide by
  - published guidelines for an agency
  - RFP limits
Indirect Cost Considerations

- Understand the costs that have been included in calculation of the indirect cost rate

- These costs CANNOT be budgeted as direct costs without a Cost Accounting Standards (CAS) approval
Example: Distribution of Indirect

- 55% Office of Research & Commercialization
- 25% College of Sciences
- 10% Department
- 10% Principal Investigator
  - The departmental and PI portions will be deposited into two separate accounts.
  - Each department or program must keep accurate records on indirect dollars.

This split can vary between Colleges and Research Centers/Institutes
Budget Narrative

• Make your case that the budget is reasonable, appropriate, and adequate

• Describe the policies that govern your budgetary decisions

• Provide detail about items to be purchased

• Indicate how costs were calculated
  – Insert parts of the spreadsheet as tables

• Make sure the budget narrative is consistent with the grant narrative
Summary

- **Major Cost Categories**
  - Direct / F&A

- **Resources for Budget Preparation**
  - RFP, college contact, university rates

- **Types of Costs**
  - Salaries, travel, fringe, equipment, etc.

- **Creating the Budget**
  - Hidden and allowable costs

- **Budget Narrative**
  - Reasonable, appropriate, adequate, consistent, detailed
A Mad Scientist

Define the following:

Mad scientist

A regular scientist who's had his funding yanked.
Homework

• Create a draft research budget and narrative

• Bring your questions!
Contact Us

Jo Ann Smith, Ph.D., CRA
University of Central Florida
College of Health and Public Affairs
School of Public Administration
Master of Research Administration
HPA II Suite 241, Orlando, FL 32816-1395
Office: (407) 823-3925 Fax: (407)823-5651
E-mail: Jo.Smith@ucf.edu

Joshua Roney, M.A.
University of Central Florida
Office of Research & Commercialization
Proposal Development Coordinator
12201 Research Parkway, Suite 531
Orlando, FL 32826
Office: (407) 882-0007
E-mail: JRoney@ucf.edu