

BUDGET BASICS PART 2- CATEGORIES OF SPENDING DIRECT COSTS



Fran Stephens
Director, Pre-Award Services
Office of Research Services
University of Oklahoma-Norman
fran@ou.edu



BUILDING A PROPOSAL BUDGET PART 1

OBJECTIVES

- ✓ Identify components necessary for comprehensive budget development.
- ✓ Increase awareness of problem areas in budget construction related to direct costs.



BUDGET COMPONENTS

- ✓ May vary by Sponsor
- ✓ Local policy and use of Object Codes (funding codes) may also impact the items and their arrangement in the budget
- ✓ For our purposes the general NSF budget categories are mainly used as these are common in full or part to many sponsors.
- ✓ OU requires a detailed budget at submission (actually at internal routing before submission) regardless of what the sponsor requests in the submission.



BUDGET CATEGORIES

(OVERVIEW)

- ❖ Personnel Costs
- ❖ Fringe Benefits
- ❖ Equipment
- ❖ Travel
- ❖ Participant Support Costs

- ❖ Other Direct Costs
 - ❖ Research Materials and Supplies
 - ❖ Publication costs
 - ❖ Consultants
 - ❖ Computer/ADPE Services
 - ❖ Subcontracts
 - ❖ Tuition
 - ❖ Incentives
 - ❖ Shipping
 - ❖ Other

- ❖ Facilities & Administrative Costs (F&A) are covered in Budget Basics Part 3



TYPES OF PERSONNEL COSTS

- ✓ Faculty – Academic Year
 - ✓ Faculty - Summer
 - ✓ Professional Staff
 - ✓ Post Docs
 - ✓ Professional Staff – Limited (temporary)
 - ✓ Classified Staff (hourly)
 - ✓ Graduate Students (GRA/GTA)
 - ✓ Undergraduate Students
 - ✓ Other
 - ✓ Clerical
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- Clerical/Administrative support is very limited and highly subject to audit
 - Some sponsors will limit types of personnel or amount of payments
 - OU budget forms are only for OU personnel in the A and B sections of the form (i.e. persons who are currently OU employees or will be hired as OU employees)



TYPES OF PERSONNEL COSTS

- ✓ This includes payments for anyone who is an organizational employee to include supplemental pay.
 - ✓ Supplemental pay is very restricted; requires special approvals.
- ✓ Most sponsor budget forms have two areas –
 - ✓ Senior Personnel (PI, Co-PI, Other Key persons)
 - ✓ Other Personnel (Post Docs, Technicians, Project Coordinators,
- ✓ GRA and uGRA, etc. (99% of time this is only for OU persons – not consultants or non-OU personnel.)
- ✓ Payments for fellowships and stipends may or may not be in this area depending on the sponsor.
- ✓ Payment for consultants, participants, vendors, advisors, and subcontract personnel are usually in other areas of the budget.
- ✓ Guidelines may have eligibility restrictions for personnel; especially
 - ✓ PI and coPI



TEAM COMPOSITION

- ✓ Value of Contribution; why they are on the project
 - ✓ For entire team; including if you have a subcontract/vendor/consultant; why they are needed or the best choice for your project
- ✓ Do you need advisors/advisory boards, evaluation (internal and external – some sponsors specify)
- ✓ Are there special criteria from the sponsor to consider (gra/ugra, diversity, minorities, required or recommended organizations or labs, etc.)
- ✓ Use correct numbers for involvement (salary, rates, tuition)
- ✓ Consider the timing of involvement and hiring
 - ✓ Note the sponsor may prescribe a start date or that the budget be composed a certain way by date
- ✓ Who is a 'key' member of your team (if the sponsor wants people on your team identified in this manner)
- ✓ Understand your sponsor's definition(s) of personnel (it can vary)



FRINGE BENEFITS

- ✓ Normally a composite of benefits such as:
 - ✓ Medical Insurance
 - ✓ Dental Insurance
 - ✓ Life Insurance
 - ✓ Disability Insurance
 - ✓ FICA, unemployment, worker's compensation
 - ✓ Retirement
 - ✓ Remitted Tuition (some institutions [including OU] use a separate section for this, if you do it is common to list it under 'Other Direct Costs', 'Other' in the NSF budget)

- ✓ Different appointments of personnel have different fringe rates.

- ✓ Fringe benefit rates are normally negotiated and included in an organizations rate agreement (or are otherwise established via organizational policy).

- ✓ Over the life of a proposal, especially if supplements and modifications are made, the fringe rate is usually updated as it must be charged at the current rate being applied.



PERSONNEL COSTS

- ✓ How do you determine what the cost is?
 - ✓ Your Proposal Development Specialist (PDS) can provide salary and some fringe info for OU PI and CoPI (and some other full-time personnel by name).
 - ✓ Ask more experienced colleagues in your department and your department Chair or Director
 - ✓ Ask financial or administrative assistants within the department who assist with paying personnel or who have access to PeopleSoft/HR systems
 - ✓ For graduate research assistants the Grad College has established a minimum which your PDS can provide; many colleges also have internal minimums for gra.
 - ✓ Fringe is based on the appointment (note that the lower non-OTRS rate is not used on sponsored projects at this time)



EQUIPMENT

- ✓ Items costing over \$5,000 per unit and having a useful life of one year or more (check limits)
- ✓ Includes freight and shipping costs
- ✓ May include training and installation
- ✓ Fabricated Equipment (must also be noted as purchased)
- ✓ May also include construction and remodeling
- ✓ Exempt from F&A
- ✓ State definition may differ
- ✓ In post-award disposition at the end of the award needs to be resolved
- ✓ Sponsor may require quotes either at submission or at some point in review or award process



TRAVEL

- ✓ Airfare (Fly America Act)
- ✓ Lodging/Apartment Rental
- ✓ Per Diem (policy)
- ✓ Car Rental (may be local exclusions)
- ✓ Local Transportation (Taxi, Metro, Shuttle)
- ✓ Mileage (policy)
- ✓ Registration Fees (policy)
- ✓ Safety and security costs may also be included dependent on location
- ✓ Travel to Canada or Mexico is agency specific
- ✓ International travel requirements and restrictions
- ✓ May require special permissions at submission, award, and at post award (even if in the budget submitted and awarded)
- ✓ Very hot topic for audit especially foreign travel



PARTICIPANT SUPPORT COSTS

- ✓ Agency specific (may only be applicable/allowed in limited circumstances)
- ✓ Intended for conferences, meetings, symposia, training activities, and workshops (primarily hosting/creating not attending)
- ✓ Participants or trainees may not be employees either of OU or on the grant
- ✓ Common Costs are:
 - ✓ Stipends
 - ✓ Cost of transportation
 - ✓ Subsistence
 - ✓ Other related costs
- ✓ Include the number of participants
- ✓ May have special restrictions at post award (cannot move funds out, etc.)
- ✓ Food provided as part of participant support costs may be very limited by the sponsor and usually requires special justification and must be working meals; most commonly lunch



OTHER DIRECT COSTS-

Research Materials and Supplies

- ✓ Chemicals
- ✓ Expendable Equipment
- ✓ Computer Software
- ✓ Computers and peripherals
- ✓ Lab Supplies (Gases and Media)
- ✓ Reagents
- ✓ Cartridges for Copiers/Printers/Faxes
- ✓ Research Supplies (allocable to the project)
- ✓ Reference Materials
- ✓ Instrumentation <\$5,000

Animal purchase costs usually go under materials and supplies but their care is un

Other Direct – other

Do not use term 'office supplies' use project supplies or consumables



OTHER DIRECT COSTS-

- ✓ **Publication Costs**—page charges, dissemination expenses (posters, etc.)
- ✓ **Computer Services**—IT support fees, internet charges
- ✓ **Shipping** – shipping and handling charges associated with materials and supplies, or any shipping costs related to other direct costs; may also include equipment shipping if that is not part of the equipment quote or allowed by the sponsor to be part of the equipment quote. Note this is a special 'add' to the OU budget at ReFS request, so on many sponsor budgets it will be included with Other Direct Other.
- ✓ **Incentives** – payments to participants in focus groups, survey or other studies, or clinical trials; usually in the form of gift cards. Secure handling is required; must comply with Provost policies.



OTHER DIRECT COSTS-

✓ **Tuition Remission**

- ✓ Graduate Research Assistant (GRA) labor budgeted in the project usually results in tuition remission being allowed/required to be on the proposal budget. (OU requires it be included unless specifically restricted by the sponsor. It is not included as cost share on the budget unless the sponsor mandates cost share be provided.)
- ✓ Extra tuition (and fees) funds are not allowed to be included.
- ✓ Calculation of tuition remission usually varies by institution. At OU we have a set monthly charge that is used for all gra based on how many months the gra is on the proposal.
 - ✓ GRA normal appointments are at 50% FTE
 - ✓ Partial months count as a full month
 - ✓ Recommend read the OU Tuition Remission Policy and the associated FAQs
- ✓ Tuition is normally excluded from F&A calculations.



OTHER DIRECT COSTS

✓ Subcontracts

- ✓ Entire sub-proposal needed –regardless of submission requirements (budget, statement of work, budget justification, any special forms)
- ✓ Institutional letter of commitment signed by person with authority to commit the organization
- ✓ Rate agreement if overhead/IDC charged; Federal de minimus may be allowed

✓ Consultant Services

- ✓ Individual is providing minor support (advice or services for a fee)
- ✓ Letter/email of commitment recommended by OU; may be required by sponsor.
- ✓ Considered an independent contractor; be careful of organizational involvement/permissions.
- ✓ Fee generally determined by number of days or hours of consultant time.
- ✓ If consultant travel is needed it can be included with fee payment or in travel.
- ✓ Fee commensurate with expectation of the career field.

✓ Contractual/vendor expenses/services/fees

- ✓ Doing same/similar service for others
- ✓ Providing something 'off the shelf'
- ✓ Sponsor may request or require a quote

Nature of the relationship with a subcontract/consultant/vendor may change with each proposal. Involvement in programmatic decisions, authorship on publications and reports, and flow-down of sponsor requirements are things to consider when determining the type of relationship you have. (Ask PDS for Decision Matrix.)



OTHER DIRECT COSTS- OTHER

- ✓ **Communication Costs**
 - ✓ Express Mail Charges, Fax Charges, Mobile phone services, Postage (no stamps)
 - ✓ Long Distance phone calls (All charges must be directly attributable to project)
- ✓ **Copying**
- ✓ **Animal care costs/Human subject care costs**
- ✓ **Study Participant costs/incentives**
- ✓ **Advertising to recruit students/participants**
- ✓ **Maintenance agreements**
- ✓ **Audio/visual services (including website construction/hosting)**



OTHER DIRECT COSTS - OTHER

- ✓ **Construction/renovation/remodeling costs**
 - ✓ Letter may be needed; may also be an equipment item
- ✓ **Costs for workshops/conferences/technical & administrative meetings**
 - ✓ If including food costs, state that in justification-may or may not be allowed even if initially approved; usually must be a working meal
 - ✓ May include fees for hosting services, applications, software such as ZOOM
- ✓ **Space Rental**
- ✓ **Service fees**
 - ✓ Recharge center fee, cost to use special facilities/tests such as DNA sequencing, microscopy lab, video production, room rental, etc.
 - ✓ May be internal or external
- ✓ **Project Evaluation fee/cost**
 - ✓ May be internal or external
- ✓ **Software license**



BUILDING A PROPOSAL BUDGET PART 2

QUESTIONS?

