



## Grants and Funded Research

### Budget Development Guidelines

#### Budget Development

A well-crafted budget, one that details the services and material expenditures necessary to carry out the proposed statement of work, can strengthen the total proposal and increase the likelihood of funding. GFR encourages investigators to enlist assistance early in the proposal development process. A carefully prepared budget will include costs that are allowable under the terms of the funding opportunity. Those costs will also be directly and proportionately allocable to the project, so that they can be specifically isolated as intended to fund this project and this project alone. Finally, all costs articulated in the budget will, while based on an estimate of what the project might cost, be reasonable. That is to say, that costs will be based on market value and institutionally established rates of pay.

The Office of Grants & Funded Research takes primary responsibility for developing a grant budget and accompanying budget narrative, in consultation with the principle investigator who will articulate his/her needs to carry out the aims of the project. GFR will work up a detailed budget, to include all costs associated with the project, including direct costs like salaries and wages (along with fringe benefits), materials and supplies, consulting and subcontracting costs, travel, equipment, and any other costs associated with the project. Where appropriate and allowable, indirect costs will also be calculated. Once this is complete, a budget justification or narrative will be produced to accompany the budget spreadsheet.

One way to begin developing a budget is to outline what you think you will need in the way of employee time and physical resources to accomplish the project goals. Typically, the PI will meet with GFR to create a list of personnel and equipment needs for the entire project, including costs to be covered by mandatory cost sharing and any anticipated program income (see separate statement on cost share and program income). The budget outline will, in turn, form the basis for the budget narrative.

Here is a list of cost categories most commonly associated with externally funded research projects:

#### Personnel

- Senior Personnel
- Other Professionals
- Graduate Students
- Undergraduates
- Secretarial/Clerical
- Other

#### Fringe

Benefits  
Equipment  
Travel  
Participant Support  
Costs Other Direct  
Costs  
    Materials &  
    Supplies  
    Publication Costs  
    Consultants  
    Computer Services  
    Subawards  
    Other  
Indirect Costs

From the outline created in consultation between the PI and the Director of GFR, GFR calculates the salaries and fringe benefit costs, and any non-personnel costs, and calculates the indirect costs to arrive at the total project budget and budget narrative. In the case of more complicated proposal requirements, GFR will document subcontracts/sub-recipient/consultants agreements, matching funds and cost-sharing, and complete sponsor assurances and certifications.

**Budget Itemization or Direct and Indirect Costs** - Many research expenses - salaries and fringe benefits of researchers, travel, equipment, etc. – will appear for budgeting purposes as direct charges (e.g. specific line items in the budgets of sponsored projects, directly allocable to the work being proposed). Sponsors also pay a fraction of other equally essential costs that are less readily allocable to specific individual projects—the cost for administrative support, the operation and maintenance of space, libraries, etc.—as a percentage of direct costs. These Facilities and Administrative (F&A) costs, also called indirect costs or overhead, are carefully audited by the federal government and are chargeable to all federal and non-federal sponsors where the funding opportunity and its associated guidelines allow for such costs to be requested.

**Major categories of direct costs include:**

- Personnel
- Equipment
- Travel
- Subcontracts and sub-awards
- Participant support costs
- Other (see below)\*\*

**Personnel-** This category applies to faculty, professional staff, and hourly personnel (e.g. student labor). To determine total salaries and wages, the budget will list the amount of time to be spent by each person, including secretaries and clerical assistants, who will be working on the project. Time should normally be shown in terms of person-months and a percentage of full-time effort. Budgets should be adjusted for salary increases when the project is for more than one calendar year or involves more than one University fiscal year. It is customary to build in a 3% salary escalation for each project year beyond the first year of the proposed activity.

In most cases an appropriate percentage of the faculty member's academic or calendar year salary will be used to calculate their cost of effort for the budget. Under the 10.12 provision of

the AAUP contract, a faculty member may elect to devote additional time beyond their current obligations and may request and receive additional compensation beyond the base academic year salary for this effort. Some Federal agencies permit a maximum of 2.0 months of summer effort and salary (or equivalent). NSF, for example, limits summer salary to 2/9 of the regular academic year salary.

Administrative personnel expenses are customarily included as indirect costs. However, under special circumstances as explained by the U.S. Office of Management and Budget Circular (OMB Circular A-21) they may be direct charged. Direct charging is generally permitted if the administrative staff is integral to the project or activity, necessary for the successful completion of the objectives, and their effort can be apportioned justifiably to one or two projects or activities for a significant amount of time.

Other professional research staff and assistants may be compensated for periods during which their services will benefit the project. For example, student pay rates are established by Payroll according to the skill and responsibilities expected of the student worker. Student workers are limited to a maximum of 20 hours per week during the academic year.

**Fringe Benefits-** This includes the University's contributions to Social Security, retirement programs, health insurance and unemployment compensation. The rate depends on the employee's retirement plan and health insurance options. For undergraduate assistants (hourly workers), no employee benefits apply except during the summer. If the assistants are not enrolled in summer school classes, then Social Security and unemployment compensation are applicable. Permanent part-time employees who work less than one-half time, temporary personnel, and hourly employees are entitled only to Social Security and unemployment compensation. Summer, 10.12 and lecturer payments often carry lower fringe rates. Contact GFR for current rates.

**Consultant fees-** These costs may be paid to experts outside the University who provide a unique contribution to the project. State of Connecticut employees are not eligible to receive compensation for consulting services on sponsored projects although faculty at CCSU may serve as consultants if working within the terms of articles 10.12 or 10.12.1 of the AAUP [contract](#) (the Office of Post-Award Grants Administration can provide you with an electronic version of the 10.12 form upon request).

Consultants within the University and within the CSU system may receive compensation only with the advance approval of the president (or designee) of the faculty member's institution and approval by the Attorney General's designee. Federal agencies specifically prohibit the payment of consultant fees from federally supported projects to persons employed by the federal government. There are restrictions for providing contracts over \$10,000. Please consult the GFR Office to review the process.

**Equipment** - CSU policy defines *permanent equipment* as an individual item of \$5,000 or more in value with a useful life greater than one year. Individual items with a value of less than \$5,000 or a useful life of less than one year should be listed under *Supplies and Expendable Equipment*. The PI should determine that the required piece of equipment is not already available at the University.

Each required item of equipment identified in the budget should be itemized and justified. Whenever possible, the name, model, and vendor should be identified; quotes may be provided if available. The cost of equipment generally includes needed accessories,

installation, and delivery costs. A sponsor may prefer rental rather than purchase of the equipment.

**Travel-** Travel costs must benefit the proposed project and usually include travel associated with fieldwork and attendance at meetings for the purpose of presenting project findings and/or results. Use historical costs, U.S. General Services Administration (GSA) published rates, or use an internet travel service (e.g., Travelocity, Expedia, Hotwire, etc.) to estimate airfare, hotel and ground transportation (e.g., rental car) costs.

Commercial air travel must be via the lowest available commercial discount airfare, subject to certain exceptions as provided in Circular A-21 Section J.48.c. The Fly America Act of 1974 (<http://www.tvlon.com/resources/FlyAct.html>) requires that a US flag air carrier must be used even when a lower cost or more convenient airfare is available through a foreign air carrier, subject to the exceptions outlined in Section V of the Act.

Budget domestic travel and foreign travel separately. Foreign travel is defined as any travel outside of Canada and the United States and its territories and possessions. For federally funded or state pass-through programs, U.S. flag air carriers must be used to the maximum extent possible when commercial transportation is the means of travel between the United States and a foreign country or between foreign countries.

**Sub-Awards/Contracts-** Subcontracts include other individuals or entities (labs, etc.) that fulfill a substantial portion of a project's scope of work. When a sub-award or sub-contract has been included as part of a larger proposal, the total yearly cost for the sub-award is included as a line item in the budget. Many sponsors require documentation of the services to be performed such as a work statement, budget, and institutional endorsement by the subcontractor.

**\*\*Other** - Consider, as appropriate, costs for copying, long-distance telephone calls, postage, reference books and materials, tuition and required fees for participating graduate students, equipment maintenance, and contracted services.

**Supplies and Expendable Equipment** - A complete description of this category can be found in the [Uniform Guidance](#) issued by the federal government at the following link: [http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)

**Indirect (F&A) Costs** – Indirect costs are real costs that cannot be specifically identified with a particular project or activity. Sometimes called "overhead" or "Facilities and Administrative" costs, these are the costs of buildings, utilities, and many other expenses necessary for the operation of the institution.

CCSU's federally negotiated Indirect Cost Rate is 62% of salaries and wages (exclusive of fringe benefits). CCSU follows the rule of full recovery –the negotiated rate should be used in all proposal budgets unless the sponsor prescribes an alternative method for calculating overhead expense (e.g. training grants, which often carry a fixed F&A rate of 8% of Modified Total Direct Costs). The rate or administrative fee allowed by the sponsor should be used in these cases. Waiving or discounting the maximum allowable IDC must be justifiable, institutionally approved and allowable by the sponsor. It is possible on occasion, for example, to waive indirect costs (with the appropriate institutional approval) in order to meet a cost share or matching requirement. As a general rule, however, all available indirect costs should be budgeted and claimed where at all possible.

### **Unallowable Expenses-**

Most allowable expenses fall into the broad *direct-cost* categories of personnel, travel, supplies, publication, consultants, subcontracts, tuition/fees remission, and participant support costs. There are also certain kinds of expenses that are either generally unallowable to be direct- charged on Federal awards (i.e. they should be covered by indirect returns) or specifically unallowable per federal [Uniform Guidance](#) and University policy.

Unless defined as allowable by under the terms of the award or program regulations, or if there is a unique circumstance that requires these costs to be treated as direct costs, the following expenses should be considered unallowable:

#### **Basic Administrative and Operational Costs**

- Clerical/administrative salaries, unless staff is dedicated to the funded program
- Office supplies, pens, paper, basic software, etc.
- Local telephone and fax lines; telephone line and equipment charges
- General clerical or secretarial assistance
- Laptop and desktop personal computers unless they are part of a tagged equipment system or equivalent special scientific justification is provided;
- Postage, express mail
- Hazardous waste disposal
- Proposal preparation costs
- Individual membership dues to societies

#### **Research-related Expenses Ineligible for Reimbursement**

- Books and periodicals
- Dues and memberships in the PI's name
- Photocopying

#### **Miscellaneous Unallowable Expenses**

- Alumni activities
- Commencement and convocation costs
- Organized fundraisers
- Lobbying (Federal, State, or Local)
- Student activities
- Bad debt costs
- Selling and marketing costs
- Fines and penalties
- Meal expenses for UI employees not in travel status (with certain exceptions)

#### **Entertainment/Goods or Services for Personal Use**

- Sales tax
- Alcohol
- Flowers
- Catering
- Gifts
- Space rental
- Furniture
- Construction

- Housing and personal living expenses (utilities/rent/etc.)

- Budget Narrative/Justification

The budget narrative or justification is, as the description suggests, a full explanation of the costs contained in the budget spreadsheet, accounting for pay rates, and the costs of individual items or activities, based on the use of reasonable market rates for the amounts in question. Travel, for example, is calculated using per diem and meals and incidental expenses rates established by the [General Services Administration](#). The GSA provides rates for both domestic and international destinations.

Once the budget is finalized and agreed upon by the Principle Investigator, and as part of the proposal approval process, GFR will present budget documents to the Office of Post-Award Administration for review and sign-off prior to institutional signature of the proposal and submission to the funding agency. This ensures an institutional check-and-balance, and the verification of the correct internal salary and fringe benefit rates, among other things.