RSH203 Sponsored Programs Budgeting Course Guide

Title slide

Objectives

- Develop skills to build an accurate budget applying:
  - 01. Budget guidelines and policies specific to UF
  - 02. Federal, State, and Sponsor-specific budget guidelines and policies
  - 03. Appropriate and accurate cost categorization
What is a proposal budget?

- A representation of the costs necessary to complete the proposed work
- A picture of how the project will be financially structured and managed
- A baseline from which financial obligations and changes will be measured during the award

Budget Strategy

What is your budget strategy?

Remember!

Look for what is NOT there but should be. Are all the costs necessary to complete the work included?
Budget Strategy – Block 2

What is your budget strategy?

Planning for future years is often not exact (e.g. no one knows what a plane ticket will cost in 4 years) but using current cost data and escalation rates for future years will help make sure all costs are budgeted as realistically as possible.

Remember!

Budget Strategy – Block 3

What is your budget strategy?

Careful budgeting protects UF by ensuring that all possible and likely project costs are covered by the sponsor, while keeping the budget reasonable.

Remember!

Budget Strategy – Block 4

What is your budget strategy?

Remember to read the full solicitation in detail to understand sponsor policies regarding acceptable costs and cost calculations for each proposal.
**Cost Principles**

Cost Principles defined by 2 CFR 200 are the foundation for sponsored projects budgeting.

- **Necessary**: The cost is necessary to perform the scope of work. Without this purchase, the work cannot continue.
- **Reasonable**: The cost does not exceed that which would be incurred by a prudent person.
- **Allocable**: The proposed cost can be directly assigned to an award based on its proportionate benefit to that award.
- **Consistently Treated**: Costs incurred for the same purpose in like circumstances must be treated consistently as direct or indirect.

**Cost Principles Formative Assessment**

**Try Again**

Dr. Sharma maintains a membership to her national organization to stay abreast of what’s happening in her field. This cost benefits her and her work as a whole and does not provide a specific benefit to any one sponsored project. Her membership is about to expire and she would like to renew. Should she budget this cost on her upcoming NIH grant proposal?

- Yes
- No

Incorrect. Memberships generally benefit overall professional development and as such should not be charged to a sponsored project.
Correct

Dr. Sharma maintains a membership to her national organization to stay abreast of what’s happening in her field. This cost benefits her and her work as a whole and does not provide a specific benefit to any one sponsored project. Her membership is about to expire and she would like to renew. Should she budget this cost on her upcoming NIH grant proposal?

Yes  No

Correct! This charge must be charged to sources other than her sponsored project.

Cost Principles Formative Assessment

Dr. Abara is preparing a proposal to the National Science Foundation. She has been using a gas chromatograph to analyze samples in her lab, but it is aging and will quickly be beyond repair. In order to complete the scope of work in her proposal, she will need a new one. Is this a necessary cost to include in her budget?

Yes  No

Try Again

Incorrect. The gas chromatograph is necessary to complete the analysis and is directly related to the project.
Dr. Abara is preparing a proposal to the National Science Foundation. She has been using a gas chromatograph to analyze samples in her lab, but it is aging and will quickly be beyond repair. In order to complete the scope of work in her proposal, she will need a new one. Is this a necessary cost to include in her budget?

Correct! The gas chromatograph is necessary to complete the analysis and is directly related to the project. Remember that if other projects also use the equipment, the cost must be allocated based on proportionate use.

More on Cost Principles

To learn more about cost principles attend RSH260 Cost Principles

Who’s Involved

Who’s Involved?
Three groups at URI have key roles in the budget development process.

Principal Investigator (PI)
Provides the Scope of Work for the proposal and defines the resources (budget) needed to perform the work.

Department/College (Unit) Research Administrators
Works with the PI in preparing the budget, ensuring accurate rates are included and sponsored work is followed. Ensures Unit approval to indicate the budget and all commitments are appropriate for and supported by the Unit.

Division of Sponsored Programs (OSP)
Reviews the budget to ensure compliance with URI, sponsor, state, and federal requirements. Provides institutional approval for the budget and often submits it to the sponsor.

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Compliance

Developing

Understanding

Ensuring

Developing a proposal budget requires establishing the costs that are necessary to perform the proposed work and assigning appropriate cost categories for those line items.

Understanding

Ensuring

Developing a proposal budget requires establishing the costs that are necessary to perform the proposed work and assigning appropriate cost categories for those line items to ensure the budget meets UIF and sponsor regulations.
Ensuring Costs of Federally Sponsored Research

Direct Costs
Personnel

Indirect Costs
Personnel in support of research, including security, financial, administrative, technical maintenance, and janitorial staff.

Safety

Indirect Costs
Radiation and chemical safety, including safety training and hazardous waste disposal.

Data Storage

Indirect Costs
Secure data storage, internet, telecommunications, and high-speed data processing.
Utilities

Costs of Federally Sponsored Research
The total cost of federally sponsored research

Indirect Costs
Utilities like ventilation, heat, air conditioning, water, and lighting.

Library

Costs of Federally Sponsored Research
The total cost of federally sponsored research

Indirect Costs
Library and research facilities.

Advanced Equipment

Costs of Federally Sponsored Research
The total cost of federally sponsored research

Indirect Costs
Advanced research lab equipment.
Compliance

Costs of Federally Sponsored Research

The total cost of federally sponsored research

Indirect Costs

Costs of federal, state, and local regulatory compliance, including human and animal safety review boards.

Direct Costs

Costs that are necessary for the performance of the specific scope of work being proposed and are easily identifiable and allocable to the project.

Direct costs needed for the project may consist of...

Direct Costs Menu

UF Personnel

Non-UF Personnel

Travel

Scholarships & Fellowships

Materials & Supplies

Equipment

Facility Fees

Publication Costs

Patient Care

Tuition

Animal / Human Subject Costs

Participant Support Costs

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Who are UF Personnel?

Personnel costs include salary and fringe benefits for UF personnel (such as PIs, Co-PIs, Grad Students, etc.) and typically comprise the majority of most proposal budgets. Personnel costs are budgeted based on effort.

UF Personnel Formative Assessment 1

Dr. Leonard is preparing a proposal and is unsure where to include his effort commitment. What do you advise?

Choose the best option(s) for Dr. Leonard.

- In my UFIL
- In the Budget
- In the Budget Justification
- In the Project Description
- In another Attachment

Correct

CORRECT! Committed effort should be proposed in the budget or budget justification and no where else.

- In my UFIL
- In the Budget
- In the Budget Justification
- In the Project Description
- In another Attachment
UF Personnel Formative Assessment 2

You notice that Dr. Leonard's budget indicates 1 month of effort, but his budget justification indicates 2 months of effort. Do these documents need to be updated?

Choose the correct answer.

Yes  No

Correct

You notice that Dr. Leonard's budget indicates 1 month of effort, but his budget justification indicates 2 months of effort. Do these documents need to be updated?

Choose the correct answer.

CORRECT! The budget and budget justification should always be in alignment. Review carefully to ensure there are no typos or prior versions included in your proposal.

Yes  No
What is effort?

Effort costs

Effort Commitments and Months
Effort Commitments and Months – Block 1

Quantified effort that is included in the budget or budget justification is called a “commitment.”

Effort Commitments and Months – Block 2

Best practice is to propose effort in calendar months, rather than % or Full Time Equivalent (FTE).

Calculating Effort Example

Personnel - Calculating Effort

How about an example?
How much should be added to the budget to cover Dr. Smith’s effort?

- Dr. Smith will work on the project for 1.2 months.
- Dr. Smith’s salary is $120,000 per year, or $10,000 per month.

Plug the variables in to the equation below to calculate.

Monthly Salary \times Effort Months = 0

Calculate
Correct!

**Personnel - Calculating Effort**

**How about an example?**

How much should be added to the budget to cover Dr. Smith’s effort?

- Dr. Smith will work on the project for 1.2 months.
- Dr. Smith’s salary is $120,000 per year, or $10,000 per month.

Plug the variables into the equation below to calculate.

\[
\text{Monthly Salary} \times \text{Effort Months} = 0
\]

Correct!

The budget should include $12,000 in salary to cover Dr. Smith’s 1.2 effort months.

---

**Effort Commitment Reminder**

Reminder!

Effort Commitment is a COMMITMENT

If a PI proposed to work 1.2 calendar months of their available time on a project...

...the PI MUST meet that commitment.

Everyone working on a project should ideally be paid from that project. Otherwise, their time working on the project is likely being cost shared by the unit.

---

**Salary Paid**

Salary paid from a grant is replacement of the institutional base salary for UF employees. It is not additional salary.
Salaries charged

Individuals on 9 month appointments can be budgeted for summer salary but that must be at the Institutional Base Salary. For ease of calculation, UFIRST annualizes the base for you.

Graduate Students - More Info

Graduate students can work a maximum of 0.5 FTE or 20 hours per week. Since UFIRST calculates effort on an annualized 12-month basis at 1.0 FTE, be sure to adjust your graduate student entry as needed. For example, if a graduate student makes $25,000, their annual salary entry in UFIRST should be $50,000, and their maximum effort available to devote to the project will be 6 months.
Graduate Students - More Info

More Info: Graduate Students
Graduate Student Budgeting on Sponsor Documents

When preparing budget documents for submission to a sponsor, DSP recommends representing full-time graduate student effort as 12 months at 20 hours per week for a one-year period. If the sponsor’s guidelines require a different format, be sure to follow the instructions in their solicitation.

More on effort

To learn more about effort attend RSH207 Effort Commitments, Management, and Reporting

What is a salary cap?

What Is A Salary Cap?

A salary cap is a limit on the maximum salary rate that can be paid to any person working on the project.

When budgeting, only use a salary cap if it is mandated in the sponsor’s solicitation or policies.
**Salary Cap Info**

**Salary Cap**

When a salary cap is mandated, AND the UF person's institutional base salary (IBS) is greater than the cap, the requested salary must be calculated on the maximum annual amount allowed by the sponsor, rather than on the person's IBS.

**Executive Level II**

Sponsors that typically use the federal Executive Level II salary cap:
- National Institutes of Health (NIH)
- Centers for Disease Control and Prevention
- Florida Department of Health
Check solicitation

Other sponsors may follow this cap for certain programs or may have their own salary cap, so always check the solicitation!

UFIRST

- Known salary caps are loaded into UFIRST and updated each year.
- Do not edit the annual salary in UFIRST to account for a salary cap — UFIRST calculates automatically and generates an "Over the Cap" cost share budget.
- The IBS should still be entered in the "annual salary" field on sponsor budget forms.

What about salary increases?

Generally, UF recommends using a 3% salary inflation rate on multi-year projects, however, other increases may be warranted. When preparing a budget, consider:

- Does the project start after the next anticipated increase?
- Are any faculty expected to receive tenure during the project?
- Will there be any changes in personnel type, such as a student who is graduating and will be hired as a scientist?

If you are aware of a specific upcoming increase, best practice is to include it in the budget. When budgeting in UFIRST, use strategies such as apply inflation on the first year, adjust the faculty salary when tenure is expected, enter two personnel lines for one person to account for an anticipated job change.
What are the fringe benefits?

UF has federally negotiated "fringe rates" that capture the cost of employee benefits such as health and life insurance, retirement, social security, and worker's compensation. Rates are specific to each type of employee position at UF.

Fringe benefit costs are calculated by applying the % rate to the requested salary for each budgeted personnel.

New rates are approved annually by the federal government and become effective each year in July. Current rates can be found in UF's federally negotiated rate agreement.

Calculating Fringe Example

Correct!

How much should be added to the budget to cover Dr. Smith's fringe?

• Dr. Smith's salary for 1.2 months of effort is $12,000.
• The current fringe for Dr. Smith's positions is 31%

Plug the variables into the equation below to calculate.

Budgeted Salary * Fringe Percentage = 0

Correct!
The budget should include $3720 in fringe to cover Dr. Smith's 1.2 effort months. Equalling a total of $15,720.
Try Again

**Personnel - Calculating Fringe**

**How about an example?**

How much should be added to the budget to cover Dr. Smith’s fringe?

- Dr. Smith’s salary for 1.2 months of effort is $12,000.
- The current fringe for Dr. Smith’s position is 31%

Plug the variables into the equation below to calculate.

\[ \text{Budgeted Salary} \times \text{Fringe Percentage} = \text{Fringe Cost} \]

**Try again!**

Calculate Dr. Smith’s fringe by multiplying his effort amount by his fringe percentage.

---

**Non-Key Personnel**

**Key vs. Non-Key**

Click each image to learn more.

**Non-Key Personnel**

Generally includes: Scientist, Technician, Lab Manager, Graduate Student, Post-Doc

Anyone else whose effort is required to complete the project but is not directing the scientific development or execution. These positions can generally be filled by any number of individuals with similar skills.

---

**Key Personnel**

**Key vs. Non-Key**

Click each image to learn more.

**Key Personnel**

Includes: Principal Investigator, Co-Investigators, Project Directors

“The program director/principal investigator (PD/PI) and other individuals who contribute to the scientific development or execution of a project in a substantive, measurable way, whether or not they request salaries or compensation.” - NIH
Non-UF Employees

What About Non-UF Employees?

Non-UF personnel will not be budgeted in the Personnel section in UFIRST. They might be budgeted as consultants, subrecipients, or contractors, depending on the role they play in the project. Each type of relationship will require different documentation.

If the budget includes a specific rate for a consultant, UF should have documentation from the consultant supporting the rate.

Subrecipient

What Are Third Party Relationships?

A Subrecipient is responsible for carrying out a portion of the project. A Subrecipient will participate substantially in the design and direction of the work, and their scope of work will typically involve analysis and interpretation.

Contractor

What Are Third Party Relationships?

A Contractor provides goods and services to UF through a procurement relationship. A Contractor will normally operate in an environment with other like vendors, and will provide similar goods and services to a number of entities.
Consultant

What Are Third Party Relationships?
A Consultant is an individual who provides professional advice or services for a fee.

Faculty Consultants

UF Faculty Consultants
UF faculty should not be paid as consultants from UF sponsored projects.
UF faculty devoting time to a sponsored project are expected to be working within their UF appointment. They should be budgeted in the personnel section, with the appropriate amount of salary and fringe corresponding to the effort devoted to the project.

Subrecipient vs Contractor - Drag and Drop

What is a Subrecipient vs. a Contractor?

- Generates data and advises for future use; likely to co-author publications
- Makes operational decisions on how to carry out the work
- Does not participate substantially in design of the work
- Has limited or no independent decision making in the conduct of the work

- Provides service explicitly requested by UC
- Uses the freedom/ability to make decisions regarding publications
- Has title or no independent decision making in the conduct of the work

Subrecipient

Contractor
<table>
<thead>
<tr>
<th>Drag Item</th>
<th>Drop Target</th>
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<tbody>
<tr>
<td>Generates data and retains for future use; likely to co-author publications</td>
<td>Subrecipient</td>
</tr>
<tr>
<td>Does not participate substantially in design of the work</td>
<td>Contractor</td>
</tr>
<tr>
<td>Has the freedom/ability to make decisions regarding the work to be completed</td>
<td>Subrecipient</td>
</tr>
<tr>
<td>Provides services explicitly requested by UF</td>
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</tr>
</tbody>
</table>

**Confirm**

![Diagram showing decision-making process between Subrecipient and Contractor](image)

*Very good! You have organized them correctly into the appropriate folder.*
3rd Party Requirements

All subrecipients, contractors, and consultants are required to register as a supplier in the UF accounting system.

Equipment - More on Procurement

Remember, when it's time to spend on a Sponsored Project, all Procurement Directives & Procedures must be followed. Depending on the amount of the purchase, UF may have to get several quotes or issue a formal bid.

How Does Travel Work?

Travel typically includes transportation, lodging, and per diem.

Does the sponsor require travel?

Does the scope of work
- Does the sponsor require travel?
- Does the scope of work **necessitate** field work or off-site data collection?
- Does the PI **need** to travel to disseminate results?
- Do subrecipients or collaborators need to meet in person?

**Equipment**

$5000
Lifespan

What Is Equipment?

Has a normal life span of more than 1 year.

Consumable

What Is Equipment?

Is not consumable. Equipment is not “used up” like chemicals or other supplies.

Tangible

What Is Equipment?

Is tangible. You can “see” and “touch” equipment.
Equipment - Acquisition Costs

**Includes**

The $5,000 threshold for acquisition costs includes:

- Invoice Amount
- Sales Tax
- Freight Costs
- Installation Costs

**Excludes**

And excludes:

- Insurance
- Maintenance
- Service Contracts
- Warranty Costs

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**Sponsor vs UF**

Some sponsors might have their own definition of equipment (e.g., an acquisition cost of $1000 or more), but when developing your budget in UFIRST you should **always categorize equipment costs per UF’s definition**.

If the acquisition cost is **below UF’s threshold** and **above the sponsor’s**, you should enter it in the Materials and Supplies or Other Direct Costs category in UFIRST and on the Equipment line on the sponsor budget.

---

**Equipment - More Info**

- **Rental of equipment** should be budgeted as an **Other Direct Cost**.
- The **UFIRST budget category “Rental/Use Fee – Equipment or Facility”** should be used for **Facility rental only**.

---

**Travel**

**Considerations**

- When preparing a budget, consider additional questions to ensure all travel costs are captured.
Travel Considerations

- Will there be field work?
- How will people get to the destination?
- How long will they be there?
- What kind of transportation is needed?
- Action, entry fees, mileage, taxis, parking fees?

- Will you need visas, entry/exit fees, customs fees, currency exchange fees?
- Is your IR attending a conference or event?
- Is there a registration or membership fee?

- Do you need to transport any materials or equipment?
- Will you need to park a car?
- Will you need to store any items?
Travel - More Info

Travel More Info

When budgeting for travel think through...
WHO has to get WHERE to do WHAT?

Remember, all travel must benefit the proposed project.

Travel must be reasonable! For example, airfare cannot include first class, and upgrades are only allowable with VERY limited restrictions.

Travel expenses are subject to both sponsor and State of Florida rules and may be restricted or require prior approval. Always be sure to follow UF's Travel Directives.

Participant Support

What is Participant Support?

Costs that are paid to or on behalf of participants or trainees (but not UF employees) in connection with conferences or training projects.

Stipend

What is Participant Support?

Costs that are paid to or on behalf of participants or trainees (but not UF employees) in connection with conferences or training projects.

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Subsistence Allowances

What is Participant Support?
Click each shape for definitions
Costs that are paid to or on behalf of participants or trainees (but not UF employees) in connection with conferences or training projects.

- Stipend
- Travel Allowances
- Fees

Travel Allowances

What is Participant Support?
Click each shape for definitions
Costs that are paid to or on behalf of participants or trainees (but not UF employees) in connection with conferences or training projects.

- Stipend
- Subsistence Allowances
- Expenses incurred by the participant when traveling to/from event
- Fees
Fees

What is Participant Support?

Click each shape for definitions

Costs that are paid to or on behalf of participants or trainees (but not UF employees) in connection with conferences or training projects.

- Stipend
- Travel Allowances
- Subsistence Allowances
- Registration fees, laboratory fees related to the training, and transportation fees for foreign participants

Participant Support Explanations

Participant Support

Not for the presenter of the event.

Participant Support is for those who “participate” in attending an event...

Participants could be...

- Teachers
- Scientists
- Government Agency Personnel
- National Scholars
- Students
- Private Sector Company Reps., etc.

Participant Support - More Info

More Info

Sometimes Participant Support is confused with Human Subject Payments.

Click each box to learn more.

Participant Support

Human Subject Payments
Participant Support

More Info

Sometimes Participant Support is confused with Human Subject Payments. Click each box to learn more.

Participant Support costs are paid to or on behalf of the recipients of a short-term educational activity or training. UF Personnel can not receive participant support.

Human Subject Payments

More Info

Sometimes Participant Support is confused with Human Subject Payments. Click each box to learn more.

Human Subject Payments are incentives paid to individuals in return for taking part in a study.
Non-UF Facilities

How Do I Budget Non-UF Facility/Equipment Fees?
Click each image to see an example.
These are budgeted when facility or space rental is required for project implementation, and the facility or space is NOT owned by UF.

Keys Marine Lab

How Do I Budget Non-UF Facility/Equipment Fees?
Click each image to see an example.
These are budgeted when facility or space rental is required for project implementation, and the facility or space is NOT owned by UF.

Charter Ship

How Do I Budget Non-UF Facility/Equipment Fees?
Click each image to see an example.
These are budgeted when facility or space rental is required for project implementation, and the facility or space is NOT owned by UF.
Off Campus

How Do I Budget Non-UF Facility/Equipment Fees?

These are budgeted when facility or space rental is required for project implementation, and the facility or space is NOT owned by UF.

Reminder! The UF/IFAS budget category is called “Rent/Usage Fees - Equipment or Facility” but should only be used for facility rental per UF policies.

Rent of off-campus conference space

Materials & Supplies

What Are Materials & Supply Costs?

Materials and Supplies are consumables necessary for the performance of the work.

Budgets typically include estimates for supplies but sponsors typically want to know what types of supplies will be purchased.

Consider the lab, field, and other supplies that will be needed to conduct the work, and estimate the costs based on current market pricing.

UF Facilities

How Do I Budget UF Facility/Equipment Fees?

When a facility, space or equipment is owned by UF AND an approved Auxiliary (Fee for Service, Educational Activity) Rate is in place:
Facility

How Do I Budget UF Facility/Equipment Fees?

Click each image to learn more.

When a facility, space or equipment is owned by UF AND an approved Auxiliary (Fee for Service Educational Activity) Rate is in place:

Budget the rate in the Other Expense category.

Space

How Do I Budget UF Facility/Equipment Fees?

Click each image to learn more.

When a facility, space or equipment is owned by UF AND an approved Auxiliary (Fee for Service Educational Activity) Rate is in place:

The owner/operator of the facility, space or equipment should provide you documentation of the approved rate for use in preparing your budget.

Equipment

How Do I Budget UF Facility/Equipment Fees?

Click each image to learn more.

When a facility, space or equipment is owned by UF AND an approved Auxiliary (Fee for Service Educational Activity) Rate is in place:

Examples include: Interdisciplinary Center for Biotechnology Research, Animal Care Services, UFarm.
Materials & Supplies Computing Devices

Correct

Incorrect
Tuition

How Do I Budget UF Tuition?
Click each button to learn more
At UF, tuition is a component of a graduate research assistant’s compensation package.

Button 1

How Do I Budget UF Tuition?
Click each button to learn more
At UF, tuition is a component of a graduate research assistant’s compensation package.

Tuition should be budgeted in proportion to the student’s effort commitment on the project.

Button 2

How Do I Budget UF Tuition?
Click each button to learn more
At UF, tuition is a component of a graduate research assistant’s compensation package.

Tuition is usually entered on a separate line item from salary and fringe.
How Do I Budget UF Tuition?

At UF, tuition is a component of a graduate research assistant’s compensation package.

1

2

3

If the sponsor does not allow tuition to be included in the budget, best practice is to document another source of funds that will cover the cost.

Animal/Human Subject Costs

What are Human Subject and/or Animal Costs?

Animal costs are the purchase and care costs for animals used to support research projects. Human Subject costs are the financial incentives paid to volunteers as compensation for taking part in a research project.

Animal Costs

More Info

Most animal care costs will be in the form of per diem rates through UF’s Animal Care Services, which include husbandry and veterinary care. If your project is working with live vertebrate animals, an Institutional Animal Care and Use Committee (IACUC) approval will be required in order to complete the project.
Human Subject Costs

Research Participant Payments

Payments are made to a person who is a study subject. The project team gathers information about/from this person in order to complete the project. Institutional Review Board (IRB) approval will be required in order to complete this project.

What

An individual receiving payments might be filling out a survey, completing a task under supervision by lab personnel, or taking part in a clinical trial.
How

Human Subject Costs

Generally paid via prepaid debit cards, gift cards, or direct digital payments.

Patient Care Costs

What Are Patient Care Costs?

Patient care are the costs of routine and ancillary services provided by hospitals to individuals participating in research programs.

Block 1

Patient Care Costs - Click each blue section to learn more.

BUDGET DETAILS

Include budget details on the number of patient days, cost per day and cost per test or treatment.

Click here for more information.

ENTITY PROVIDING SERVICE

PATIENT CARE EXCLUSIONS
Block 2

**Patient Care Costs** - Click each blue section to learn more.

<table>
<thead>
<tr>
<th>BUDGET DETAILS</th>
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<tbody>
<tr>
<td>ENTITY PROVIDING SERVICE</td>
</tr>
<tr>
<td>Keep in mind: the entity providing the service is important!</td>
</tr>
<tr>
<td>If Shands bills for the medical services, these services are patient-care costs; if UF bills for medical services, these are not patient-care costs. For example, an MRI provided at Shands or its clinics is a patient-care cost; an MRI at the McKnight Brain Institute is not a patient-care cost.</td>
</tr>
<tr>
<td>If unsure which entity will be billing, budget costs as Other Expenses.</td>
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**Scholarships & Fellowships**

**What About Scholarships and Fellowships?**

Scholarships and fellowships provide aid to students or individuals for the purpose of study or career development.

This budget category should only be used when the funds are intended to primarily support the training/education of a specific person, either via standard educational activities or practical experience.
**Publication Costs**

**Includes**

- Dissemination of results such as printing of research abstracts and posters, journal page charges, and illustrations; publishing of books and websites; documentation, storage, and indexing of databases.

**Excludes**

Generally, these charges will happen later on in a project, after results have been generated.

**Excludes**

- Costs for printing or photocopying project materials like flyers, brochures, postcards, or newsletters, which are budgeted as Other Expenses.
**Indirect Costs**

*Indirect Costs (F&A)*

Costs that are incurred for a common or joint purpose and therefore cannot be readily identified and specifically associated with a particular sponsored project.

**Indirect Costs Menu**

Indirect Costs
Click each block left to right to learn more.

Overview  Rates  Cost Bases  Exceptions

**What Are Indirect Costs**

*What Are Indirect Costs?*

Indirect costs are also called IDC, Facilities & Administrative Costs, F&A, and Overhead. These terms all refer to costs incurred for a common purpose and are NOT specifically associated with one particular sponsored project. Click images below to see some examples.

Libraries  Department Administration  Maintenance
Data Storage / Internet  Hazardous Waste Removal  Utilities
**Indirect Costs**

Indirect Costs
Click each image to learn more.

- Real, auditable expenses incurred in the conduct of sponsored activities.
- Includes purchasing, accounting, legal services, library services, custodial services, maintenance, depreciation, utilities and departmental and general administration.
- UF has a federally Negotiated Indirect Cost Rate Agreement (MICRA).

**IDC More Info**

Indirect Costs (F&A)
More Info

Remember, proposal budgets should include all costs required to accomplish the scope of work, including direct and indirect costs.

How do you calculate the appropriate indirect costs for your budget?

**Percentage and Cost Base**

Indirect Costs (F&A)
Rate and Cost Base –
Indirect costs are calculated by applying a % rate to a cost base, resulting in a $ amount. Click each image for definitions.
**Indirect Costs (F&A)**

**Rate and Cost Base** –
Indirect costs are calculated by applying a % rate to a cost base, resulting in a $ amount. Click each image for definitions.

---

**Percentage Rate Used**

**What rate should be used?**

Click each question to learn more.

The following questions will determine the indirect cost rate used in the budget. The full applicable rate per UF’s NICRA should be used unless there is an allowable limitation or exception.

- What type of project is this?
- Where will the work take place?
Project Type

Indirect Costs (F&A)

What rate should be used?
Click each question to learn more.

The following questions will determine the indirect cost rate used in the budget. The full applicable rate per UF’s NICRA should be used unless there is an allowable limitation or exception.

- What type of project is this?
- Where will the work take place?
- Is this research? Is this instruction? Some other type of sponsored project activity?

Work Location

Indirect Costs (F&A)

What rate should be used?
Click each question to learn more.

The following questions will determine the indirect cost rate used in the budget. The full applicable rate per UF’s NICRA should be used unless there is an allowable limitation or exception.

- What type of project is this?
- Where will the work take place?
- Will the work take place on-campus or off-campus?

Research, Instruction, or Other

Indirect Costs (F&A)

Research, Instruction or Other Sponsored Activity?
Click each button to learn more

1
2
3
4
Audience

Consider the audience of the proposed work...who benefits/receives?

Research

Research is a systematic study directed toward fuller scientific knowledge or understanding. The sponsor and the general research community benefit from this knowledge.

Instruction

Instruction includes teaching and training activities for enrolled UF students, who are the intended audience.
Other Type

Indirect Costs (F&A)
Research, Instruction or Other Sponsored Activity?

Other sponsored activity could include public health and community service projects, extension activities, and public events. The public benefits from this work.

Off Campus Rate

Indirect Costs (F&A)
When is the Off-Campus rate appropriate?

Reminder! While rent charges do not need to make up a majority of the budget in order to qualify for the off-campus rate, they should be reasonable in the context of the entire budget and project.

Is facility rent included in the budget?

“An off-campus F&A rate can only be charged to projects where rent (which may be in the form of janitorial services, building maintenance, etc.) is directly charged to the project.”

Cost Bases

What Are Indirect Cost Bases?

Indirect cost bases are collections of direct costs that have the rate applied. \[ \text{Percentage Rate} \times \text{Cost Base} = \text{overall Indirect Costs.} \]

The most common bases are:

- Total Direct Costs (TDC)
- Modified Total Direct Costs (MTDC)
- Total Federal Funds Awarded (TFFA)
**TDC**

Indirect Cost Bases

**TDC Cost Base**

**Total Direct Costs**

All direct costs are included in the cost base and there are no exclusions or modifiers.

**MTDC**

Indirect Cost Bases

**MTDC Cost Base**

**Modified Total Direct Costs**

Some cost categories are excluded from the cost base: equipment, capital expenditures, patient care, rental costs, tuition, scholarships and fellowships, participant support costs and the portion of each subaward > $25,000.

**TFFA**

Indirect Cost Bases

**TFFA Cost Base**

**Total Federal Funds Awarded**

Also known as total project costs, TFFA indicates the indirect costs should be budgeted as a portion of the full amount of the award. TFFA is calculated using a TDC conversion.

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**TFFA Conversion**

*Indirect Cost Bases*

**TFFA Cost Base Conversion**

When sponsors require a TFFA base, you will need to convert the TFFA rate to a TDC rate in order to enter it in UFIRST and accurately calculate your budget. See an example below.

Conversion of 30% of TFFA to TDC is as follows:
- Allowable indirect costs = 0.30 TFFA
- Direct costs = 0.70 TFFA
- \[ \frac{0.30 \text{ TFFA}}{0.70 \text{ TFFA}} = 42.857\% \text{ TDC} \]

---

**Budget Example - TDC**

*Indirect Cost Bases*

**Budget Example - TDC**

In this example, Total Direct Costs are $50,000 so the Indirect Cost Base is $50,000 as well because all the listed direct costs are included.

The nonprofit sponsor limits IDC to 25% TDC.

\[ \$50,000 \times 25\% = \$12,500 \]

Total budget is Total Direct Costs plus Indirect Costs = $62,500

<table>
<thead>
<tr>
<th>TDC Budget</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>$10,000</td>
</tr>
<tr>
<td>Supplies</td>
<td>$20,000</td>
</tr>
<tr>
<td>Equipment</td>
<td>$20,000</td>
</tr>
<tr>
<td>Total Direct Costs</td>
<td>$50,000</td>
</tr>
<tr>
<td>Indirect Cost Base</td>
<td>$50,000</td>
</tr>
<tr>
<td>Indirect Costs TDC @ 25%</td>
<td>$12,500</td>
</tr>
<tr>
<td>Total Budget</td>
<td>$62,500</td>
</tr>
</tbody>
</table>

---

**Budget Example - MTDC**

*Indirect Cost Bases*

**Budget Example - MTDC**

In this example, Total Direct Costs are $50,000 and the Indirect Cost Base is $30,000 because Equipment is not included in a MTDC Cost Base.

The nonprofit sponsor limits IDC to 25% MTDC.

\[ \$30,000 \times 25\% = \$7,500 \]

Total budget is Total Direct Costs plus Indirect Costs = $57,500

<table>
<thead>
<tr>
<th>MTDC Budget</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>$10,000</td>
</tr>
<tr>
<td>Supplies</td>
<td>$20,000</td>
</tr>
<tr>
<td>Equipment</td>
<td>$20,000</td>
</tr>
<tr>
<td>Total Direct Costs</td>
<td>$50,000</td>
</tr>
<tr>
<td>Indirect Cost Base</td>
<td>$30,000</td>
</tr>
<tr>
<td>Indirect Costs MTDC @ 25%</td>
<td>$7,500</td>
</tr>
<tr>
<td>Total Budget</td>
<td>$57,500</td>
</tr>
</tbody>
</table>
Budget Example - TFFA

Indirect Cost Bases

Budget Example - TFFA

In this example, remember that Total Federal Funds Awarded (or Total Project Costs) will need to be converted to TDC for budget calculation.

The nonprofit sponsor limits IDC to 25% total project costs.

Divide 0.25 TFFA / 0.75 TFFA = 33.33% TDC. $50,000 x 33.33% = $16,665

Total budget is Total Direct Costs plus Indirect Costs = $66,665

Limitations

Limitations Layer 1

Some sponsors limit the amount of indirect costs UF can include in a budget.
Limitations Layer 2

Indirect Costs (F&A)
Exceptions
Click each block in order to learn more.

1

When preparing a budget, you will need to
determine if UF can accept the sponsor’s IDC limit.

3

4

Limitations Layer 3

Indirect Costs (F&A)
Exceptions
Click each block in order to learn more.

1

Consider:
1 – Is the limited amount clearly documented in the
sponsor’s solicitation or published policies?
AND
2 – Is the limited amount allowable per the
Exceptions listed in section 3 of UF’s
F&A Directions & Procedures?

2

4

Limitations Layer 4

Indirect Costs (F&A)
Exceptions
Click each block in order to learn more.

1

2

3

If yes, be sure to provide documentation
of the acceptable limitation in UFIRIS.

Review the Exceptions page on
DSP’s website for more details.
**Cost Share**

**What Is Cost Share?**

The portion of the total project costs that are not paid by the sponsor. There are 3 types of cost share.

- Mandatory
- Voluntary Committed
- Voluntary Uncommitted

**Voluntary Mandatory**

Cost-Share Mandatory

- **Requirement**: Required by sponsor guidelines (i.e., “A 50% match is required.”)
- **Commitment**: Committed when UF quantifies cost share in the submitted budget or budget justification.
- **Documenting**: Must be entered into UFIRST cost share budget. Documentation of the sponsor’s requirement must be included.
- **Tracking**: Must be tracked in UF accounting systems over the life of the award.
- **Reporting**: Costs are reported to the sponsor.

**Voluntary Committed**

Cost-Share Voluntary Committed

- **Requirement**: Not required for proposal eligibility, according to sponsor guidelines.
- **Commitment**: Committed when UF quantifies cost share in the submitted budget or budget justification.
- **Documenting**: If the PI/unit insists on including in the proposal, must be entered into UFIRST cost share budget and approved.
- **Tracking**: UF is then obligated to account for the costs.
- **Reporting**: Costs are generally not reported to the sponsor but must be available in the event of an audit.

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**Voluntary Committed Policy**

By policy, UF **requires** that you commit **only** mandatory cost sharing.

See the [Cost Sharing Policy](#) for more information.

---

**Voluntary Uncommitted**

---

**Contributions after the award**

Voluntary uncommitted cost sharing represents contributions to a sponsored project made after the award is received.
Not planned, not accounted for

Example

Unrecovered IDC

Unrecovered indirect costs are the difference between the amount of indirect costs UF would be allowed to recover under our NICRA, and the amount the sponsor will pay.

If UF's IDC rate is 52.5% and a sponsor will only pay 10%, there is a difference of 42.5% unrecovered indirect costs.

If allowed by the sponsor, unrecovered indirect costs can be used to meet a mandatory cost share commitment.
**Unrecovered Example**

**Correct UF IDC**

<table>
<thead>
<tr>
<th>Direct Costs</th>
<th>UF IDC Rate</th>
<th>=</th>
<th>0</th>
</tr>
</thead>
</table>

Cost Share – Unrecovered Costs

**How about an example?**

Use the information below to complete the calculations. Assume there are no modifiers in this budget.

- $10,000 Direct Costs x 52.5% MTDC Rate (UF’s negotiated rate)
- $10,000 Direct Costs x 10% TDC Rate (Sponsor’s IDC limitation)

**Correct!**

$10,000 multiplied by UF’s IDC Rate of 52.5% equals $5250 in indirect costs.

**Try Again UF IDC**

<table>
<thead>
<tr>
<th>Direct Costs</th>
<th>UF IDC Rate</th>
<th>=</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Costs</td>
<td>Sponsor IDC Rate</td>
<td>=</td>
<td>0</td>
</tr>
</tbody>
</table>

Cost Share – Unrecovered Costs

**How about an example?**

Use the information below to complete the calculations. Assume there are no modifiers in this budget.

- $10,000 Direct Costs x 52.5% MTDC Rate (UF’s negotiated rate)
- $10,000 Direct Costs x 10% TDC Rate (Sponsor’s IDC limitation)

**Try again!**

Calculate UF’s indirect costs by multiplying the amount of Direct Costs by the IDC Rate.
**Correct! Sponsor IDC**

Cost Share – Unrecovered Costs

**How about an example?**

Use the information below to complete the calculations. Assume there are no modifiers in this budget.

- $10,000 Direct Costs x 52.5% MTDC Rate (UF's negotiated rate)
- $10,000 Direct Costs x 10% TDC Rate (Sponsor's IDC Imputation)

Correct!

$10,000 multiplied by the sponsor's IDC rate of 10% equals $1000 in indirect costs.

**Try Again Sponsor IDC**

Cost Share – Unrecovered Costs

**How about an example?**

Use the information below to complete the calculations. Assume there are no modifiers in this budget.

- $10,000 Direct Costs x 52.5% MTDC Rate (UF's negotiated rate)
- $10,000 Direct Costs x 10% TDC Rate (Sponsor's IDC Imputation)

Try again!

Calculate the sponsor’s indirect costs by multiplying the amount of Direct Costs by the Sponsor’s Rate.

**Unrecovered Example**

Cost Share – Unrecovered Costs

**How about an example?**

Click the Calculate button to determine the unrecovered costs UF will be responsible for.

5250 × 1000 = 0

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Correct!

Cost Share – Unrecovered Costs

How about an example?
Click the Calculate button to determine the unrecovered costs UF will be responsible for.

\[
\begin{array}{c}
5250 \\
UF IDC Amount
\end{array} - \begin{array}{c}
1000 \\
Sponsor IDC Amount
\end{array} = \begin{array}{c}
0
\end{array}
\]

Correct!
The amount of unrecovered costs UF will be responsible for equals $4250.

If there is a mandatory cost share requirement, the unit could use this unrecovered IDC amount of $4250 to meet that requirement.

Types of Budgets

The type of budget included in the proposal will be dictated by the sponsor’s requirements.

Budgets 1

Click each blue bar to learn more.

DETAILED BUDGET (WITH A DETAILED JUSTIFICATION)
An itemization of costs broken down into cost categories identified by the sponsor.

MODULAR BUDGET (WITH A SIMPLIFIED BUDGET JUSTIFICATION)

TASK BASED & MILESTONE (WITH JUSTIFICATION AS REQUIRED BY SPONSOR)
Budgets 2

Budgets 3

Budget Justification

A budget justification is a written narrative linking the budget to the Scope of Work.
Budget Justification - Block 1

Budget Justification

A budget justification is a written narrative linking the budget to the Scope of Work.

The justification should match the costs as they are broken down in the sponsor budget.

Budget Justification - Block 2

Budget Justification

A budget justification is a written narrative linking the budget to the Scope of Work.

Include all categories. Explain what is covered by each cost and how it contributes to the scope of work.

Budget Justification - Block 3

Budget Justification

A budget justification is a written narrative linking the budget to the Scope of Work.

A strong justification is very important for any direct cost normally treated as an indirect cost, such as office supplies.
**Tab 1 - Be Strategic**

Build a full detailed budget internally to ensure all project costs are identified and no cost sharing has been inadvertently included.

Remember, you do not need to send this internal budget to the sponsor.

**Tab 2 – Budget Commitments**

Remember, budget details and effort commitments submitted to the sponsor at proposal stage will become part of an award.

What strategies can you use at proposal stage to alleviate stress at award management stage?

**Tab 3 – Federal Sponsors**

Review the solicitation for the specific budget information requested.

Be sure to provide the level of detail the sponsor asks for, but do not provide more information than is necessary.
Tab 4 – Industry Sponsors

Think about how much budget information the sponsor really needs. Can you provide only a total amount? If additional detail is needed, can you provide a simple line item or fully burdened budget?

Associated Indirect Costs

Cost-Share
Associated Indirect Costs

When including direct costs as cost share, keep in mind there are still indirect costs associated with these direct costs that are being borne by the University. These indirect costs can generally be used to meet a cost share requirement unless restricted by the sponsor.

Cost Shared Personnel: $10,000
$10,000 x 52.5% (Applicable IDC Rate): = $5,250
Total Cost Share (Direct and Associated Indirect): = $15,250

Reminder! You are encouraged to use unrecovered and associated indirect costs to meet mandatory cost share requirements as much as possible.
Resources

Contact us with questions/comments:

UF Research | Sponsored Programs
ufproposals@ufl.edu
352-392-9267

Congratulations!
You've passed the course.

For more resources, you are encouraged to attend RSH217 All Things PreAward and visit the Budgeting Overview site.

Close Course