

Grant Budgeting Guide

The budget is a spending plan—a quantitative expression of how the project team plans to spend the money awarded by the sponsor.

At a Glance

Faculty

There are three options for budgeting faculty time on a grant: AY buyout, AY overload, summer pay.

9-month Contract Academic Year:

- Fall and Winter: 16 weeks
- 80 days each semester
- 160 days in the academic year
- 1,280 hours in the academic year
- Converting days committed to a grant to a % in AY:
Number of days committed to a grant / 160 days
- Calculating an hourly rate:
Hourly rate = annual salary / 1,280 hours
- AY buyout:
25% of annual base salary = 1 class in Fall and 1 class in Winter
- AY overload:
AY overload is not allowed in all circumstances.
Make sure the project personnel can earn overload pay.
Number of days committed to a project/160 days x annual salary = overload amount

9-month Contract Summer Pay:

- 3 months or 12 weeks = 1.0 FTE summer (100%)
(Base salary divided by 9 then multiply by 3)
- 1 month or 4 weeks = 0.33 FTE summer (33%)
(Base salary divided by 9 then multiply by 1)
- ½ month or 2 weeks = 0.165 FTE summer (16.5%)
(Base salary divided by then multiplied by 0.50).
- 75 days in Summer 1 and Summer 2

Grant Budgeting Guide

Faculty on 12-month Contract

Buyout calculations are based on the following assumptions – adjust the formula as required.

- 12-month faculty teach 30 credit hours a year
- The time is split: 80% teaching, 10% scholarship, and 10% service.

Buyout Calculation:

1. $(\text{Base salary} \times 80\%) / 30 = \$ \text{ amount per credit hour}$
2. $\$ \text{ amount per credit hour} \times \text{number of credit hour in the class} = \text{buyout amount.}$

Example:

Base salary of \$90,000 x 80% (amount of time teaching) = \$72,000

\$72,000 divided by 30 total credit hours taught annually = \$2,400 per credit hour

\$2,400 per credit hours

3 credit hour class = \$7,200

4 credit hour class = \$9,600

2 credit hour class = \$4,800

Effort: ~2.7% per credit hour

12-month employees

- 2,080 hours (average)
- 260 days a year (average)
- Converting days to a % of time:
Number of days committed to a grant / 260 (number of working days in the year)

Students

- Graduate Assistants (full-time or half-time). When including a GA in the budget include stipend and tuition. If there is not stipend and tuition budgeted, it is not truly a graduate assistantship and must be budgeted in a different category of personnel depending on the situation. Stipends amounts change from year to year. Check with the GVSU Graduate School for stipend amounts and changes to the program.
Full time GA tuition = 18 credit hours: 9 in fall and 9 in Winter
Half time GA tuition = 9 credit hours
- Enrolled students: No fringe if enrolled
- Students who are not currently enrolled – If you are budgeting students who are not enrolled then budget fringe.
- Work Study students - The Federal Government pays 75% of the student's wages, and the on-campus employer covers the remaining 25% and all fringe costs associated with the position.

General Guide and Tips

When Should a PI Start a Budget?

Encourage the PI to start a proposal budget sooner rather than later.

Why?

1. Working on the budget can help a PI think through all aspects of the project (time commitment, supplies, travel, etc.), which can be a helpful step prior to writing the proposal narrative.
2. Once the PI has a draft budget, the GC can review and polish it while the PI goes on to the other elements of the proposal. Teamwork!
3. The budget is a key part of the internal approvals – get the budget done – get the approvals routing!

Know the limits

Carefully read the funding announcement for budget criteria. Look for limits on the types of expenses (e.g., no construction allowed), spending caps on certain expenses (e.g., travel limited to \$10K), and overall funding limits (e.g., total costs cannot exceed \$300K per year).

Help the PI Identify all the costs that are *necessary* and *reasonable* to complete the work described in the proposal. The GC should make sure:

- Budget numbers add up – is the math correct?
- Staff requirements and levels of effort are sufficient.
- Base salaries are reasonable.
- Travel proposed aligns with scope of work.
- Objectives of proposal support equipment & supply costs (consider: purchase vs. rental, ratio of employees to equipment, does the equipment support more than just the proposed project?).
- Contractors and sub-awards are necessary, they have the qualifications to perform the work, and those costs are reasonable

Time and Effort

Faculty

There are three options for budgeting faculty time on a grant.

1. “Buy out” of a course or significant focus time.

Faculty members can request release from part of their teaching load. Under most circumstances, release from one fall class and one spring class is calculated as:

25% x annual salary = cost of buyout

PIs must talk to their unit heads and deans to find out the % and to get approval for the buyout. This should be done early in the proposal development process. GCs should make sure this happens or it could hold up the submission. A PI may budget effort as a buyout if the externally funded grant project requires time over and above standard research time/significant focus time allocations.

Grant Budgeting Guide

2. Summer effort

For an academic year (9-month-contract) appointed faculty, GVSU allows for a % of academic year salary to be earned for research work during the summer months.

Keep in mind that during the summer months, the effort a faculty member expends should coincide with the salary charged. If a faculty member charges an entire month of their academic salary to a grant, they must expend 100% of that month towards the grant during that time.

Formulas for figuring summer salary

- 3 months or 12 weeks = 1.0 FTE summer (100%) (base salary divided by 9 then multiply by 3)
- 1 month or 4 weeks = 0.33 FTE summer (33%) (base salary divided by 9 then multiply by 1)
- ½ month or 2 weeks = 0.165 FTE summer (16.5%) (base salary divided by 9 then multiplied by 0.50).

3. “Overload”

In very rare instances a PI can budget “overload” on a federal grant. A PI can, with the permission of their dean, budget overload on grants that are not federal or federal flow through (e.g., industry contracts, foundation grants) but keep in mind that if the PI has a federal grant and a non-Federal grant, there can be no overload except in compliance with the information below.

Guidelines on Overloads Involving Federal or Federal Flow-through Funds (Federal Funds) (Dec. 2014)

Compensation, including overload payments, for personnel paid on federal or federal flow-through funds is governed by The Uniform Guidance (2 CRF 200). Recent audits by the federal government have resulted in disallowances of substantial sums of money at several institutions. The relevant section in §200.430 Compensation—personal services is (h)(2) through (h)(4) and reads:

(2) Salary basis. Charges for work performed on Federal awards by faculty members during the academic year are allowable at the Institutional Base Salary (IBS) rate. Except as noted in paragraph (h)(1)(ii) of this section, in no event will charges to Federal awards, irrespective of the basis of computation, exceed the proportionate share of the IBS for that period. This principle applies to all members of faculty at an institution. IBS is defined as the annual compensation paid by an IHE for an individual's appointment, whether that individual's time is spent on research, instruction, administration, or other activities. IBS excludes any income that an individual earns outside of duties performed for the IHE. Unless there is prior approval by the Federal awarding agency, charges of a faculty member's salary to a Federal award must not exceed the proportionate share of the IBS for the period during which the faculty member worked on the award.

(3) Intra-Institution of Higher Education (IHE) consulting by faculty is assumed to be undertaken as an IHE obligation requiring no compensation in addition to IBS. However, in unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work performed by the faculty member is in addition to his or her regular responsibilities, any charges for such work representing additional compensation above IBS are allowable provided that such consulting arrangements are specifically provided for in the Federal award or approved in writing by the Federal awarding agency.

Grant Budgeting Guide

(4) Extra Service Pay normally represents overload compensation, subject to institutional compensation policies for services above and beyond IBS. Where extra service pay is a result of Intra-IHE consulting, it is subject to the same requirements of paragraph (b) above. It is allowable if all of the following conditions are met:

(i) The non-Federal entity establishes consistent written policies which apply uniformly to all faculty members, not just those working on Federal awards.

(ii) The non-Federal entity establishes a consistent written definition of work covered by IBS which is specific enough to determine conclusively when work beyond that level has occurred. This may be described in appointment letters or other documentations.

(iii) The supplementation amount paid is commensurate with the IBS rate of pay and the amount of additional work performed. See paragraph (h)(2) of this section.

(iv) The salaries, as supplemented, fall within the salary structure and pay ranges established by and documented in writing or otherwise applicable to the non-Federal entity.

(v) The total salaries charged to Federal awards including extra service pay are subject to the Standards of Documentation as described in paragraph (i) of this section.

Staff or “permanent” 12-month employees.

12-month staff work 260 days and 2,080 hours a year.

1.0 FTE = 260 days

0.20 FTE = 52 days or a day a week

0.10 FTE = 26 days

Percent of time x salary = cost of salary committed to project

Students.

- Graduate Assistants (full-time or half-time). When including a GA in the budget include stipend and tuition. If there is not stipend and tuition budgeted, it is not truly a graduate assistantship and must be budgeted in a different category of personnel depending on the situation. Stipends amounts change from year to year. Check with the GVSU Graduate School for stipend amounts and changes to the program.
Full time GA tuition = 18 credit hours: 9 in fall and 9 in Winter
Half time GA tuition = 9 credit hours
- Enrolled students: No fringe if enrolled
- Students who are not currently enrolled – If you are budgeting students who are not enrolled then budget fringe.
- Work Study students - The Federal Government pays 75% of the student's wages, and the on-campus employer covers the remaining 25% and all fringe costs associated with the position.

Grant Budgeting Guide

Fringe

University Budgets publishes new fringe rates annually and can be found on the GVSU website.

<https://www.gvsu.edu/budgets/fringe-rates-6.htm>

Equipment

Equipment is defined as an item of property that has an acquisition cost of \$5,000 or more and an expected service life of more than one year. Equipment is NOT subject to F&A recovery.

Participant support

Participant support costs means direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects.

Other Direct Costs

Other direct costs may include, but are not limited to:

- Travel – See gsa.gov for domestic per diem rates and state.gov for international per diem rates.
- Materials and supplies – different from equipment!
- Sub-awards, vendors, and consultants – learn the difference!
- Publication costs
- Computer services
- Tuition

Facilities and Administrative (F&A) Costs

F&A costs are expenses that cannot be identified readily and specifically with a particular sponsored project but contribute to the ability of the University to support research projects and programs and are used to maintain and operate University facilities and services.

Calculating F&A

Step 1 in calculating F&A is to figure modified total direct cost (MTDC).

MTDC is all direct costs minus the costs the government wants you to take out. The government does not allow F&A “charges” on everything so subtract out the unallowable things:

MTDC means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance).

MTDC excludes:

- equipment,
- capital expenditures,
- charges for patient care,

Grant Budgeting Guide

- rental costs,
- tuition remission,
- scholarships and fellowships,
- participant support costs and
- the portion of each subaward in excess of \$25,000.

Direct Costs – Exclusions = MTDC

2nd step:

MTDC x F&A rate (29.6%) = F&A Costs

3rd step:

F&A Costs + Direct Cost = Total Amount of Request to Sponsor

Budget Justification

- Why are you asking for these funds?
- What will they be used for?
- How did you calculate the costs?
- Is this budget adequate?
- Is this budget reasonable?