

# Writing a Proposal Budget

## OFFICE OF RESEARCH ADMINISTRATION

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# OFFICE OF RESEARCH ADMINISTRATION

- How can we assist you?
  - Editing Proposals
  - Initial budget brainstorming and planning
  - Consultation during proposal and budget development process
  - The sooner we know that you are thinking about writing a proposal, the better we'll be able to assist you throughout the process!

# QUESTIONS TO ASK BEFORE BUDGETING...



What is the typical award amount from this sponsor?



What are the real costs associated with conducting this project?



What items will the sponsor support and not support?



Does the sponsor provide flexibility to re-budget between categories once funds are awarded?



Is cost sharing mandatory or disallowed?



What can I do with a reduced award amount?

# LOOK TO THE RFP FOR BUDGET CONSTRAINTS...

## The RFP will tell you:

- Award Amount
- Total # of Awards
- Cost Share Requirements
- Period of Performance
- F&A/IDC Rate
- Other Budgetary Limitations/Requirements

Estimated Number and Type of Award(s):	Up to 43 new cooperative agreements
Estimated Annual Award Amount:	Up to \$1,000,000 per award, subject to the availability of appropriated funds  At least \$230,000 must be used for Alzheimer's Disease and Related Dementias (ADRD) activities annually.
Cost Sharing or Matching Required:	No
Period of Performance:	July 1, 2024 through June 30, 2029 (5 years)

# ALLOWABILITY, ALLOCABILITY & REASONABLENESS

*The Office of Management and Budget Uniform Guidance sets standards for obtaining consistency and uniformity in federal grant administration and audit.*

The concepts of allowability, allocability, and reasonableness of costs address the legitimacy of a cost charged against a specific sponsored research award.

Determination of allowability, allocability, and reasonableness of a given expense is based on specific guidelines of the sponsor and according to federal cost principles.

# ALLOWABILITY, ALLOCABILITY & REASONABLENESS

*The Office of Management and Budget Uniform Guidance sets standards for obtaining consistency and uniformity in federal grant administration and audit.*

## ALLOWABILITY

Costs must be treated consistently through generally accepted accounting principles and agree with the terms and conditions.

## ALLOCABILITY

A cost is allocable to a particular objective according to the relative benefits accrued to the objective.

## REASONABLENESS

A cost is considered reasonable if the goods or services acquired, and the amount involved, reflect actions that a prudent person would take under the circumstances.

Alcoholic beverages  
not a part of an  
approved protocol

Bad debts or  
directly associated  
legal costs

Bid and proposal  
costs in excess of  
set limits

Congressional or  
Executive Lobbying

Contributions and  
Donations

Entertainment  
(including meals  
and snacks)

Fines and Penalties

First class air travel  
(usually)

Fundraising

Legal fees for  
defending fraud and  
litigating appeals vs.  
the government

Product Advertising

Promotional items  
and social club  
memberships

# UNALLOWABLE COSTS INCLUDE...

Most funding agencies require that a proposed budget be based on a  
“Good Faith” cost estimate.

## REMEMBER:

What you put into the  
budget and justification  
turns into your commitment  
to the sponsor.

**fabricated.**

A person may not

misleading cost

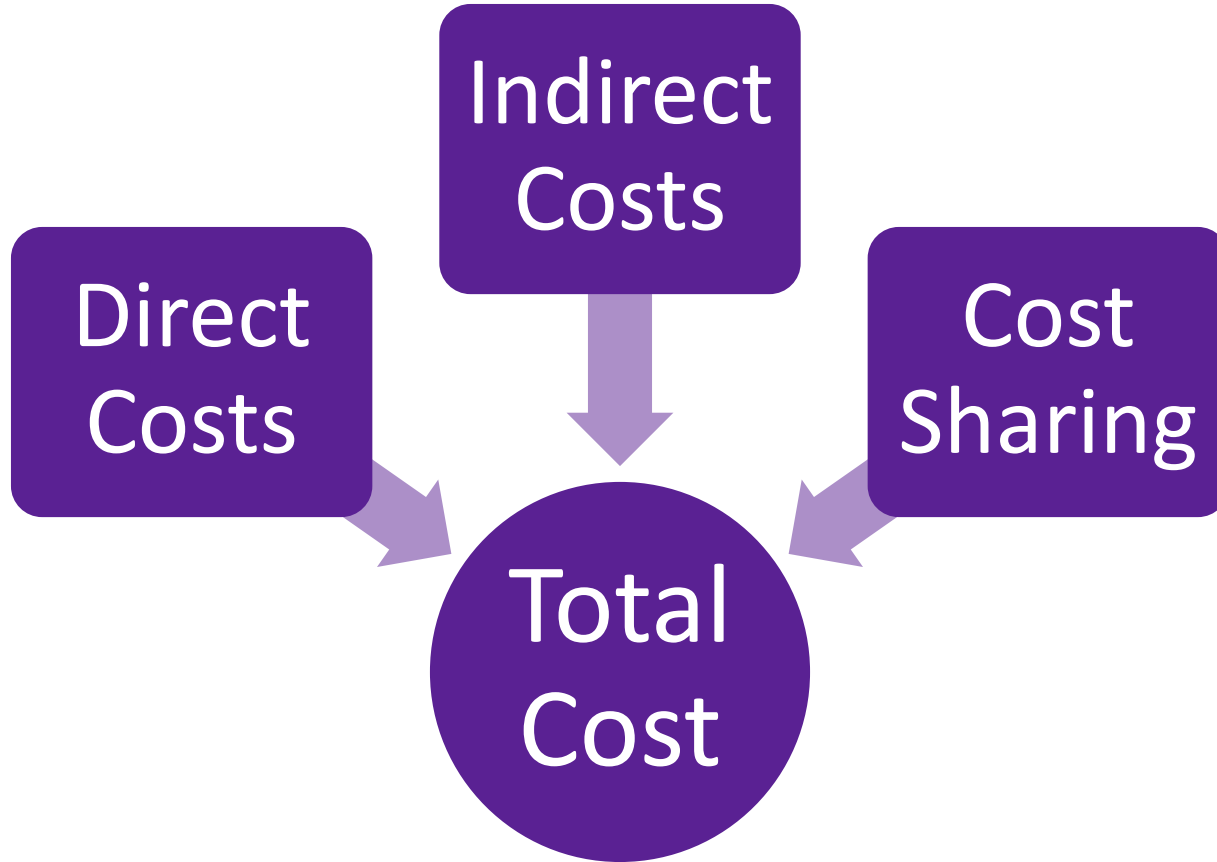
The cost estimate

they must never be



# Costs of Conducting the Project

*Knowing what to budget for...*



# DIRECT COSTS

These are the funds that you will need to carry out a project.

- Personnel Costs
  - Salaries and Wages
  - Fringe Benefits
- Consultants/Honorariums
- Travel
- Equipment
- Materials and Supplies
- Room/Equipment Rental Fees
- Subawards and Subcontracts
- Publication & Dissemination Costs
- Participant Support Costs
- Other
  - Advertising Fees
  - Human Subject Incentives

# PERSONNEL COSTS

Personnel costs include costs for all applicant personnel (or personnel to be hired) who will dedicate effort to a project. For most non-construction projects, personnel costs make up a significant portion of the total project costs.

Personnel costs consist of:

- Salaries and Wages
- Fringe Benefits

Personnel may include:

- Senior or Key Personnel such as the Principal Investigator (PI), co-PIs, and co-investigators.
- Non-senior or key personnel such as undergraduate and graduate students, postdoctoral candidates, and other professionals such as lab technicians, statisticians, and project evaluators.

# CALCULATING PERSONNEL COSTS

## Salaries and Wages

For salaried employees, personnel costs are calculated by multiplying the estimated amount of effort needed to conduct the scope of work by the employee's institutional base salary.

*Dr. Smith's institutional base salary is \$120,000, and she estimates spending 20% of her time on grant funded activities. The total sponsor salary request is calculated as  $\$120,000 \times 20\% = \$24,000$*

For hourly employees, such as undergraduate students, calculate wages using the employee's hourly rate by the time to be spent working on project activities.

Institutional salaries and wages should be verified prior to budgeting.

It is a best practice to account for future salary increases due to a cost-of-living increase to ensure there is enough budget to cover these increases. WCU applies a standard inflation factor of 3% to account for cost-of-living increases applied to base salaries.

# CALCULATING PERSONNEL COSTS

## Fringe Benefits

Fringe benefits are non-salary benefits provided to an employee at a cost to the employer and are usually included under the ‘Personnel’ section of the budget. Such benefits may include payment for leave time, health, dental, worker’s compensation, and retirement benefits.

The type of fringe benefits provided and the rate at which they are charged varies by employee classification and retirement plan and often varies by fiscal year. WCU’s current fringe benefit rates are below:

Full-Time State Retirement (TSERS)		Full-Time Optional Retirement (ORP)		Part-Time and Student Personnel	
Retirement	25.20%	Retirement	14.09%	Retirement	0.00%
Unemployment	1.00%	Unemployment	1.00%	Unemployment	1.00%
Social Security	7.65%	Social Security	7.65%	Social Security	8.65%
Total	33.67%	Total	22.74%	Total	8.65%

# TRAVEL

Expenses for transportation, lodging, and subsistence related to project personnel travel on a sponsored project should be budgeted under 'Travel.'

Funds may be requested for travel to domestic or foreign scientific meetings, to conduct fieldwork, and for consultation with the funding agency or with colleagues concerning the project.

Travel for conference participants or trainees should be budgeted under 'Participant Support Costs' and is discussed under 'Participant Support Costs.'

# TRAVEL

When budgeting for travel, take into consideration the following:

- Destination
- Number of people traveling
- The dates or duration of the stay
- The benefit to the project

Costs for subsistence and transportation should be estimated using the applicant's per diem and mileage reimbursement rates as applicable.



# EQUIPMENT

What is equipment?

*“...tangible personal property having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-federal entity for financial statement purposes, or \$5,000.”*

Things to consider when purchasing equipment:

- Installation Costs
- Service Fees
- Facilities
- Taxes
- Shipping/Freight
- Insurance/Warranty Costs

# EQUIPMENT



Equipment that will be used throughout a project should be budgeted in an early budget period to ensure full benefit to the project.



Check the sponsor's guidance regarding allowability of equipment installation and maintenance costs.



Equipment purchases are often scrutinized by sponsors and appropriate justification is required for documenting how the equipment purchase will benefit the award. Federal sponsors often require a quote detailing the equipment description, unit cost, and shipping and handling fees.

# PARTICIPANT SUPPORT COSTS



Participant support costs are associated with stipends, subsistence, travel, and registration fees paid to or on behalf of trainees (not employees) for participation in meetings, conferences, symposia, workshops, or other training projects.



Participants may include students, scholars, and scientists from other institutions who are taking part in a grant-funded training experience.

# PARTICIPANT SUPPORT COSTS

Funding for grant personnel performing work or services for a project or program, such as the PI or graduate students, should be budgeted under ‘Personnel,’ not under ‘Participant Support Costs.’

Employees should not be included as a participant and an employee on the same award.

Funds for conference speakers and organizers not associated with the applicant organization should be budgeted as ‘Other Direct Costs.’

# PARTICIPANT SUPPORT COSTS

Items that generally should not be included in Participant Support:

- Employees on Award
- Collaborators
- Fellowships
- Honoraria for Speakers
- Human Subject Incentive Payments (aka Research Incentive Payments)
- Means for Non-Participants
- Project Organizers, Facilitators, or Coordinators
- Rental Fees, Catering, and General Supplies

# PARTICIPANT SUPPORT COSTS

Participant support costs are not typically included on research projects unless the project includes an educational or outreach activity.

When budgeting, some sponsors divide participant support into stipends, travel, subsistence, and other.

Participant support costs do not incur F&A.

Be stringent when budgeting participant support, as funds provided for participants may not be used for other expense categories without specific prior written approval from the sponsoring agency.

# PARTICIPANT SUPPORT COSTS

Participant Support	Calculations	Sponsor Request
Stipends	50 participants x \$200/participant	\$10,000
Travel	\$0.625/mile x 200 miles x 50 participants	\$6,250
Subsistence	\$46.50/day x 2 days x 50 participants	\$4,650
Other	Workshop materials @ \$20/person x 50 people	\$1,000
Total		\$21,900

# OTHER DIRECT COSTS

Project expenses that do not fit into Personnel, Equipment, Travel, and Participant Support Costs are usually budgeted under ‘Other Direct Costs.’

Examples of other direct costs include, but are not limited to:

- Materials and Supplies
- Computer Services
- Human Subject Incentives
- Equipment Maintenance
- Honoraria
- Data Storage & Security
- Membership Fees
- Software Costs
- Consultants/Subrecipients/Contractors
- Communication/Telephone Costs
- Publication Costs
- Tuition Remission



# SUBRECIPIENTS

Subrecipients are entities that receive a portion of the award funding and are responsible for a portion of the project. As such, the subrecipient has responsibility for programmatic decision making and their performance is measured in relation to whether project objectives are met.

For entities identified as a subrecipient, a detailed budget and a budget justification for the subrecipient's portion of the project should be included in the applicant's budget.

# CONTRACTORS

Contractors are entities that provide goods or services ancillary to the operations of the program. Contractors normally operate in a competitive environment and provide similar goods or services to different purchasers and have fees that are based on an established fee schedule.

Unlike subrecipients, contractors typically do not engage in strategic problem solving and their performance is measured in relation to whether contract deliverables were met.

If an entity or individual is determined to be a contractor, a quote and description of the goods or services to be provided should be obtained in order to budget contractor costs.

# CONSULTANTS

A consultant is an individual or business whose expertise is required to perform the project.

Consultant services are temporary and highly specialized or technical and generally not available within the applicant's organization.

Consultants should be paid at a reasonable rate as determined by the going rate for the locale, type of work, what the organization normally pays for comparable work, as well as what the sponsor will allow.

# HONORARIUM

An honorarium is a one-time payment to an individual who is not an employee for a non-recurring activity or event.

Honoraria payments are often provided as a token of appreciation and are not a contractual obligation to pay for services rendered.

Check sponsor and applicant guidance regarding allowability of honorarium payments, particularly to those paid to non-U.S. visitors.

# INDIRECT COSTS

Also referred to as *OVERHEAD* or *FACILITIES & ADMINISTRATIVE COSTS (F&A)*.

- These costs are University operating expenditures incurred for common objectives which are not allocated to a specific project.
  - F&A costs include, but are not limited to:
    - Building operations and maintenance
    - Equipment upkeep
    - General and departmental administrative expenses
    - Sponsored projects administration
    - Library expenses
    - Utilities...

# INDIRECT COSTS

Also referred to as *OVERHEAD* or *FACILITIES & ADMINISTRATIVE COSTS (F&A)*.

- WCU has a federally negotiated F&A rate of 47.60% of the Modified Total Direct Cost (MTDC) for on-campus projects.
  - The off-campus rate is 19.30% MTDC.
- Please note that many foundations/corporations do not allow indirect costs and any allowances/restrictions will be included in the RFP.

# MODIFIED TOTAL DIRECT COSTS (MTDC)

Includes everything EXCEPT:

Equipment Over  
\$5,000/Unit

Student Tuition  
Remission

Rental Costs of  
Off-Site Facilities

Scholarships and  
Fellowships

Participant  
Support Costs

The Portion of  
Each Subaward in  
Excess of \$25,000

# CALCULATING MTDC

Supplies \$2,000

Travel \$1,500

Graduate Assistant \$15,000

~~Tuition Remission \$30,000~~

Subcontract \$30,000 CAN ONLY INCLUDE UP TO \$25,000

~~Equipment \$6,000~~

Total Direct Cost: \$84,500

Which of these are included in the MTDC Base?



# CALCULATING MTDC

Supplies	\$2,000
Travel	\$1,500
Graduate Assistant	\$15,000
<del>Tuition Remission</del>	<del>\$30,000</del>
Subcontract	<u>\$30,000</u>
<del>Equipment</del>	<del>\$6,000</del>
CAN ONLY COUNT UP TO \$25,000	
Total Direct Cost:	\$84,500

Which of these are included in the MTDC Base?

Supplies	\$2,000
Travel	\$1,500
Graduate Assistant	\$15,000
Subcontract	\$25,000
<hr/>	
MTDC Base	\$43,500
Indirect (44.42% of \$43,500)	\$19,244.40
Other Costs:	
Equipment	\$6,000
Tuition Remission	\$30,000
Remainder of Subcontract	\$5,000
TOTAL COST:	\$103,744.40

# COST SHARING

Cost Sharing is defined as the portion of the cost of the project that the sponsor does not assume and that is borne by the university or third-party.

- Can include In-Kind or Cash:
  - Cash, supplies or equipment donations
  - Use of space/facilities
  - Cost of renovating the space
  - Forgone indirect costs (if approved by the sponsor)
  - Employee time/salary, including fringe benefits
  - Volunteer time/services

Can be mandatory, voluntary or disallowed.

Must be approved by chair and dean.

Must be verifiable and auditable.

Must be in writing.

# COST SHARING

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- Cost of renovating the space
- Forgone indirect costs (if approved by the sponsor)
- Employee time/salary, including fringe benefits
- Volunteer time/services

# FINAL THOUGHTS

- Request a reasonable amount of money to do the work, not more and not less.
- Provide sufficient justification:
  - You must convince the reviewer that each expense is necessary for the proposed work.
  - It answers any questions a reviewer may have about your calculations.
  - Be sure that everything in your budget is referenced in the proposal and explained in the justification.

1. Don't try to give the agency a bargain.
2. Check and double check the math.
3. Ask for help!

# BUDGET BUILDING EXERCISE

Principal Investigator Salary	20% effort with \$100,000 annual salary
1 Graduate Assistant (GA)	\$8,000
Fringe Benefits	22.74% of PI Salary
Travel for Project	3 trips @ \$2,000 each
Supplies for Project	\$8,000
Publication Costs	\$2,000
Subaward	\$30,000
Indirect Cost (MTDC Base)	44.24%

What is the total project cost?

# BUDGET BUILDING EXERCISE

Principal Investigator Salary	20% effort with \$100,000 annual salary
1 Graduate Assistant (GA)	\$8,000
Fringe Benefits	22.74% of PI Salary
Travel for Project	3 trips @ \$2,000 each
Supplies for Project	\$8,000
Publication Costs	\$2,000
Subaward	\$30,000
Indirect Cost (MTDC Base)	44.24%

Principal Investigator Salary	$\$100,000 \times 20\% = \mathbf{\$20,000}$
1 Graduate Assistant (GA)	<b>\$8,000</b>
Fringe Benefits	$\$20,000 \times 22.74\% = \mathbf{\$4,548}$
Travel for Project	$\$2,000 \times 3 = \mathbf{\$6,000}$
Supplies for Project	<b>\$8,000</b>
Publication Costs	<b>\$2,000</b>
Subaward	<b>\$30,000</b>
<b>Indirect Cost (MTDC Base)</b> <i>(PI Salary + GA + Fringe + Travel + Supplies + Publication Costs + \$25k of Subaward) x 44.24%</i>	$\$20,000 + 8,000 + 4,548 + 6,000 + 8,000 + 2,000 + 25,000 = \$73,548 \times 44.24\% = \mathbf{\$32,538}$
<b>Total Project Cost</b> <i>PI Salary + GA + Fringe + Travel + Supplies + Publication Costs + Subaward + IDC</i>	$\$20,000 + 8,000 + 4,548 + 6,000 + 8,000 + 2,000 + 30,000 + \$32,538 = \mathbf{\$111,086}$

# BUDGET BUILDING EXERCISE

Principal Investigator Salary	12.5% effort with \$80,000 annual salary
2 Undergraduate Students (UGS)	\$12/hour for 200 hours each
Fringe Benefits	33.67% of PI Salary
Travel for Project	\$1,800
Supplies for Project	\$3,000
Equipment	\$15,000
Subaward	\$25,000
Indirect Cost (MTDC Base)	15%

What is the total project cost?

# BUDGET BUILDING EXERCISE

Principal Investigator Salary	12.5% effort with \$80,000 annual salary
2 Undergraduate Students (UGS)	\$12/hour for 200 hours each
Fringe Benefits	33.67% of PI Salary
Travel for Project	\$1,800
Supplies for Project	\$3,000
Equipment	\$15,000
Subaward	\$25,000
Indirect Cost (MTDC Base)	15%

Principal Investigator Salary	$\$80,000 \times 12.5\% = \mathbf{\$10,000}$
2 Undergraduate Students (UGS)	$\$12 \times 200 = \$2,400 \times 2 = \mathbf{\$4,800}$
Fringe Benefits	$\$10,000 \times 33.67\% = \mathbf{\$3,367}$
Travel for Project	$\$2,000 \times 3 = \mathbf{\$6,000}$
Supplies for Project	<b>\$3,000</b>
Equipment	<b>\$15,000</b>
Subaward	<b>\$25,000</b>
<b>Indirect Cost (MTDC Base)</b> <i>(PI Salary + UGS + Fringe + Travel + Supplies + \$25k of Subaward) x 15%</i>	$\$10,000 + 4,800 + 3,367 + 6,000 + 3,000 + 25,000 = \$52,167 \times 15\% = \mathbf{\$7,825.05}$
<b>Total Project Cost</b> <i>PI Salary + UGS + Fringe + Travel + Supplies + Equipment + Subaward + IDC</i>	$\$10,000 + 4,800 + 3,367 + 6,000 + 3,000 + 15,000 + 25,000 + \$7,825.05 = \mathbf{\$74,992.05}$





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END

Questions?



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