

Budget Basics for Grants & Contracts

Even though the budget basics for grants is a helpful guide to developing the project budget, it is still essential to include the OSP and the sponsored project accountant in this process.

Wages should be budgeted based on the annualized contract salary for faculty or annual salary for staff based on the proportional time (percentage of a full-time equivalent employee).

Benefits are specifically identified to each employee and are charged individually as direct costs. Fringe benefits include Social Security & Medicare (FICA) tax, pension with employer match, life & disability insurance (long & short term), medical and dental insurance, workers' compensation, state unemployment, employee assistance plan, tuition remission and health saving account.

Travel budgets should be reasonable and based on real world figures. To aid with travel estimates, meals and other incidentals (M&IE) should be estimated using the federal per diem rate for the location and the standard rate for lodging. The federal rate can be obtained for domestic (CONUS) and international (OCONUS) locations online at: <http://www.gsa.gov/portal/category/100120>. Please note meals are limited to \$75 per day, per Bellarmine University policy. Investigators should also use the federal mileage reimbursement rate at: <http://www.gsa.gov/portal/content/100715>. Finally, travel by air or rail should be justified vis-à-vis current online rates for economy class from Louisville (or other location) to the end destination.

Equipment expenses should be based on publicly available catalogs and/or specialized third-party quotes should be obtained (if necessary). Equipment is defined as tangible personal property (including information technology systems) 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. Equipment estimates should also include all shipping & handling costs (when appropriate).

Supplies are defined as consumable, not durable, goods. Examples include standard office supplies, lab consumables, memory sticks, and depending on the agency may include modest and inexpensive electronics equipment—but not ordinarily computers, tablets, or similar devices. Supply estimates should also include all shipping & handling costs (when appropriate).

Supplemental Academic Year & Summer Compensation may be included in a grant budget. Specifically, faculty and staff participating in grant or contract funded projects may be eligible for supplemental compensation during the academic year (fall & spring semesters) and summer months. Proposed academic year compensation must be consistent with and conform to existing policies and practices associated with Bellarmine University's overload policy and pay structure. Summer pay for faculty must be proportionally based on a participant's institutional base salary; and the overall compensation must not exceed 1 FTE. As such, summer teaching obligations must be considered. Twelve-month faculty may request only summer monies equivalent to and consistent with academic course overload policies and practices. Finally, primary and co-investigators of record may not receive additional budgeted compensation (partial or full) when and where current budget overages are observed.

Course Buyouts will ordinarily be budgeted based on the proportion of a faculty member's reassign FTE

(salary & benefits)—and not the cost of adjunct instruction. Course releases must be approved by the department chair, dean, and academic affairs at time of proposal. Deviations from these general guidelines must be approved by the Associate Provost and Provost.

Student Workers can be included in grant budgets. If student workers are not enrolled full time and/or working during the summer, the costs will include the University portion of FICA tax (7.65%) in addition to hourly wages. Estimates of student wages should be based on realistic workload projections and account for a standard hourly rate (and, if applicable, FICA).

Budget Overages will be charged to the appropriate budget account furnished at time of proposal with the approval from the authorized signatory. Overages could also result in the reduction or elimination of F&A revenue sharing (if applicable) and/or may impact budgeted supplemental compensation for the PI or Co-PI(s) of record.

Other budget expenses may include dissemination expenses (i.e., page fees for journals) or items not specifically defined by the sponsor. In the case of training or scholarship programs, sponsors and agencies regularly include “participant costs” as a budget line item and might include stipends or tuition or other fees. In some RFPs, “consultants” paid a single structured payment or stipend may be an individual budget item or classified as other. Additionally, “sub-contracts” may also have a dedicated budget section or may be included in the other category.

Budget Justifications are required by most sponsors. The budget justification refers to a narrative description of expenses by area (personnel—wages/benefits, participant costs, consultants, travel, equipment, and consumable supplies) and describes how the item helps accomplish the project. Please note, all expenses referenced in the budget (i.e., summary spreadsheet) should be included in the justification unless a minimum sponsor threshold is noted in the RFP (i.e., expenses greater than \$5,000 must be justified). Additionally, all expenditures or activities referenced in the proposal narrative must be included in the spreadsheet summary and justification. Some sponsors require budget justifications in a certain format. Please refer to the sponsor guidelines for formatting requirements.

Documentation should be provided to justify costs not associated with salaries, wages, or other institutionalized variables, (i.e., the purchase of new equipment and/or travel by air). The investigator should be prepared to share this information with the Business Affairs Office, if requested.

Direct Costs refers to the total project costs associated with the sponsor request (or proposal) excluding indirect costs. All costs must be reasonable and governed by the terms of the sponsor as well as University policy. The sum of all direct costs associated with the project is referred to as the Total Direct Cost (TDC).

Indirect Costs or Facilities and Administration (F&A) Recovery refers to a fixed reimbursement rate for the use of the University’s facilities and administering the grant project. BU’s federally negotiated rate can be found on the OSP’s website www.bellarmino.edu/osp. In some cases, the F&A rates are capped and/or modified by sponsors as specifically outlined in the request for proposals (RFP) or program solicitation.

F&A Revenue Sharing. The Bellarmine University Board of Trustees has authorized revenue sharing of F&A recovery. This policy can be found in section 9.6.11.2 in the Faculty and Staff Policies and Procedures Manual. When F&A Costs are included as a cost in a successful external funding proposal

and consist of real dollars received, a distribution of the dollars will be made as follows: 25% to the dean's reserve account, 25% to the investigator, and 50% to the University to resource the delivery of critical functions such as accounting and compliance, as well as to offset actual facilities expenses. All distributions are subject to modification in situations where a grant may be over budget.

Cost Sharing (or "match") can be mandated by the sponsor. University practice discourages voluntary cost sharing. All proposed cost sharing resources must be linked to a specific budget and approved by the authorized budget signatory. In the case of cost sharing, "unrecovered" F&A may be used as match; but the sponsor should be contacted by the Office of Sponsored Projects prior to proposing F&A as match. Finally, match always refers to the overall cost of program delivery—and is not limited to the specific request. For example, a 50% match requirement translates into a one-to-one match relative to the resources provided by the sponsor and university. Hence, a \$100,000 project would result in a \$50,000 request to a sponsor with an additional \$50,000 document match on behalf of the University.

Two types of institutional cost sharing, or matching funds, exist: "cash" and "in-kind". Cash refers to institutional resources (new monies) dedicated to deliver the proposed project. Cash match cannot be based on existing resources or line-item expenditures. Additionally, cash resources cannot be direct or indirect federal monies. In-kind matches include the value of personnel, goods, services, and other documented expenses that may be the reallocation of existing resources (not new monies) to deliver a proposed project. In-kind matches can also include third-party contributions (with appropriate documentation), as well as unrecovered F&A monies (if allowable).