Budget Basics for Grants & Contracts

**Direct Costs** refer 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. While BU does not have a federally negotiated rate, the University is permitted to charge a fixed rate for pre-defined **Total Modified Direct Costs (TMDC)** (in most cases salary & wages only) of 41%. In some cases, the F&A rates are capped and/or modified by sponsors as specifically outlined in the public **request for proposals (RFP)** or **program solicitation**. In cases where programs are delivered off-campus or primarily off campus, a reduced rate of 10% may be used with permission from the Business Office.

**F&A Revenue Sharing.** The Bellarmine University Board of Trustees has authorized revenue sharing of F&A recovery. Revenue sharing is based on actual expenditures (i.e., research performance funded by a sponsor excluding match) and awarded in the fiscal year following the expenditures. The agreed upon distribution is: 25% deans, 25% 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 or voluntary. 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 as the University does not have a federally negotiated rate. 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).

**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). 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.
**Documentation** should be provided to justify costs not associated with salaries, wages, or other institutionalized variables, such as the federal CONUS rate—notably the purchase of new equipment and/or travel by air. The investigator should be prepared to share this information with the Business Office, if requested.

**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](http://www.gsa.gov/portal/category/100120). Investigators should also use the federal mileage reimbursement rate at: [http://www.gsa.gov/portal/content/100715](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 publically available catalogs and/or specialized third-party quotes should be obtained (if necessary). Equipment is defined as non-consumable supplies. All equipment estimates should also include any and all shipping & handling costs (when appropriate).

**Wages & Benefits** 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) and include the standard benefits including TIAACREF (10%), FICA (7.65%), and other benefits.

**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.

**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. Any and all 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 may be proportionally based on a participant’s academic year salary; but 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 the current budget overages are observed.

**Course Buy-Outs** will ordinarily be budgeted based on the proportion of a faculty member’s reassign FTE (salary & benefits)—and not the simple cost of adjunct instruction. Any and all course releases must be approved by the department chair, dean, and academic affairs. All deviations from these general guidelines must be approved by the Vice Provost and Provost.

**Student Workers** can be included in grant budgets. If student workers are not enrolled full time, the costs will include FICA (Social Security & Medicare)—not just hourly wages. In the case of summer wages, investigators should always budget for FICA (7.65%). Estimates of student wages should be based on realistic workload projections and account for a standard hourly rate (and, if applicable, FICA). In light of the ACA, it is recommended that student workers be budgeted and scheduled for 15-17.5 hours during the academic year and no more than 28 hours in the summer.
**Budget Overages** will 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. In situations where overages may be reasonably expected, the investigator(s) will be required to identify an appropriate budget account and obtain approval from the authorized signatory.

**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.