Advanced Budgeting
September 8th, 2015

Maria Skinner
Office of Sponsored Programs, Proposal Team 1
517-884-7431
skinne51@osp.msu.edu

MaryJo Banasik
College of Veterinary Medicine, Research Administration Manager
517-432-7780
banasikm@msu.edu

Judy Brown
College of Natural Science, Director, Office of Research Support
517-355-8460
jfedewa@cns.msu.edu
Highlights

• Basic Budget Review

• Participant Support, Subject Pay, Subcontractors, Consultants, Testing/Service Center Fees

• DOE Budget with Cost Share

• Grants.gov Budget Forms

• Other Budget Types – International, Fully Burdened, Clinical, etc.

• DARPA/DOD Budget – Tasks, government fiscal year, monthly spending plan, hourly rates
Budget Categories

- Personnel
- Fringes
- Equipment
- Travel
- Participant Costs
- Materials/Supplies
- Consultants
- Subcontracts
- Indirect Costs
- Cost Share
Personnel

- **PI** – Directs project or activity being supported by grant
  - responsible and accountable for proper conduct
  - leads project
  - manages all subs

- **Co-I** – Involved with PI in scientific development or execution of project
  - may be employed by or affiliated with applicant/grantee organization
  - may be employed by another organization participating in project under a consortium agreement
  - typically devotes specified percentage of time and is considered “key personnel”
Personnel – Time Paid

- **AN (Annual) – 12-month appointments**
  - Used for chairs, center directors, post-docs, and staff
  - Full fringes charged

- **AY (Academic Year) – 9-month appointments**
  - Primarily for faculty
  - Full fringes charged

- **SU (Summer) – Typically for 9-month appointments** *
  - Provide summer support and extra salary
  - Fringes charged at 7.65%

*General rule: 2.5 months or less total*

- **Hourly Rates and Hours** **
  - Primarily used for Industry sponsors or DOD proposals
  - AY Faculty = 1504 hours per year; AN Faculty = hours 1832 per year
  - GA = 1004 hours per year

**The hourly rates reflected above are being provided for comparison purposes only. MSU does not maintain documentation of hours worked for its faculty and staff, with the exception of undergraduate students, but rather maintains documentation to support time expended on federal projects based on percentages of effort worked. This documentation is maintained in accordance with 2 CFR 200.**
Personnel – Fringe Basics

• SI (Specific Identification)
  • Used for AY and AN faculty and staff
  • Each salary uses different fringe rate, and escalates differently in outlying years

• RA (Research Associates)
  • Used for Post-docs with less than 3 years at MSU, and who are not contributing to retirement

• Graduate Students
  • Semester rates set around July each year with escalation amounts

• Other
  • Hourly Students & Summer Faculty capped at 7.65%
Blending Faculty Salaries

- Factor in anticipated raise in October of every year at 2-3% inflation
- Assume project start 1/1/15

AY EXAMPLE:
- 6 months (1/1/15-5/15/15 = 4.5 + 8/16/15-9/30/15 = 1.5) (assume 3% raise as of 10/1/14) plus 3 months for 10/1/15-12/31/15. (at 3% raise on top of previous 3% increase) [6 + 3 = 9 mo AY]
  - $100,000 current as of 9/8/14:
    - 104,030 = ((100,000 x 1.03)/9*6 + (100,000 x 1.03*1.03/9*3))
  - Use this blended salary amount to look up SI fringe rate
Blending Faculty Salaries

- Assume project start 1/1/15
- Same as previous, but using 12 months instead of 9

AN EXAMPLE:

- 9 months (1/1/15-9/30/15) (assume 3% over current 10/1/14 rate) plus 3 months for 10/1/15-12/31/15 (at 3% raise on top of previous 3% increase)
  - $100,000 current as of 8/9/2014:
    - $103,772 =((100,000x 1.03)/12*9 + (100,000 x 1.03*1.03/12*3))
  - Use this blended salary amount to look up SI fringe rate
Graduate Students

- Stipends change August 16th each year
- Same blended process as for faculty, except date and # of months change
- Fringe/Health are per semester, which may need to be blended as well (be sure to check for changes in the rate for annual increases)
- Grads may be paid hourly in summer and save tuition costs as long as they are not taking credit courses
- Tuition listed as “Other Direct Costs” and is excluded from IDC
Case Study # 1
Using Blended Rates

Salary Budget builder is down and you must help Dr. PI prepare a 1 year budget. The following are the basic requirements:

- PI -AY Salary $150,000 -10% effort
- Technician – AN Salary $100,000 - 20 % effort
- 1 GA student $1,200 monthly stipend
- Travel $15,000
- Project supplies $4,000
- Equipment $6,000
# Graduate Assistant Fringe – Tuition & Health Components

Estimated for the Period of 8/16/2015 through 8/15/2021

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Health:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fall</td>
<td>$1,410</td>
<td>$1,523</td>
<td>$1,645</td>
<td>$1,777</td>
<td>$1,919</td>
<td>$2,073</td>
</tr>
<tr>
<td>Spring</td>
<td>$1,410</td>
<td>$1,523</td>
<td>$1,645</td>
<td>$1,777</td>
<td>$1,919</td>
<td>$2,073</td>
</tr>
<tr>
<td>Summer</td>
<td>-$</td>
<td>-$</td>
<td>-$</td>
<td>-$</td>
<td>-$</td>
<td>-$</td>
</tr>
<tr>
<td>Health Total</td>
<td>$2,820</td>
<td>$3,046</td>
<td>$3,290</td>
<td>$3,554</td>
<td>$3,838</td>
<td>$4,146</td>
</tr>
<tr>
<td><strong>Tuition &amp; Fees:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fall</td>
<td>$4,518</td>
<td>$4,699</td>
<td>$4,887</td>
<td>$5,082</td>
<td>$5,285</td>
<td>$5,496</td>
</tr>
<tr>
<td>Spring</td>
<td>$4,581</td>
<td>$4,699</td>
<td>$4,887</td>
<td>$5,082</td>
<td>$5,285</td>
<td>$5,496</td>
</tr>
<tr>
<td>Summer</td>
<td>$2,241</td>
<td>$2,331</td>
<td>$2,424</td>
<td>$2,521</td>
<td>$2,622</td>
<td>$2,727</td>
</tr>
<tr>
<td>Tuition &amp; Fees Total</td>
<td>$11,277</td>
<td>$11,729</td>
<td>$12,198</td>
<td>$12,685</td>
<td>$13,192</td>
<td>$13,719</td>
</tr>
<tr>
<td><strong>9 Month Total Costs</strong></td>
<td>$11,856</td>
<td>$12,444</td>
<td>$13,064</td>
<td>$13,718</td>
<td>$14,408</td>
<td>$15,138</td>
</tr>
<tr>
<td><strong>12 Month Total Costs</strong></td>
<td>$14,097</td>
<td>$14,775</td>
<td>$15,488</td>
<td>$16,239</td>
<td>$17,030</td>
<td>$17,856</td>
</tr>
</tbody>
</table>
## Specific Identification Faculty & Staff Fringe Table for the 2015-2016 Fiscal Year

<table>
<thead>
<tr>
<th>Base Salary</th>
<th>Retirement TIAA-CREF</th>
<th>Social Security</th>
<th>Health, Rx, Dental</th>
<th>1.4% Other</th>
<th>Total Fringes</th>
<th>Fringe Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>$35,000</td>
<td>3,500</td>
<td>2,678</td>
<td>12,500</td>
<td>490</td>
<td>19,168</td>
<td>54.76%</td>
</tr>
<tr>
<td>$45,000</td>
<td>4,500</td>
<td>3,443</td>
<td>12,500</td>
<td>630</td>
<td>21,073</td>
<td>46.83%</td>
</tr>
<tr>
<td>$55,000</td>
<td>5,500</td>
<td>4,208</td>
<td>12,500</td>
<td>770</td>
<td>22,978</td>
<td>41.78%</td>
</tr>
<tr>
<td>$65,000</td>
<td>6,500</td>
<td>4,973</td>
<td>12,500</td>
<td>910</td>
<td>24,883</td>
<td>38.28%</td>
</tr>
<tr>
<td>$75,000</td>
<td>7,500</td>
<td>5,738</td>
<td>12,500</td>
<td>1,050</td>
<td>26,788</td>
<td>35.72%</td>
</tr>
<tr>
<td>$85,000</td>
<td>8,500</td>
<td>6,503</td>
<td>12,500</td>
<td>1,190</td>
<td>28,693</td>
<td>33.76%</td>
</tr>
<tr>
<td>$95,000</td>
<td>9,500</td>
<td>7,268</td>
<td>12,500</td>
<td>1,330</td>
<td>30,598</td>
<td>32.21%</td>
</tr>
<tr>
<td>$105,000</td>
<td>10,500</td>
<td>8,033</td>
<td>12,500</td>
<td>1,470</td>
<td>32,503</td>
<td>30.95%</td>
</tr>
<tr>
<td>$115,000</td>
<td>11,500</td>
<td>8,798</td>
<td>12,500</td>
<td>1,610</td>
<td>34,408</td>
<td>29.92%</td>
</tr>
<tr>
<td>$125,000</td>
<td>12,500</td>
<td>9,160</td>
<td>12,500</td>
<td>1,750</td>
<td>35,910</td>
<td>28.73%</td>
</tr>
<tr>
<td>$135,000</td>
<td>13,500</td>
<td>9,305</td>
<td>12,500</td>
<td>1,890</td>
<td>37,195</td>
<td>27.55%</td>
</tr>
<tr>
<td>$145,000</td>
<td>14,500</td>
<td>9,450</td>
<td>12,500</td>
<td>2,030</td>
<td>38,480</td>
<td>26.54%</td>
</tr>
<tr>
<td>$155,000</td>
<td>15,500</td>
<td>9,595</td>
<td>12,500</td>
<td>2,170</td>
<td>39,765</td>
<td>25.65%</td>
</tr>
<tr>
<td>$165,000</td>
<td>16,500</td>
<td>9,740</td>
<td>12,500</td>
<td>2,310</td>
<td>41,050</td>
<td>24.88%</td>
</tr>
<tr>
<td>$175,000</td>
<td>17,500</td>
<td>9,885</td>
<td>12,500</td>
<td>2,450</td>
<td>42,335</td>
<td>24.19%</td>
</tr>
<tr>
<td>$185,000</td>
<td>18,500</td>
<td>10,030</td>
<td>12,500</td>
<td>2,590</td>
<td>43,620</td>
<td>23.58%</td>
</tr>
</tbody>
</table>

Retirement - 10% if enrolled. If not enrolled no costs will be assessed.  
Social Security/FICA - 6.2% of the first $118,500 cap + 1.45% of all salary.  
Summer Salary for AY faculty - Should be budgeted at 7.65%.
Case Study – Checking the numbers

- Salaries $__________
  - Pi $__________
  - Tech $__________
  - Grad $__________

- Fringes $__________
  - PI $__________
  - Tech $__________
  - Grad $__________
  - Equip $__________
  - Travel $__________
  - Supplies $__________
  - Tuition $__________
  - Total Direct Costs $__________
  - IDC Cost Base $__________
  - IDC $__________
  - Total project costs $__________
Case Study – Checking the numbers

- Salaries $50,288
  - PI $15,300
  - Tech $20,300
  - Grad $14,688
- Fringes $13,279
  - PI $3,978
  - Tech $6,293
  - Grad $3,008
- Equip $6,000
- Travel $15,000
- Supplies $4,000
- Tuition $11,579
- Total Direct Costs $100,146
- IDC Cost Base $82,567
- IDC $44,173
- Total project costs $144,319
Consultant Services vs. Subcontracts

Consultant Services

- Members of particular profession, or possess special skills (*not officers or employees of the performing organization)
- Contracted for specific service and work under awardee organization's direction
- Generally not responsible for deliverables
- Generally not subject to compliance requirements of the Federal program
- Be prepared to provide back-up for their rates (prior paid invoices, etc.)
Consultant Services vs. Subcontracts

Subcontracts

• Performs **substantive** portion of project work or other specific objectives
• Programmatic decision making responsibilities and applicable compliance requirements
• Separate budget and SOW required
• MSU Subrecipient Commitment Form required: [https://www.osp.msu.edu/PL/SiteFiles/GetFile.aspx?id=212](https://www.osp.msu.edu/PL/SiteFiles/GetFile.aspx?id=212)
Services vs. Subcontracts (Consortium Agreements)

Services
• Typically include a consultant with or without measurable effort, who may be included as key personnel.
• Services are usually specialized and definable with specific deliverables.

Subawards
• Typically include a co-investigator who is involved with the scientific development or execution of a project.
• The co-investigator commits measurable effort to the project and is considered key personnel.

(as defined by the NIH in the Grants Policy Statement, 2015)
Collaborative Proposals

• Investigators from 2 or more organizations collaborate on unified project

• Submitting Collaborative Proposals to NSF
  Two methods:
  • Single proposal with single award requested (subawards administered by the lead organization)
  • Simultaneous submission of proposals from different organizations, with each organization requesting separate award
Indirect Costs (IDC)
Also known as Overhead or F&A (Facilities & Administrative)

- MSU Rate Agreement:

- MSU Rates:
  - 53.5% - Research (most projects) 55% after 7/1/2016
  - 36% - Other Sponsored Activities (educational, curriculum development, etc.)
  - 26% - Off-Campus (see definition at: https://www.osp.msu.edu/PL/Portal/DocumentViewer.aspx?cga=aQBkAD0AMQA2ADUA)
  - 26% - Testing
  - 0% - Gifts

- Modified Total Direct Costs – IDC calculated on total direct costs minus tuition, equipment and each subcontract over 25,000
### MSU F&A Rate Components

- FY covered by rate: July 1, 2015 through June 30, 2019
- Applicable to Organized Research

<table>
<thead>
<tr>
<th>Rate Component</th>
<th>On Campus</th>
<th>Off Campus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Depreciation</td>
<td>3.9</td>
<td></td>
</tr>
<tr>
<td>Equipment Depreciation</td>
<td>3.3</td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>2.7</td>
<td></td>
</tr>
<tr>
<td>Operation &amp; Maintenance</td>
<td>18.1</td>
<td></td>
</tr>
<tr>
<td>Library</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>26.0</td>
<td>26.0</td>
</tr>
</tbody>
</table>

» TOTAL 55.0 * 26.0

* Use 55% for budgets that start after 7/1/2016
Sample IDC Calculations (including USDA)

<table>
<thead>
<tr>
<th>Category</th>
<th>Research (55% of MTDC)</th>
<th>Education (36% of MTDC)</th>
<th>Off-Campus (26% of MTDC)</th>
<th>Foundation i.e. limited to 10% on TDC</th>
<th>Testing (26% of TDC)</th>
<th>USDA* 30% of TFFA (42.857% of TDC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary &amp; Fringes</td>
<td>150,000</td>
<td>150,000</td>
<td>150,000</td>
<td>150,000</td>
<td>150,000</td>
<td>150,000</td>
</tr>
<tr>
<td>Tuition</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Supplies</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Equipment</td>
<td>200,000</td>
<td>200,000</td>
<td>200,000</td>
<td>200,000</td>
<td>200,000</td>
<td>200,000</td>
</tr>
<tr>
<td>Subaward (1)</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td><strong>Total Direct Costs</strong></td>
<td><strong>470,000</strong></td>
<td><strong>470,000</strong></td>
<td><strong>470,000</strong></td>
<td><strong>470,000</strong></td>
<td><strong>470,000</strong></td>
<td><strong>470,000</strong></td>
</tr>
<tr>
<td>Subtractions</td>
<td>(285,000)</td>
<td>(285,000)</td>
<td>(285,000)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F&amp;A Base</td>
<td>185,000</td>
<td>185,000</td>
<td>185,000</td>
<td>470,000</td>
<td>470,000</td>
<td>470,000</td>
</tr>
<tr>
<td>F&amp;A</td>
<td>101,750</td>
<td>66,600</td>
<td>48,100</td>
<td>47,000</td>
<td>122,200</td>
<td>201,428</td>
</tr>
<tr>
<td><strong>Total Project Costs</strong></td>
<td><strong>571,750</strong></td>
<td><strong>536,600</strong></td>
<td><strong>518,100</strong></td>
<td><strong>517,000</strong></td>
<td><strong>592,200</strong></td>
<td><strong>671,428</strong></td>
</tr>
</tbody>
</table>

Items in red = all or portion of item does not have F&A charged as part of MTDC calculation

*Must compare USDA rate against standard research rate and use whichever results in lower total project costs.*
How Does 30% TFFA become 42.857?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$100,000</td>
<td>Total Federal Funds Awarded (TDC + F&amp;A)</td>
</tr>
<tr>
<td>$30,000</td>
<td>F&amp;A of 30% of total project costs (100,000 * 30%)</td>
</tr>
<tr>
<td>$70,000</td>
<td>Total Direct Costs for project (100,000 − 30,000)</td>
</tr>
</tbody>
</table>

$30,000 (F&A) / $70,000 (TDC) = 0.42857…, or 42.857%
Budget Example #1

• USDA one-year budget – difference between using USDA 30% TFFA and MSU’s federally negotiated rate
You need to determine if you should use the USDA F&A rate or MSU’s F&A rate. The following are the basic requirements:

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Fringes</td>
<td>$150,000</td>
</tr>
<tr>
<td>Equipment</td>
<td>$20,000</td>
</tr>
<tr>
<td>Travel</td>
<td>$8,000</td>
</tr>
<tr>
<td>Materials &amp; Supplies</td>
<td>$12,000</td>
</tr>
<tr>
<td>Publications</td>
<td>$2,000</td>
</tr>
<tr>
<td>Consultant Services</td>
<td>$3,000</td>
</tr>
<tr>
<td>Tuition/Fees</td>
<td>$5,000</td>
</tr>
<tr>
<td><strong>TOTAL DIRECT COSTS</strong></td>
<td><strong>$200,000</strong></td>
</tr>
</tbody>
</table>

Which rate should you use USDA’s or MSU’s?
Correct answer: USDA

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Fringes</td>
<td>$150,000</td>
</tr>
<tr>
<td>Equipment</td>
<td>$20,000</td>
</tr>
<tr>
<td>Travel</td>
<td>$8,000</td>
</tr>
<tr>
<td>Materials &amp; Supplies</td>
<td>$12,000</td>
</tr>
<tr>
<td>Publications</td>
<td>$2,000</td>
</tr>
<tr>
<td>Consultant Services</td>
<td>$3,000</td>
</tr>
<tr>
<td>Tuition/Fees</td>
<td>$5,000</td>
</tr>
<tr>
<td><strong>TOTAL DIRECT COSTS</strong></td>
<td><strong>$200,000</strong></td>
</tr>
<tr>
<td>MSU F&amp;A (55% of MTDC)</td>
<td>$96,250</td>
</tr>
<tr>
<td><strong>Total Project Costs (MSU Rate)</strong></td>
<td><strong>$296,250</strong></td>
</tr>
<tr>
<td>USDA F&amp;A (42.857% of TDC)</td>
<td>$85,714</td>
</tr>
<tr>
<td><strong>Total Project Costs (USDA Rate)</strong></td>
<td><strong>$285,714</strong></td>
</tr>
</tbody>
</table>
Overhead Waiver

• Typically requested by the college research associate dean, after chair approval

• Request made to OVPRGS must include:
  • Solicitation & Submission Deadline
  • eTransmittal APP #
  • Budget
  • Abstract
  • Rationale for Waiver

• Waiver not required if solicitation specifically caps overhead amount
Budget Example #2 (from Basic Budgeting)

- NSF Detail Budget
  - Add Participant Support
  - Add Service Center/Fee-for-Service
  - Add Consultant
  - Add Subcontractor(s)
Participant Support Costs

- Workshop/Course/Training/Summer Camp may consist of:
  - Stipend paid to each participant
  - Cost for housing/meals
  - Cost for travel to/from conference
  - Cost for supplies for each participant

- Overhead calculated differently on Participant Support Costs; see specific solicitation guidelines
Service Centers – Fee for Service

• Any Testing Fees / Fee-for-Service can be a line item under “Supplies and Services”

• No additional administrative fee, etc. should be incorporated into the line-item since the project’s F&A rate will prevail

• Examples include: Advanced Microscopy Center, Sequencing Lab (RTSF), Cleanroom, and other entities that have established fee-for-service rates
Subcontractor Budgets

- Must contain same level of detail as MSU budget
- Must have same start/end dates & phases (if applicable) as MSU budget
- Signed Subrecipient Commitment Form required: https://www.osp.msu.edu/PL/SiteFiles/GetFile.aspx?id=212
- Provide SOW & Budget Justification for their portion
- Any other documents required by the RFP
Budget Justification

- Justify items in same order as budget spreadsheet to ensure reviewers can follow easily.

- Do not provide specific dollar amounts or other figures (if last minute changes are needed, this can be problematic).

- Items Include:
  - Personnel – Note # months or % time for key personnel, students, AY or AN, etc. Note inflation factor (2%, 3%, etc.)
  - Fringe – Explain SI fringe benefits
  - Equipment – List specific items if possible & why they are needed
  - Travel – Detail location, travelers, duration
  - Participant Support – List # of participants & as much detail as possible
  - Materials/Supplies – List specifics if possible, especially for meals for all-day meetings, laptops or other non-standard items
  - Other – Grad assistant tuition/fees, service center fees
  - F&A – Rate basis (MTDC) & cognizant agency information
Other Budget Types

- International
- Clinical Trials/Research
- Foundations
- State of Michigan
- Fully Burdened
- Fixed Price
- Dept of Defense (DOD)
- Dept of Energy (DOE)
Other Budget Types - International

• Additional Considerations
  • 13\textsuperscript{th} month salary
  • Visas, Immunization, etc. Costs
  • Medical Insurance Costs
  • In-Country Office and Facility
  • Travel Considerations
Other Budget Types
Clinical Trials/Human Subjects

- Contact Clinical and Translational Sciences Institute (CTSI) for assistance and templates [https://ctsi.msu.edu/](https://ctsi.msu.edu/) (Ann Smith and group)

- Contact Clinical Research and Compliance Billing (CRBC) [http://ora.msu.edu/crbc-office](http://ora.msu.edu/crbc-office) that is housed in the Office of Regulatory Affairs (ORA). (Andrea Storer can help review budgets to make sure compliant with insurance)
OTHER BUDGET TYPES

Fully Burdened Budgets

- Used for Industry

- Fully Burdened means: include overhead (F&A) on the major categories, include fringes with salaries so it ends up as a simple 5-6 line budget

- Prepare normal detail budget & insert a tab for Fully Burdened Summary (only that tab goes to Industry per MSU Business-CONNECT)
Fully Burdened Budgets

Provide budget categories and totals:

Personnel: $  
Supplies: $  
Travel: $  
Total Costs: $
Case Study – Fully Burdened Budget

• Dr. Quickstart has been asked to provide a fully burdened budget to the NFL, a for profit organization, for a research project on artificial turf.
• According to the budget builder, Dr. Q’s AY salary will be $86,108 with a fringe rate of 34.37%. He plans to spend 1.8 AY months and 1 summer month on this project.
• Dr. Q requests a new post doc with a salary of $42,000 who will work 50% time. The fringe rate is 24.63%.
• Supplies of $15,000 should be budgeted for chemicals and lab supplies.
• $2,500 is needed for travel to test sites to collect data.
• The project period is 1/1/16-12/31/16.
Case Study – Checking the Numbers

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$91,506</td>
</tr>
<tr>
<td>Supplies</td>
<td>$23,025</td>
</tr>
<tr>
<td>Travel</td>
<td>$3,838</td>
</tr>
<tr>
<td>Total Costs</td>
<td>$118,369</td>
</tr>
</tbody>
</table>

Next confirm the numbers with the PI and send them to your contact at Business-Connect for review. After Business-Connect approves the numbers, Dr. Quickstart can send them on.
OTHER BUDGET TYPES

Fixed Price Budgets

• Paid as lump sum typically without need to provide back-up
• Price determined initially, after which sponsor will pay in increments
• Budgeting needs to be accurate – overages will not be covered, and if too much is left over, that’s problematic
• Most testing contracts, and many Industry ones, are Fixed Price
• Chair may need to sign letter agreeing to Fixed Price terms and coverage of any overages

https://osp.msu.edu/PL/Portal/DocumentViewer.aspx?cga=aQBkAD0AMQAyADgA
Tasks

- Tasks are frequently required
  - Milestones – may be go/no-go decision points
  - Budget and technical must coincide by tasks
  - Check if sub-tasks are required

- Work with PI to establish simplest task structure for budgeting purposes, if possible
  i.e. every 6 months, 12 months, keep overlaps to a minimum, minimize number of tasks and subtasks, inclusion of all personnel in all tasks, etc.
Budget Example # 3

- SF424A
- DOE Budget justification with details
- Break into tasks
Typical DOD Proposal
Technical and Cost Proposals

Proposal made up of 2 volumes:

- **Volume 1 – Technical Proposal** – has page limits
  - Task and Subtasks identified in Technical portion need to coordinate with budgets in Cost Proposal
  - Base & Options/Phases are often spelled out in RFP
  - Technical Proposal often contains some basic cost/budget tables and information that must fit within page limits

- **Volume 2 – Cost Proposal** – usually no page limits
Typical DOD Proposal
Typical Components of Cost Proposal

• Cover Page – required elements in BAA
• Cost Summary by project year, gov’t FY, phase/task
• Direct labor summary for all personnel
• Monthly spending plan (MSU & any subcontractors - provide budget template to subs to simplify combining budgets)
• Itemization of equipment & information technology
• Budget Justification
• Negotiated Indirect Cost Rate Agreement
• Equipment Quotes, etc.
Budget Example #4

- Budget with phases, tasks, monthly spending plan, hourly and hours for personnel by Task
- Multiple Tasks and Subtasks
- Summary tables required for Technical and Cost Proposals
Things to Note

*but you will rarely see*

- Small Business Subcontracting Plans – RFP may require a plan if contract will be > $650,000

  *Work with MSU Purchasing*

  - Need to delineate the fraction of materials/supplies/travel/equipment that will be purchased from Small Business and whether they are:
    - Women owned
    - Veteran owned
    - Service Disabled
    - HUDZone
    - Small Disadvantaged
Lessons Learned
(i.e. how to lessen the pain!)

- Meet with PI early to determine who’s doing what
- Decide on # of tasks, start/end of tasks and any subtasks

Subcontractors
- Determine # of subs
- Send them budget template for task and monthly breakdowns
- Send list of requirements (SOW, budgets, signed letter of commitment, reps & certs, organizational conflict of interest, bios, C & P, etc.)
- Create spreadsheet of need items from whom & when, and check off as you receive them
- Be sure to review subcontractor forms for compliance
...And remember, Kuali-Coeus is on the way! ☺️  [Dilbert by Scott Adams]
Thank You for Attending!

All ERA course materials are posted on the SPROUT site:

https://sprout.vprgs.msu.edu/training/electives/