



# Developing Your Budget

**Debbie Bergman, MHR, CRA**

Senior Proposal Administrator, Proposal Services

Office of Research Services

September 26, 2024

# Agenda

- Budget Preparation Roles and Responsibilities
- Direct Costs
- Indirect Costs
- Resources
- Questions



# Budgets: Getting Started

- **A proposal budget** created for external funding submissions is an estimate of the costs associated with a sponsored project at the proposal stage, broken out to identify specific expected costs over a specified time period.
- Know your limits! Carefully read the funding opportunity for budget criteria.
- Identify all the costs that are necessary and reasonable to complete the work described in your proposal.
- Different types of proposals may have different budget requirements and elements.
- Your budget and budget justification can be a determining factor on selection for award. A budget that is not well thought out and organized may result in a negative review.

# Who is Responsible for a Budget?

- The Principal Investigator (PI) is responsible for preparing the budget, determining who and what is needed for a project, and for approving all expenditures on their award.
- ORS can assist the PI with drafting proposal budget, reviews the proposal budget for regulatory compliance and assists, when possible, with sponsor budget forms.
- ORS approves proposed project budget.

# Rules Apply to Specific Costs

| Term                 | Definition  |
|----------------------|---|
| Allowable            | Items not restricted by federal regulations or the specific grant requirements                        |
| Allocable            | Directly benefits the project that was charged  |
| Reasonable           | Would an average person agree that this cost is reasonable and necessary                              |
| Consistently applied | Same types of expenditures need to be treated in similar ways regardless of the sponsor (consistency) |
| Necessary            | Goods or services are required to complete the scope of work  |

# Direct Costs vs. Indirect Costs

- **Direct Costs:** Costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.
- **Indirect Costs:** Costs that are incurred for common or joint objectives and therefore cannot be directly attributable to a specific project or activity.
- Direct Costs + Indirect Costs = Total project Costs

# Direct Costs

**Direct Costs:** Costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.



- Personnel Costs
- Fringe Benefits
- Equipment
- Travel
- Participant Support Costs
- Other Direct Cost
  - Research Materials and Supplies
  - Publication costs
  - Consultants
  - Computer Services
  - Subcontracts
  - Tuition
  - Incentives
  - Shipping
  - Other

# Personnel Costs

- Personnel:
  - Faculty ( Academic Year Vs Summer)
  - Professional Staff
  - Post Docs
  - Graduate Students (GRA/GTA)
  - Undergraduate Students
  - Other
  - Clerical
- Clerical/Administrative support is very limited and highly subject to audit.
- Make sure you are using the correct numbers for involvement (salary, fringe, tuition, IDC).
- Some sponsors will limit who can receive funding or how much can be requested.





# Fringe Benefits

- Normally a composite of benefits such as:
  - Medical Insurance
  - Dental Insurance
  - Life Insurance
  - Disability Insurance
  - FICA, unemployment, worker's compensation
  - Retirement
- Different appointments of personnel have different fringe rates.
- Fringe benefit rates are negotiated with the federal government.

# Equipment

- An item costing over \$5,000 and having a useful life of one year or more (check limits - State definition may differ)
- Fabricated Equipment
- Equipment costs are exempt from IDC
- May include freight and shipping costs, training and installation
- Sponsor may require quotes either at submission or at some point in review or award process.

# Travel

- Travel needed to complete sponsored work, including disseminating results and findings
  - Airfare (Fly America Act)
  - Lodging/Apartment Rental
  - Per Diem (government rates)
  - Car Rental
  - Local Transportation (Taxi, Metro, Shuttle)
  - Mileage (current approved rate)
  - Registration Fees (as approved by sponsor)
  - Safety and security costs may also be included dependent on location
- International travel requirements and restrictions (may include Canada or Mexico depending on sponsor).
- Very hot topic for audit especially foreign travel.

# Participant Support Costs

- 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, meetings, symposia, training activities, and workshops (primarily hosting/creating not attending).
- Participants or trainees may NOT be employees either of OU or on the grant.
- Include the number of participants.
- Agency specific (may only be applicable/allowed in limited circumstances).
- May have special restrictions at post award (cannot move funds out, etc.).

# Other Direct Cost: Research Materials and Supplies

- Includes but not limited:
  - Chemicals
  - Expendable Equipment
  - Computer Software
  - Computers and peripherals
  - Lab Supplies (Gases and Media)
  - Chemicals
  - Research Supplies (Allocable to the project)
  - Instrumentation <\$5,000
- Animal purchase costs go under materials and supplies. but costs associated with their care goes under Other Direct – other.
- Do not use term “office supplies”. Use project supplies or consumables.

# Other Direct Costs: Subcontracts, Consultants, Contractors

- Subcontracts
  - Subcontract documents are required regardless of submission requirements (budget, statement of work, budget justification, and any special forms)
  - OU Subrecipient Commitment form by person with authority to commit the organization
  - Rate agreement if overhead/IDC charged; Federal de minimus may be allowed
- Consultant Services
  - Individual is providing minor support (advice or services for a fee)
  - Letter/email of commitment may be needed
  - Considered an independent contractor; be careful of organizational involvement/permissions
  - Fee generally determined by number of days or hours of consultant time and is commensurate with expectation of the career field
- Contractual/vendor services or fees
  - Doing same/similar service for others
  - Sponsor may request or require a quote

# Other Direct Costs: Tuition Remission

- Graduate Research Assistant (GRA) budgeted in the project usually results in tuition remission being allowed/required to be on the proposal budget. (OU requires it be included unless specifically restricted by the sponsor).
- At OU we have a set monthly charge that is used for all GRA based on how many months the GRA is on the proposal.
  - GRA normal appointments are at 50% FTE
  - We recommend that you review the OU Tuition Remission Policy and the associated FAQs: <https://www.ou.edu/research-norman/research-services/guidance/tuition-remission-practice>
- Tuition is normally excluded from IDC calculations.

# Other Direct Costs

- Publication Costs—page charges, dissemination expenses (posters, etc.)
- Computer Services—IT support fees, internet charges
- Incentives – payments to participants in focus groups, survey or other studies, or clinical trials; usually in the form of gift cards. Secure handling is required; must comply with Provost policies.
- Other – Animal care, shipping and handling charges associated with materials and supplies, advertising, audio/visual services, copying, software license, communication costs, special facilities fees, video production.



# Indirect Costs (IDC)

- Costs incurred for common or joint objectives which cannot be allocated to a specific direct cost activity.
  - Facilities (lab and office space)
  - Salaries of administrative, clerical staff, custodian, HR staff, etc.
  - Libraries and other common buildings
  - Building maintenance, utilities
- Also called Facilities & Administrative Costs (F&A)
- The University of Oklahoma has a federally negotiated rate agreement that is required to be used on all sponsored projects.



# Application of Indirect Costs

- Activity Type- Our federal rate agreement lists 3 major sponsored activity categories, each with its own F&A rate.
  - Organized Research (55%)
  - Instruction (53.5%)
  - Other Sponsored Activity (i.e. public service) (36.3%)
- Location Type- The appropriate F&A rate is also determined by where the project will be conducted
  - On Campus
  - Off Campus (26%)

**Direct Costs + Indirect Costs = Total project Costs**

# Resources

- ORS Website:  
<https://www.ou.edu/research-norman/research-services/>
- ORS Training Website :  
<https://www.ou.edu/research-norman/research-services/training>
- ORS FAQs:  
<https://www.ou.edu/research-norman/research-services/faq>
- Center for Faculty Excellence (CFE);  
The Research & Creative Activities  
Team:  
<https://www.ou.edu/cfe/research>



# Contact Information

- Research Information Services ([ris@ou.edu](mailto:ris@ou.edu)) can answer general questions or direct you to the appropriate person
- Sogol Rasouli, Associate Director of Research Information Services ([Sogol.rasouli@ou.edu](mailto:Sogol.rasouli@ou.edu))
- Bonnie VanWinkle, Associate Director, Proposal Services ([bvanwinkle@ou.edu](mailto:bvanwinkle@ou.edu))
- Leslie Flenniken Kelly, Associate Director of Award Administration ([lflenniken@ou.edu](mailto:lflenniken@ou.edu))
- Center for Faculty Excellence - Clara Smith, Associate Director, Research ([Clara.Smith@ou.edu](mailto:Clara.Smith@ou.edu))

Thank you for viewing this session!



# Questions

