



Budgeting Workshop, February 23, 2024

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Purpose of this workshop

- Definitions
- What drives the budget?
- Budget creation process
 - How to review a NOFO for budget information (short checklist)
- Typical expense categories in a budget
- Hands on – simple budget
- Hands on - cost share budget
 - Checklist review for cost share

Introductions

- Warm hello!
 - Name
 - Unit
 - Level of experience with budgets (low, medium, high)
 - What's your favorite (or most used app) on your smartphone?

- Disclaimer!

Definitions

- NOFO / RFP = notice of funding opportunity (shorthand for the sponsor's request for proposal, guidance document, etc.) also called: Request for proposal = RFP
- **ORA** = [Office of Research Administration](#) – they submit proposals and accept awards
- RBO - Research (and Practice) Business Office (some people are MAPP business office)
 - Prince, Seth, Adrienne, Tara, Gerrit
- **F&A = Facilities and Administrative cost; aka “indirect costs or IDC”**
- **DRIF** = Designated Research Initiative Funds – part of F&A that comes back to us
- The telescope icon indicates that resources are in the [MAPP R/P Info Hub](#)



What drives the budget?

1. Pays for research plan.
 - The project tasks/needs drive the budget, never the other way around.
 - Salary % effort – can be academic year (9 or 12 months) or summer salary
2. Fulfills sponsor and ORA's requirements.
 - Budget line item is documented and justified (see end slide for minimum requirements)
3. Demonstrates feasibility.
 - Maximum allowed by the NOFO and how your research can fulfill Sponsor's program mission, in the allotted budget range.
4. Task timeline guides progress to achieve milestones and therefore budget.

Budget creation timeline

- Process Improvement [Memo](#) from Feb 2022



When is the **FINAL** budget due? **EARLY.**

- **11** business days prior to sponsor deadline
 - ORA deadline - **6** business days before sponsor deadline
 - RBO deadline - **5** business days before the ORA deadline

This timeline can be hard to achieve with a cost share – but not hard with a simple budget.

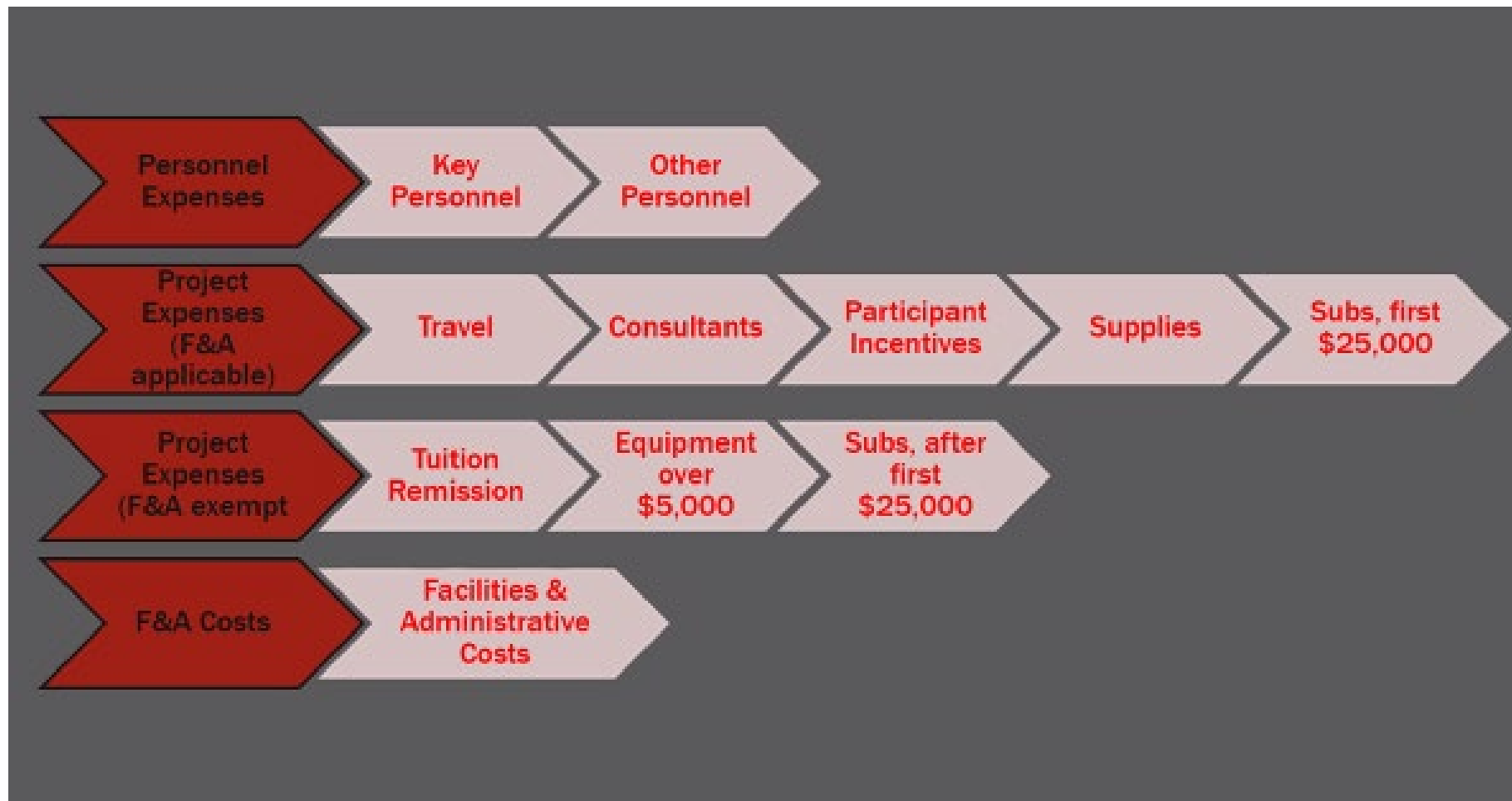
NOFO checklist — assumes award via ORA and not philanthropic gift

1. [Checklist](#) of typical questions.
2. Maximum (and minimum) total budget amount
 - # of years allowed for the project
 - Cost share? Required or allowed?
 - restrictions on the type of money that can be used?
3. F&A allowed
4. UMD F&A rate based on above and/or project type
5. Type of expenses allowed or not allowed
 - Expenses **REQUIRED** by the sponsor (like traveling to a program PI meeting)
 - Sponsor wide limitations (like NSF only paying aggregate 2 months of salary)

Common budget items

- PI, Co-PI, senior personnel time
- Student time (either by GRA appointment or by hour)
- Postdoc
- Consultant
- Subaward
- Project manager (big awards)
- Travel
- Materials/equipment
 - (over \$5K vs under \$5K)
 - computer laptops (staff/students); software licenses; data purchases
 - Exhibition materials
- Honorariums
- Participant incentive costs
- Participant support costs (like travel to a conference)

Budget sections (thanks Dawn Schettino! SPH)



What it costs to hire a student

Full time Step I GRA (20hrs/wk @ 9 mths ~720 hours)

- Salary = **\$25,538** (hourly = \$29.02)
- Fringe (25.5%) = **\$6,512**
- Tuition remission = \$828 credit
 - (10 credits per sem x 2) = **\$16,560**
- F&A at 56% = **\$17,948**

Total = \$66,558

Difference = \$31,877

Full time Step I student paid hourly ~720 hours

- Salary = **\$20,894** (hourly = \$29.02)
- Fringe (6.4%) = **\$1,337**
- Tuition remission = Not required
 - **\$0**
- F&A at 56% = **\$12,450**

Total = \$34,681

Full time Step I - hourly ~720 hour, no F&A (UMD grant)

- Internal grant (no F&A)
- Salary = \$20,894
- Fringe = \$1,337

Total = \$22,232

Half time = \$11,116

[Link to PDF](#)



Hands-On – Regular

Excel spreadsheet: TAB I

You have found a federal NOFO that DOES NOT requires a cost share.

- Sponsor provides \$130,000
- **YELLOW in EXCEL BUDGET tab I**
 1. Cell F7: what is the project start date?
 2. C26: what is the current (FY24) annual salary for a STEP II, 9 month 20 hr/wk GRA?
 1. Hint: look at hidden row 28 for different ways to calculate a part time, 10 hr/week GRA.
 3. Cell C30: what is the current (FY24) annual hourly pay for a step 2 grad student?
 4. Cell E31: hours needed for the hourly student (hint see red text)?
 5. Cell E39: How many credits of tuition remission are required?
 6. Cell B98: what is the F&A rate for a research project?

Hands-On – Cost Share

Excel Spreadsheet: TABS 2-4

You have found a federal NOFO that requires a 1:1 cost share.

- NOFO – review for pertinent information
 - Sponsor provides \$300,000; how much must UMD contribute?
 - Written budget justification provided
 - Written letter of contribution from Business I provided
-
- Tab 2 = Y1 Fed amount only. Blue shaded cells = missing information.
 - Tab 2 = Y2 Fed and cost share amount.

YELLOW in EXCEL BUDGET – TAB 4

1. Cell D16: what is the correct salary for a MAPP-GRA, Step 2?
2. Cell E21: what is the fringe rate for faculty getting summer salary?
3. Cell E23: what is the fringe rate for staff?
4. Cell E24: what is the fringe rate for GRA's?
5. Cell M25: What # of credits for tuition remission is needed ?
6. Where should the event costs be added into? (Cell I42 or K42?); how much in Y1 vs Y2 (check the budget justification)
7. Business I is providing cash match. Where should this be added? (hint Cell I49 or K49)
8. What line item could you increase to round up the budget to the exact federal \$ amount of \$300K? And the match?
9. Why is there no UMD match on the MAPP Researcher Summer Salary (Cell K13 & P13)?
10. Why were the 3rd year budget columns retained but left blank (hidden columns R-V)?
11. Why is the F&A 40% and not 56% (Cell E73)?
12. What document is still needed to justify the UMD Cost share?

NOFO information

SEE GREEN HIGHLIGHTS

- Page 2 – F&A
- Page 3 – Cost share
 - Amount
 - Source
 - Letter of commitment (support)
- Page 3 – Max award amount
- Page 3 – project period length

Resources

- Prince, Seth, Adrienne, Rose, Gerrit, Your Program Director, Tara



[ORA](#) *FAQ*

[MAPP Research/Practice Information Hub](#) (*TB and PH email signature lines*)

[IRROC](#) (*integrated research resources on campus*)

Online! [UC Davis](#); [PAPPG](#)

Extra

Following slides may be helpful background – not covered in this workshop.
See past event page (Sept 22, 2023) for [recording](#) and [slides](#)

Minimum requirements:

1. **Allocable** costs are clearly associated with the *particular* project. Consider whether the cost will be incurred solely to advance the work under the sponsored agreement. For example, travel costs incurred for the Principal Investigator to obtain data on the topic of the research qualifies but travel to attend a conference on a topic not related to the research would not.

2. **Reasonable** costs would generally be accepted as necessary per a “prudent” person’s review. For example, the purchase of a laptop computer for field research by a graduate student researcher on the project would generally be accepted as reasonable, while the purchase of a laptop for non-project related coursework by a graduate student researcher would not.

3. **Allowable** costs are permitted by institutional and sponsor regulations and are consistent with UMD policies. Check for “unallowable” costs noted in the NOFO.

View Frequently Asked Questions (FAQs) and training modules on the [US Chief Financial Officers Council Uniform Guidance webpage](#).



NOFO checklist

- NOFO, read for budget detail
 - F&A rate restrictions?
 - Some sponsors (typically foundations) do not allow application of the full UMD F&A rate. **IF WRITTEN ON A PUBLIC WEBSITE and/or DOCUMENT (like a NOFO), ORA will abide by this restriction. (Further review on slide# 10).**
 - Should this proposal go through ORA or is it a gift?***
 - If the sponsor requires a 501c3 status...that does not mean that it is not research!
 - ORA makes grant/gift determination. If it is a gift, there is no F&A added.
 - Maximum (and minimum) total budget amount
 - # of years allowed for the project
 - Cost share? Required or allowed?
 - restrictions on the type of money that can be used?
 - Type of expenses allowed or not allowed
 - Expenses **REQUIRED** by the sponsor (like traveling to a program PI meeting)
 - Sponsor wide limitations (like NSF only paying aggregate 2 months of salary)
 - Limited submission? Often a brief budget is required for internal limited submissions.
- ***not sponsored research; there are no deliverables or terms & conditions associated with the funds. If it is a gift, contact Leia Livingston

Budget creation process

- NOFO, read for budget detail and sponsor rules
 - Required F&A rate?
 - Allowable subawards?
 - Required cost share, type of money allowed for required cost share [for example, for Federal cost share one can't use other Federal dollars]
- Outline checklist (see checklist – next slide)
- Draft the excel budget (try using the NSF style!) and word justification; this may be needed in multiple formats
 - ORA's format (NSF), sponsor format; cost share only format; by task (vs. time) format; on-line entry format (like NSF and many Foundations); state "by task" format
- Budget and word justification is entered into Kualu Research
- ORA review and approval
- Final budget (and often the word justification) = provided to the sponsor

Why F&A? Is it fair to the researcher?

- Real costs that the institution bears that they cannot parse out and apply to a specific research project like
 - electricity your lab uses,
 - library personnel who you or your students might consult,
 - admin staff who help submit the proposal and administer the grant.

UMD F&A rate: project types

What type of project do you have?

Definitions below from [NCSU](#).



ORA's overview on F&A definitions/applications can be found [here](#).

- **organized research**: Investigation or experimentation aimed at the discovery of new knowledge or that builds upon existing knowledge. The creation of new knowledge and/or the use of existing knowledge in a new and creative way resulting in new concepts, methodologies and understandings. **2023-2026 = 56%**
- **instruction and training**: The dissemination of knowledge or information through teaching and non-research training activities. These activities include developing or compiling course and curriculum materials/programs. **2023-2026 = 53%**
- **other sponsored activities**: The dissemination of known knowledge or processes. Service performed for the benefit of the public. A program that geographically extends the resources of the institution to entities or persons otherwise unable to take advantage of such resources. **2023-2026 = 40%**

OTHER

- Off campus activities = different rates – but this is rare (can happen with remote workers).
- MAPP blanket waiver written for PALS, but if the funder is a local municipality, check with the RBO.
- Multiple F&A rates are possible but ORA has to then generate multiple KF accounts
- [Reduced rate exception process](#) (next slide)

F&A rate exception process

Some sponsors (typically foundations) do not allow application of the full UMD F&A rate.

IF WRITTEN ON A PUBLIC WEBSITE and/or DOCUMENT (like a NOFO, RFP), ORA will abide by this restriction.

What happens if the sponsor you are working with does not have a public facing F&A reduced rate policy?

ORA: [Reduced rate exception process:](#)



- **Caveats**
 - Happening less and less for MAPP projects (perhaps somewhat due to blanket exception policy)
 - Full and complete proposal must be submitted through KR with the exception request before ORA will rule on exception.
 - Include a letter/email from the sponsor detailing F&A policy / expectations for receiving an award.
- **Typical reasons on the exception request**
 - Background on why grant/award is so important for faculty member/program- i.e., research gap
 - Low facility footprint (no lab space, etc)
 - If sponsor is a foundation – industry average. George Mason University, Office of Sponsored Programs maintains an open [F&A exception database](#). Foundations funding this general area of research — community development, economic empowerment, and social justice, typically have F&A rates well below 20%: W.K. Kellogg Foundation – 15%; Robert Wood Johnson Foundation – 12%; Annie E. Casey Foundation – 10%; Ewing Marion Kauffman Foundation – 0%

Faculty research overload / summer salary

MAPP Course Buyout calculation

• **School buyout policy = 9.09% of salary + fringe for 3 credits.**

• Include fringe at the appropriate % (\$ for salary and fringe must be from the same source)

NOTE

This policy is in flux. It may change to calculation below in the future – stay tuned.

- *10% of salary for a three-credit course; 15% of salary for a six-credit course (per DJ - April 2023)*
- *This calculation DOES NOT include fringe.*

Questions? Please ask Janny or your program director.

Summer Salary (9 month appointments)

The fringe rate for summer salary is the legislated benefit = 6.4%.

- If the faculty member has a 12-month appointment this does not apply
- If you plan to take summer salary, LET the BO know in the spring (the office sends an email reminder to all faculty and staff). There is a deadline cut off in early MAY for applying Summer Salary.
 - Summer salary is paid in 4 equal payments from June 4 to July 29.

Participant Incentives

EXAMPLE BUDGET-HUMAN SUBJECT COST EXAMPLES

- Project requires the interview of participants; How much will you pay each individual for their participation?
 - How many steps are involved with each participant; will you meet with each more than once in any given year
 - If evaluating a subject over a period of time during the year will you pay at each visit, at the end, upon the subjects qualification?
 - Example 1: Interview with 30 participants in year 2; each participant will be evaluated 4 times during year 2 and a graduated payment (\$5, \$10, \$15, & \$20 for a total of \$50) will be made at each visit
 - You would budget \$1,500 for participant incentives (total of \$50 per person multiplied by 30 participants) in year 2 of your budget

PI Continued

EXAMPLE BUDGET-HUMAN SUBJECT COST EXAMPLES CONT.

- If evaluating a subject over a period of time during the year will you pay at each visit, at the end, upon the subjects qualification?
 - Example 2: Interviewing 30 participants, each participant 4 times for phase II of your project. Phase II starts in the middle of year 2 and ends in the middle of year 3. Phase III starts in the middle of year 3 and ends in the middle of year 4; you will be interviewing 45 participants, each participant 2 times.
 - For Phase II you will pay on a graduated scale of \$5, \$10, \$15, & \$20 (\$50 total) and for Phase III you will pay \$25 at each visit
 - You would budget a total of \$450 in year 2, \$2,175 in year 3, and \$1,125 in year 4
 - Year 2 calculation: 30 participants at \$15 each (for payment of the first 2 interviews, Phase II)
 - Year 3 calculation: 30 participants at \$35 each (for payment of the last 2 interviews, Phase II) plus 45 participants at \$25 each (for payment of the first interview, Phase III)
 - Year 4 calculation: 45 participants at \$25 each (for payment of last interview, Phase III)

	Year 1	Year 2	Year 3	Year 4
Phase II				
Phase III				

% Effort - faculty

Standard breakdowns per the [USM](#) and [UMD](#) policies for TTK:

% of Total Effort

- Instruction = 45-55%
- Research = 35-45%
- Service = 5-15%
- # Course Units/Yr = 5-6

However, each school, college, department, program, and faculty member may be different. Please contact the program director or business office for more info.

Cost Share on a Proposal

One question that is raised by cost share is the overall \$ amount being requested (typically faculty time). This should not exceed the "% effort to research" calculation for a faculty member's time/salary.

Subawardee

- Start early. You will need many documents from your subawardee.

\$25K F&A and Subs

F&A costs are collected on only the first \$25,000 of the total cost of each subaward. The total cost includes all the years a subaward will be funded during a given project period.

Thus, if your budget has a subaward line item of \$40,000 in each year of a four year project, F&A Costs are only applied to \$25,000 in year one. No F&A costs will be collected on the subaward for the remaining years of the project.

However, if the subaward budget is only \$10,000 per year, F&A costs would be collected on the entire subaward amount for years 1 and 2, on \$5,000 in year 3, and not at all in year 4.

If your application is for a competitive renewal, even if you are using the same subrecipients, you may again collect F&A costs on the first \$25,000 of each subaward.

Written Budget Justification

The budget justification provides the reviewer, the sponsor —and potentially an auditor with an explanation of cost estimation methods, a description of the types of costs that make up a larger budget category such as "other" or "supplies" and an explanation of why the projected costs are necessary to conduct the project.

Dollar amounts and line item \$ totals are not required on a written budget justification.

- **Consider not including them**
- The justification is accompanied by an excel budget. This document has all the \$ totals.

The personnel budget includes salary support for the team members at: **Faculty 1** and **Faculty 2** at 1 month; and **Post Doc 3** at 0.5 months.

- The respective roles are:
- **Faculty 1** will lead the project and supervise a graduate student, 4 undergraduate students, and 4 community members who will **OBJECTIVES of the PROJECT**. This core team will **OUTLINE THE WORK IN THE TASKS LIST**. They will also coordinate the work of two consultants (detailed in other direct costs).
- **Faculty 2** will coordinate **TASK LIST DUTIES** (like - introductions stakeholders and other related outreach efforts)
- **Post Doc** will provide support on the **TASKS LIST** (maybe they are doing the technical modeling or the data analysis).
- The team will work with one graduate student. The student will be paid *hourly at \$ZZ/per for X months* to provide execution of **TASKS THE STUDENT WILL ASSIST WITH**.
- Four undergraduate students will be paid *hourly at \$ZZ/per to execute TASKS*
- The University uses federally negotiated fringe benefit rates of **ZZ%** for 12-month code 2090 employees (**Faculty 1**), **ZZ.Z%** for 12-month code 1016 employees (**Faculty 2** and **Post Doc**) and **Z.Z%** for hourly paid workers.

Scenario: If you must adjust the # of hourly hours allotted to student support, the rate is not going to change; so you have less to update on the justification.