

Grant Budgeting Basics



Correct Budgeting is Important

The proposal budget can be one of the most important criteria used in evaluating your proposal

A poorly planned budget can:

- Result in a project not being funded
- Seriously delay award setup
- Lead to unreimbursed costs



Basic Budget Terminology



Budget Detail:

This is the financial plan for your project. This shows the budget using numbers. MURC pre -award provides specially designed spreadsheets for this purpose that can be found [here](#).

Budget Narrative/Justification:

This is the narrative explanation of the budget detail which shows the budget using words. You should write this after you complete your spreadsheet.

If it is not in your project, do not list it in your budget. If it is in your project, be sure and list it in your budget.

The budget spreadsheet and budget narrative should tell the same story as the proposal.

Budgeting Plan



- Know your project: You should have a general idea of what your project entails
- Make a list: List anything that needs financial support
- Read the solicitation: Know the allowable amount, exclusions and requirements
- Contact your MURC Pre -Award Grants Officer as soon as you think you might apply
- The budget should be considered as the proposal narrative is written
- Must be logical and reasonable
- Must conform to funding agency and Institutional rules (this is when your MURC Pre -Award Grants Officer comes in handy)

It is much easier to fix a budget before the proposal has been submitted than after the project has been awarded grant funds.

Your MURC Pre -Award Grants Officer is available to work with you to ensure that your budget is drafted correctly.

Costs must be

Reasonable: Does it contribute to the project?

Purchasing a small boat for a project which entails collecting water samples would be a reasonable expense, as long as it is allowed by the funding agency.

Purchasing a small boat for a project studying String Theory would not be considered reasonable.

Allowable: Is it allowed by the agency, institution or federal government?

Read the solicitation. Read the solicitation. Read the solicitation. Most solicitations list unallowable costs or budget line items that are restricted. The US government also has a comprehensive list of allowable/unallowable costs [here](#). Your pre-award officer can help you navigate this if needed.

Allocable: Can the cost be directly attributed to the project?

Items that cannot be directly attributed are usually covered by the institutional indirect costs





Typical Budget Categories



- Personnel/Salaries
- Fringe Benefits
- Supplies (items that are individually less than \$5k, laptops, etc.)
- Travel
- Equipment (single item over \$5k that is used multiple times)
- Contractual
- Construction
- Other
- Indirect (Facilities and Administrative) Costs

Personnel/Salaries



Anyone being paid from an externally sponsored project will have measurable effort (percent of effort).

- Calculated from the base salary
- Your best estimate of how much time will be spent on the project
- Effort is a commitment whether the grant pays for it or not
- No one can have more than 100% effort

Personnel (salaries)



Marshall Employee: Already employed by Marshall and on Marshall payroll

MURC Employee: Paid from externally funded projects (on MURC payroll)

Most new hires for grant activity will be MURC

Students: GAs are MU employees- GAs must have Graduate College Dean hiring approval before can be budgeted in a proposal application. Student employees can be undergrad or grad, and MURC or MU payroll

Administrative staff: Typically this is unallowable unless specifically stated in the RFA.

Cost-of-Living increase: May or may not be included in a multi-year budget and follows Marshall HR policies. **the NIH and other federal agencies have been discouraging COL increases**

IMPORTANT: MURC follows MU's policies for COL increases. If MU does not allow for a COL increase in a given year, MURC cannot give a COL raise—even if it has been written into the budget.

Personnel/Salaries: Students



STUDENTS

When will they be working?

Hourly restrictions: During classes students are only able to work 20 hours/week for grad students and 10 hours/week for undergrad students. During summer, or breaks between semesters and holidays, students are allowed to work 37.5 hours

May pay hourly or per semester (check with your college for current rates)

Tuition waivers: Graduate tuition waivers for proposed graduate student positions must be included in the application*

Not included in the annual 3% cost-of-living increase: This is because students are often not the same employees year to year

***New GA positions must be approved by your college, Academic Affairs and the Grad School office BEFORE including in your proposal and submitted to the agency.**

Fringe



Fringe costs are real costs to the employer that are above and beyond salary. Marshall University uses a federally negotiated rate*.

- Employer's portion of health insurance premium
 - Medicare, Medicaid, and Social Security withholding
 - Unemployment and Workers' Comp
 - Annual Leave/sick leave

Employer's portion of retirement (both MU and MURC match employee contribution up to 6%)

fixed fringe

*Negotiated fringe rates change yearly around July 1. The current rates can be found [here](#).

Travel



Must be relevant to the grant, allowable, and included in the proposal

Must follow the MURC travel policy:

<https://www.marshall.edu/murc/files/Travel-Policy-and-Procedure-Manual.pdf>

Must follow the General Services Administration Rates (www.gsa.gov)

Include miscellaneous expenses and registration fees

Supplies



Allocability: must be directly allocable to the project (pipettes, beakers, etc.)

Have a cost of less than \$5,000 per unit.

General-purpose office supplies, such as toner cartridges, paper, and writing utensils are typically not allowed.

Computers: Most of the time these are considered supplies

Equipment



Have a cost of more than \$5,000 per item

- Unless stated in the RFP, equipment quotes are not needed during the proposal stage
- Must follow MU purchasing guidelines post-award

Examples include:

- Freezers
- Imaging equipment

Note: Most funding agencies maintain an interest in equipment purchased with grant funds.

It will be considered a capital item and a report of its location and use may be required after the project.

MURC and the PI have an obligation to inventory the item and keep it in good working order.

Contractual



Third parties working on grant activities.

Two broad categories:

Subaward/Subcontract

- Work performed that is critical to the project
- Third-party is providing specialized work
- Provisions of the main award are passed to the sub

Service Agreements/Consulting Agreements

- Work is incidental to the project
- Similar services are routinely provided by the vendor to other organizations

MU/MURC employees cannot be paid via a contractual agreement.

All pay must go through the appropriate payroll office and include fringe benefits.

Other Costs



Costs that are not easily classified under the other cost categories.

Examples:

- Postage and freight
- Publication costs
- Long Distance Telephone Charges
- Tuition: tuition must be included in the budget when a new GA position is written into a grant. Tuition must be allowable by the sponsor
- Maintenance

Indirect Costs



Indirect Costs are:

- Also referred to as Facilities and Administrative Costs (F &A) or Overhead
- Real costs that are incurred by a grantee for common or joint objectives and cannot be identified specifically with a particular project or program such as: utilities, building maintenance, and administrative support (computing services, payroll, accounting, etc.).

Example: Electricity is used throughout a university building, but when the electric bill arrives it has the composite charge for the entire building rather break down individual usage per room or faculty member—that would be rather implausible; however, electricity is a REAL cost (because typically researchers rely on it to power their labs and classrooms)

- Not a TAX, FEE, or a “MURC cut”

Indirect Costs Continued



Current Rates:

On-campus research	47.50%
Off-campus research	26.00%
On-campus other sponsored activities	39.00%
Off-campus other sponsored activities	26.00%

Where do the Indirect Cost rates go?

A percentage of the indirect cost rate goes to predetermined allocations as determined by university policy, such as the library. From the remainder, indirects are usually distributed as follows:

University President’s Office	25%
MURC	25%
College/Center/Institute	50%*

*allocations to individual departments are determined by each college/center/institute. Check with your dean or director.

Indirect Costs Continued



Marshall University's Indirect Cost Rate (ICR) is determined by negotiations with the federal government. The ICR is the per dollar amount that the feds have determined that it costs Marshall University to conduct research.

Marshall's current rate for on-campus research project is 48%. This means that for each dollar spent on research, it cost the university \$0.48.

There are specific criteria needed to determine which rate will be applied to your project

MURC will make the final determination of the appropriate rate.

Indirect Costs Continued



Unless specifically listed in the agency guidelines, Marshall's full appropriate rate will be applied.

Example # 1: Dr. Car D. Atch is applying for a grant from the American Heart Association. The AHA specifically restricts indirect costs to 10%. This is the rate that must be used.

Example # 2: Dr. I. M. Karful is applying for a HRSA training grant. HRSA training grants specifically state in the RFA that training grants are restricted to 8% indirects. This is the rate that must be used.

Under no circumstances should a PI ever negotiate the indirect rate with an agency. Such negotiations should be considered null and void because the PI is not legally authorized to negotiate on behalf of the university.

Example: Dr. Rulzop Shunal is working on a budget for a contract with Homeland Security that has a budget cap of \$500,000 (direct and indirect). In order to have more money for his project, Dr. S decides to use a 10% indirect rate. What is wrong with this?

Cost Share/Matching



Cost Share is the portion of the project or program costs not borne by the funding agency. Types of cost share include:

- Mandatory: required by the sponsor. Example: NASA Graduate Fellowships require a 1:1 Match
- Committed: not required by the sponsor, but reflected in the budget.
- Voluntary: not required by the sponsor, but provided by the research—and reported via the University's effort reporting system.
Voluntary cost share is strongly discouraged unless implied by the agency.
- In-Kind: the value of non-cash contributions provided by the University (equipment use, effort, etc.)

Cost Share/Matching Continued



Cost-share commitments should only be made when the program requires it. This will be stated in the RFA.

Most federal agencies do not recommend or require voluntary cost share. This is sometimes different with foundations. Thus, reading the directions is important.

Federal funds cannot be used as a match for any other federal grant proposal.

Matching that has been written into a proposal must be fully documented, approved, and tracked post-award, even if it was not required by the agency.

Once it has been written in and approved, it has been committed; therefore, you must follow through.

MURC is moving to Cayuse



Cayuse is a sponsored project lifecycle management system from proposal creation to project closeout.

Cayuse Sponsored Projects 4.0:

It will help eliminate administrative burdens by allowing PIs to quickly and accurately prepare a proposal for internal routing and review. This module will replace the current ATS form routing process.

Cayuse Proposals S2S (system to system):

This module is a fast, easy-to-use Web application created specifically to simplify the creation, review, approval, and electronic submission of Grants.gov proposal applications. Anything that can be submitted via Grants.gov will be using Proposals S2S

Watch for further press releases and user training videos/guides coming soon.

Grants Development Office

Mission:

To grow Marshall University faculty and staff grant participation and research dollars through the pursuit of multi-million dollar multi-disciplinary and multi-institutional grants.

Services we provide:

- Partner with faculty & and staff to develop project ideas.
- Locate grants to support projects.
- Conduct outreach and relationship -building with funders.
- Develop internal and external project partnerships.
- Conduct grantsmanship training.
- Provide Project management for grant applications and projects.
- Review grant applications.
- Write and submit grants.



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For more information visit: <https://www.marshall.edu/murc/grants-development-office/>

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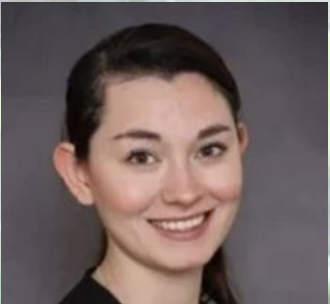
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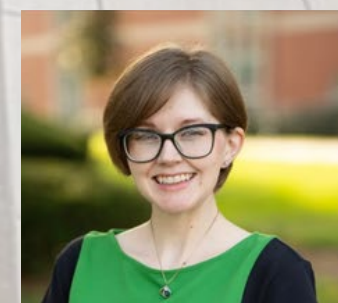
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We look forward to working with you!

