Overview

- Introduction
- Major Budget Components
- Direct Costs
- Facilities and Administrative Costs
Introduction

Budget Calculations:

- Personnel
- Participant Costs
- Subcontracts
- Modified Total Direct Costs
Who will work on the project?
- Specify each role by title
- How much time will be needed?
- Will other institutions be involved?

What items are needed?
- Equipment, travel, materials and supplies
- Subcontracts, consultants, participant costs
- Indirect Costs- On or Off Campus?
Major Components of the Budget


Relocated to Title 2 in the Code of Federal Regulations (2 CFR), subtitle A, chapter II, part 220

Expenditures are **allowable** in accordance with all relevant guidelines.

Expenditures are **allocable** as a direct expense, and have a direct benefit to a particular project.

Expenditures are **reasonable** – a prudent person would find the expenditure to be reasonable.
There are two major components of a budget:

**Direct Costs**
- These are allowable costs that can be directly identified with a specific project and that can be identified with the project’s activities easily and accurately.

- For example, the specialized materials and supplies you will use are easy to identify compared to the amount of electricity you may use while working on your project.

**Facilities and Administrative Costs (F&A)**
- Often referred to as “indirect costs” or “overhead.”

- Institutional costs **that cannot be allocated to one project**. They include all those things essential to support a sponsored activity, but that cannot be broken down and directly charged to a specific grant or contract. Examples are electricity usage, insurance, legal costs, campus library use, purchasing, university security, building use and maintenance, payroll, and administration.
Direct Costs

- **Personnel** (faculty and staff salaries)
- **Fringe Benefits** (full and part time)
  
  *Note: fringe benefits are not part of F&A*

- **Participant Costs**
- **Equipment** ($5,000 or more)
- **Travel**
- **Materials and Supplies**
- **Consultants**
- **Subcontracts**
- **Other Costs** (costs of publications, maintenance fees, etc.)
Personnel may include:

- **Faculty** (overload, release time, summer/intersession.)
- **Research assistants and associates** (full or part time.)
- **Graduate and/or undergraduate students** (20 hrs/wk max during AY, full or part time during summer.)
- **Administrative assistance** (full or part time, specific to project only and not for your typical research project. Rarely funded.)
- **Evaluators, programmers, technical experts** (typically considered consultants, but in some cases, such as when employed by SJSU or the Research Foundation, would be considered benefited personnel.)
Personnel Pay Categories*

**Overload**: Additional employment up to 25%, beyond 100% base. See CSU Additional Employment Policy.

**Release Time**: Time the campus has released an employee from normal work duties to work on other activities, such as a sponsored project.

**Summer**: Time the faculty member will work during the summer. Pay is based on regular salary and calculated on a daily rate.

**Regular Time**: Time based on a 12-month calendar year and paid through the Research Foundation. May be full-time or part-time. This category represents persons who are not employed by SJSU or who are employed part-time and who are employed by the Research Foundation for the project.

*Note*: The salary calculation in a proposal budget depends on a number of variables, such as potential merit increases. At the time of proposal we forecast what the salaries will be at the time the project occurs, which could be months or even years later.
Personnel – PI Salary Calculation

- **Release Time**
  - 20% = 1 course (3 units) for the Academic Year
  - 40% = 2 courses (6 units) for the Academic Year

- **20% Release Time Calculation for the Academic Year**
  (CSU Contracted Monthly Base) x (12 months) x (20% Release Time)
  Example: $5,500 \times 12 \times 20\% = $13,200

- **20% Release Time Calculation for One Semester**
  (CSU Contracted Monthly Base) x (12 months) x (20% Release Time) ÷ (2 semesters)
  Example: $5,500 \times 12 \times 20\% \div 2 = $6,600
Summer Time
  ◦ Summer = 58-60 days (12 weeks)
  ◦ 1 Summer Month = 21 days

Summer Time Calculation
(CSU Contracted Monthly Base) x (12 months) ÷ (170 days in an AY) x (# of days worked)
Example: $5,500 x 12 ÷ 170 x 21 = $8,153
**Personnel – Project Staff**

- **Project Manager, Project Assistant, Technician**
  
  \[(\text{Annual Salary}) \times (\% \text{ of time to work})\]
  
  - \$45,000 \times 100\% = \$45,000

- **Student Assistants**
  
  \[(\$/\text{hr}) \times (\# \text{ hrs/week}) \times (\# \text{ of weeks})\]
  
  - Undergrad: \$12 \times 20 \times 34 = \$8,160
  - Grad: \$15 \times 40 \times 8 = \$4,800
Employee Fringe Benefits

- For each dollar paid as salary or wages to an employee, the University or the Research Foundation also incurs associated costs for fringe benefits (FICA, worker’s compensation, unemployment compensation, retirement, and health insurance).

- Whether an employee is full or part-time, fringe benefit costs are mandatory by law and must be covered by the project budget.

- Fringe benefit rates change every fiscal year (beginning each July 1). Rate changes are directly tied to changes in health care costs, worker’s compensation, FICA, etc. The fringe benefit rates charged by SJSU (in the case of release time) or the Research Foundation are determined by the State of California and/or the Federal Department of Health and Human Services.

- For budget years that go beyond the current fiscal year, we estimate what future fringe benefit rates will be, and apply those rates to the budget.
Employee Fringe Benefits

Rates differ depending on the type of salary and wages.

- Current Rates are effective 7/1/14-6/30/15.
- Forecast rates are effective 7/1/15 and beyond.

<table>
<thead>
<tr>
<th></th>
<th>CURRENT</th>
<th>FORECAST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overload:</td>
<td>10.7%</td>
<td>Escalate by 1%</td>
</tr>
<tr>
<td>Release Time:</td>
<td>Actual 0 – 100%+</td>
<td></td>
</tr>
<tr>
<td>Summer:</td>
<td>10.7%</td>
<td>Escalate by 1%</td>
</tr>
<tr>
<td>Regular Time:</td>
<td>45.8%</td>
<td>Escalate by 1%</td>
</tr>
<tr>
<td>Student:</td>
<td>10.7%*</td>
<td>Escalate by 1%</td>
</tr>
</tbody>
</table>

*2.8 % with proof of enrollment (Exempt from FICA)
Fringe Benefits

- **PI Release Time Fringe**
  - Apply rate contracted with the University
    - \((\text{Calculated Salary}) \times (\text{Contracted University Fringe Rate}) = \text{Fringe Benefits}\)
    - Example: $13,200 \times 56.65\% = $7,458

- **PI Summer Time Fringe**
  - Apply Faculty Summer/Overload/Intersession Rate
    - \((\text{Calculated Salary}) \times (\text{Summer Rate}) = \text{Fringe}\)
    - Example: $8,153 \times 10.7\% = $872
Fringe Benefits

- **Project Staff**
  - **Full-time Staff (50% or more)**
    - Apply full-time rate
    - \((\text{Salary}) \times (45.8\%) = \text{Fringe}\)
    - Example: \(\$45,000 \times 45.8\% = \$20,610\)
  - **Hourly, Part-time Staff, and Students**
    - Apply hourly/part-time and student rate
    - \((\text{Salary}) \times (10.7\%) = \text{Fringe}\)
    - Undergrad: \(\$8,160 \times 10.7\% = \$873\)
    - Grad: \(\$4,800 \times 10.7\% = \$514\)
Participant Costs

- **Stipends, Travel, and Other Costs** are paid to **participants** of workshops, conferences, or other educational vehicles.

- In proposal budgets, stipends and salary are two different items.

- Participant costs are for non-service **participation** only. *Those attending the training may receive stipends; those delivering the training are doing “for service” work and would be paid a salary.*

- Not subject to F&A, but may be subject to Fringe Benefits for Research Foundation employees.
Participant Costs

- **Non-Service Participants**
  
  Example: PI will issue payment to those attending a workshop.
  
  - (# of participants) x ($ per participant)
    
    (10 participants) x ($100 per participant) = $1,000
Equipment

• CAPITAL EQUIPMENT
  Non-expendable tangible property with an acquisition cost of $5,000 or more and the estimated useful life of one year.

• SENSITIVE MATERIALS AND SUPPLIES
  Item(s) with an acquisition cost of less than $5,000, but that is closely monitored, such as electronic or other ‘sensitive’ items (laptops, digital cameras, computers, printers, etc.).

• OTHER
  Non-sensitive items with an acquisition cost of less than $5,000 are usually considered Materials and Supplies.
**Equipment**

- List each piece of equipment not already available that you need to conduct the project.

- Be as specific as possible in your description, including model numbers, types, size, etc. For major pieces of equipment, a quote is necessary.

- Take into consideration sales tax and shipping charges.

- Take into consideration maintenance fees, if needed.

- Not subject to F&A.
Equipment

- List items with a value of $5,000 or more
  - Be sure to include tax and shipping.
  - Thermal Cycler, Tax and Shipping Costs = $7000 for Year 1
Travel

- **Conference Travel/Professional Meetings**: airfare or mileage, hotel and meal costs, registration.

- **Field work**: vehicle rental, mileage, living expenses.

- **Local travel**: mileage, currently .56 cents per mile. (This rate is determined each year by the federal government.)
Travel – Domestic

- **Annual Conference in Washington, D.C.**
  - 5 days, 4 nights for the PI
  - Airfare = $500
  - Lodging = $224/night
  - Per Diem = $71/day
  - Conference Registration = $250

- **Annual Meeting in San Francisco, CA**
  1 day meeting, approx. 100 miles round trip from SJ
  (100 miles) x ($0.56 per mile) = $56
Travel – International

- Conference in Year 1 to Brisbane, Australia
  - 5 days, 4 nights for the PI and Co-PI
  - Airfare = $2,000
  - Lodging = $150/night
  - Per Diem = $85/day
  - Conference Registration = $250
  - International Travel Insurance = $60/week, per traveler
Other Direct Costs

Typically those are costs that do not fit into the established budget categories, such as:

- Copying and printing costs
- Publication costs
- Equipment maintenance/repair
- Communication charges
- Equipment rental
Itemize expendable materials and supplies that are needed for the project:

- Lab supplies such as chemicals, glassware, and disposables.
- Questionnaires and test materials.
- Instructional materials.
Supplies

- **Consumables**
  - Vials = $600
  - Calibration Compounds = $1,000
  - Workshop Supplies = $400

- **Data Sensitive Materials**
  - Ipads (4) = $2,000
  - Laptop = $2,000
  - USB Flash Drive = $100
Consultants

Paid consultants may be justified when a project calls for expertise of a well-defined nature for a fixed period of time.

Some funding agencies limit the amount that can be paid to a consultant.

When possible, identify consultant by name, indicate number of days of work, and provide a vita in the proposal.
Consultants

- Example: Consultant Rate is $2,500 a month
  - Will need consultant to work 2 months on the project
  - \((\$2,500 \text{ Monthly Rate}) \times (2 \text{ Months}) = \$5,000\)

**Note:** Consultants are independent contractors who are hired to provide expert advice for short or intermittent time periods.
If your project involves expenses associated with a partner organization, these expenses should be included as a subcontract in the budget.

The subcontract cost will be one line item in your budget, and a separate detailed budget must follow.

A signed contract committing the subcontractor to the proposed work will eventually be needed. This contract is between the Research Foundation and the subcontracting institution (for example, CSU LA or UC Davis.)

Subcontracts should include fringe benefits and indirect cost calculated at the subcontractor’s negotiated rates (not SJSURF’s). Your project colleagues must work directly with their respective Office of Sponsored Programs to ensure their budget is correctly prepared and authorized.
Subcontracts

- **San Francisco State University**
  Total amount of subcontract = $50,000 / year

- **UC Berkeley**
  Total amount of subcontract = $60,000 / year
Facilities and Administrative Costs

The CSU Chancellor’s Office requires of all CSU campuses that facilities and administrative (F&A) costs be included in each proposal budget in order to recover these costs to the maximum extent possible. (Section 3.5.4 of Executive Order EO 890)


At SJSU, a composite F&A rate is applied to each sponsored program.

If the costs are not covered by the sponsored project budget, then SJSU needs to review whether they are able to subsidize the costs.

You will find additional information on F&A Costs on our website at http://www.sjsufoundation.org/html/sjsuf-faculty-resources/attachments/Frequently%20Asked%20Questions%20about%20Indirect%20Costs.pdf
Facilities and Administrative Costs

- SJSU and the Research Foundation together have a federally *Negotiated Cost Rate Agreement* with the Department of Health and Human Services. The F&A rates are determined through a federally managed audit and proposal process.

- A typical scenario of what F&A covers:

  You arrive at campus to work on your project. You walk into your office space, turn on the lights, adjust the thermostat, do some research on the university owned computer, print out two copies of your 25-page report on paper (using the printer ink) so you and a colleague can edit it. You look through your mail, sort out a stack of research-related invoices that you put in campus mail to the Research Foundation for your account analyst to pay on your behalf, along with some timesheets from your students for which the Research Foundation will process and issue checks.

- In addition, F&A covers the liability associated with conducting and managing sponsored programs.
Facilities and Administrative Costs

Current F&A rates are

- On-Campus Training or Instruction: 54.2%
- On-Campus Research: 43.4%
- On-Campus Other (not in either category above): 43.6%
- Off-Campus Research, Training, or Other: 26%

F&A rates are normally accessed against a Modified Total Direct Costs base, commonly referred to as MTDC.

The MTDC equation is the total direct costs, less capital expenditures (buildings, equipment, alterations, and renovations), that portion of each sub-award in excess of $25,000; hospitalization and other fees associated with patient care, rental/maintenance of off-site activities, participant support costs, student tuition remission and student support costs (e.g., student aid stipends; dependency allowances, scholarships, and student fellowships).
Facilities and Administrative Costs
## How F&A Looks in a Budget

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Total</th>
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<tbody>
<tr>
<td><strong>Total Direct Costs</strong></td>
<td>265427</td>
<td>238303</td>
<td>242166</td>
<td>745896</td>
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<tr>
<td><strong>Modified Total Direct Costs</strong></td>
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<td>131166</td>
<td>455896</td>
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<tr>
<td><strong>Indirect Costs, On Campus</strong></td>
<td><strong>Research 43.4%</strong></td>
<td>85683</td>
<td>55250</td>
<td>56926</td>
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<td><strong>Total Project Costs</strong></td>
<td>351110</td>
<td>293553</td>
<td>299092</td>
<td>943755</td>
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</tbody>
</table>

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**MTDC Calculation**

- **Modified Total Direct Costs**
  - MTDC is the Total Direct Costs less stipends, tuition, participant costs, equipment over $5,000, and the portion of the subcontract over $25,000.
  - Subcontracts: F&A is applied to the first $25,000 of each subcontract, for the life of the project.
  - \[\text{MTDC} = (\$265,427) - (\$1,000) - (\$7,000) - (\$50,000) - (\$60,000) + (\$25,000) + (\$25,000) = \$197,427\]
F&A Calculation

- Depending on where the project will take place, apply either the *On campus* or *Off campus* F&A Rate to the MTDC.

\[(\text{On Campus Rate 43.4\%}) \times (\text{MTDC $197,497}) = \text{$85,683}\]
Cost Share aka Matching Funds

- Resources contributed or allocated by SJSU or a third party to a sponsored project. Cost share is support over and above that provided by a funding agency and, once committed, is considered essential to carrying out the whole project.

- Some funding agencies require cost sharing. If it is not required, the practice of SJSU and SJSURF is to not offer it. In fact, federal agencies request that we do not include cost share when their program guidelines do not require it. The reason for this is that cost sharing is subject to very specific audits. SJSU must prove that the cost share was provided, or else the funding agency may require the grant funds they provided be paid back.

- Cost share typically falls into two categories: cash or in-kind. Cash is cash, and is typically deposited into a separate, but associated account at SJSURF and then applied to designated project expenses. In-kind is usually in the form of contributed time and effort by the project director or other project staff or donation of supplies, etc. Whether cash or in-kind, very detailed documentation is necessary to prove that the cost share being declared is valued correctly and was actually provided.

- Do not commit something that you cannot realistically provide and document.

The budget narrative is sometimes referred to as the **budget justification**.

The narrative serves two purposes: it explains how the costs were estimated and it justifies the need for the cost. The narrative may include tables for clarification purposes.
Key Points to Remember

- Your project budget serves as a tool for planning your project and solidifying your plan by identifying the needs, costs, and sources of funding.

- It acts as a numerical description of your narrative; requested funds must relate to and accurately represent project needs.

- Be cost effective, but realistic. Make sure you have sufficient funds to do the work.
Awards Received Fiscal Year 2012-13

- Applied Sciences & Arts $3,682,233
- Business $3,452,600
- Education $3,655,243
- Engineering $897,895
- Humanities & Arts $430,787
- Science $5,195,203
  - Moss Landing Marine Laboratories $11,751,607
- Social Science $15,006,660
- University Programs $3,357,354
- Total $47,429,582
Questions?