Budgeting Certificate Program
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We Will Cover

☐ Elements of a budget

☐ Special concerns when budgeting

☐ University policies and procedures for estimating costs
Budget Preparation

- Review project for budget needs – see checklist
- Establish a budget template
- Calculating F&A (Facilities & Administrative Costs)
  - TDC (Total Direct Cost)
  - MTDC (Modified Total Direct Cost)
- Budget Justifications
- Cost Sharing

Budget Section

The budget should:

- Reflect the project’s objectives
- Provide answers - not lead to questions (provide as much backup as possible)
- Contain reasonable estimates – look up estimates of travel, supplies, materials, etc.

Direct vs. Indirect Costs

<table>
<thead>
<tr>
<th>DIRECT COSTS</th>
<th>INDIRECT COSTS/F&amp;A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>Facilities</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>Operations &amp; Maintenance</td>
</tr>
<tr>
<td>Tuition Remission</td>
<td>Library</td>
</tr>
<tr>
<td>Equipment</td>
<td>Administration Component</td>
</tr>
<tr>
<td>Consultants, Subrecipients, &amp;</td>
<td>DRIF – Designated Research Initiative</td>
</tr>
<tr>
<td>Contractors</td>
<td>Funds</td>
</tr>
<tr>
<td>Materials &amp; Supplies</td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td></td>
</tr>
</tbody>
</table>
Direct Costs - Salaries

☐ Include:
  ▪ All university personnel
  ▪ Titles
  ▪ Rate of pay

☐ Time should be expressed as:
  ▪ Percent of effort/Person Months
  ▪ NOT hours – “The hours shown here for faculty & staff are estimates for project management purposes only. Official records are maintained using % of effort in accordance with the Uniform Guidance.”

Direct Costs – More Salary Items

☐ Graduate research assistants
  ▪ See the Current Schedule of Stipends - http://www.ora.umd.edu/resources/benefits-stipends/graduate
  ▪ Graduate Assistants are considered University employees entitled to fringe benefits and tuition remission
  ▪ Undergraduate students are paid hourly

Direct Costs – Fringe Benefits

☐ Amount budgeted is an estimate
☐ Normally 20% to 35% is used to estimate benefits
☐ The University does not have an established fringe benefit rate
Direct Costs - Fringe Benefits

- See the Table of Applicable Benefit Rates
  http://www.ora.umd.edu/resources/benefits-stipends/employee

Direct Costs - Equipment

- Capital equipment must be
  - Identified and justified
  - Not already available within university
  - $5,000 or over
    - Cost generally includes needed accessories, installation, and delivery costs
  - Lifetime of one year or more

Direct Costs - Consultant Fees

- UMCP Policy and Procedures for Outside Consultancy
  http://www.usmh.usmd.edu/regents/bylaws/SectionII/II310.html
- A letter with the consultant rate should be included in proposal
- University of Maryland employees cannot be included on a UMCP proposal budget as a consultant.
Direct Costs - Materials, Supplies & Equipment

- Includes such things as:
  - chemicals/glassware
  - Computers under $5k
  - UG Section 200.453
  - software
  - animals and animal rations
  - digital cameras
  - recording equipment
  - workshop supplies

Direct Costs - Travel

- Fly America Act
  - The Fly America Act is applicable to all travel funded by United States federal government funds
  - Requires flying on US Flag Carrier with few exceptions
- Travel must be directly related to your research project

Direct Costs - Travel

- Travel Costs
  - Airfare
  - Hotel
  - Ground Transportation
  - Per Diem
  - Conference Registration Fees
Direct Costs - Publications

- manuscript illustration
- cost of reprints
- page charges
- binding changes
- UG Section 200.461

Direct Costs – Admin Costs

- General Supplies
- Allowable ONLY for unusual circumstances, beyond everyday printing and duplication activities
  - tests and questionnaires
  - workshop proceedings

Direct Costs – Admin Costs cont.

- The salaries of administrative and clerical staff should normally be treated as F&A costs. The University has a mandatory internal process to include these costs in proposal budgets – http://www.ora.umd.edu/proposal-development/administrative-cost-designations
Direct Costs – Admin Costs cont.

- **UG 200.413:** Direct charging of administrative costs will be appropriate only if all of the following federally mandated conditions are met:
  - integral to a project or program
  - specifically identified with the project or program
  - explicitly included in the budget and justified in the budget narrative or have the prior written approval of the Federal awarding agency
  - the costs are not also recovered as F&A costs

Direct Costs - Subrecipients

- Subrecipients provide substantial programmatic contribution
- Must adhere to applicable federal program compliance regulations
- Include
  - institutional endorsement
  - statement of work, budget, and budget justification
- Justification for selection (Sole Source)- required under prime contracts only, must be submitted to ORA at time of request for subcontract

Direct Costs - Contractors

- Provides goods and services within normal business operations
- Provides similar goods or services to many different purchasers
- Operates in a competitive environment
- Not subject to compliance requirements
Direct Costs - Other

- Rental of space (off-campus facilities)
- Maintenance of specialized equipment
- Postage
- Lease of airplane, boat, or other vehicle
- Compensation for human subject participation

Indirect Costs - Facilities & Administrative (F&A) Costs

- Indirect Costs
  - Facilities
  - Operations & Maintenance
  - Library
  - Administration Component
- DRIF – Designated Research Initiative Funds

Indirect Costs - Facilities & Administrative (F&A) Costs

- All budgets must request full F&A costs unless:
  - The agency has a written policy for rates different than UM’s negotiated rate
  - A waiver is requested for part or all of the F&A costs for unique or extraordinary situations. Allow extra time for the waiver process - http://www.ora.umd.edu/resources/fa/waiver-request
  - UG 200.414 Indirect (F&A) costs: The negotiated rates must be accepted by all Federal awarding agencies. A Federal awarding agency may use a rate different from the negotiated rate only when required by federal statute or regulation
Indirect Costs - Facilities & Administrative (F&A) Costs


Indirect Costs - Facilities & Administrative (F&A) Costs

- F&A generally expressed as a percentage of modified total direct costs (MTDC)
- Rate negotiated with DHHS
- Excludes:
  - portion of subawards over $25K
  - tuition remission
  - scholarships & fellowships
  - equipment over $5,000
  - Participant support costs
  - rental of off-campus facilities
  - alterations & renovations

Indirect Costs - Facilities & Administrative (F&A) Costs

- On Campus Rates:
  - Organized Research 52%
  - Other Sponsored Activity 38.5%
  - Instruction 56%
  - IPA 10%

- Off Campus Rates:
  - Remote 26%
  - Adjacent 27.5%

How to Apply the Facilities & Administrative Cost Rate: http://www.ora.umd.edu/sites/default/files/documents/um-resources/fa/application-of-fa.pdf
Do the Math

Budget Summary Checklist

☐ Does it ADD up?
☐ Are Fringe Benefits included?
☐ Is the F&A rate correct?
   On-Campus, Off-campus, Other Sponsored
   Activity, Instruction
☐ Are subrecipient costs reasonable?
☐ Does the budget justification match
   the budget?

Budget Justification Video

http://www.youtube.com/watch?v=YhojRDT0n7E&list=PLFA91D9F37D585F00&index=9
Budget Format Issues

- On- and off-campus or split budgets
- Budget justifications
  - How much detail?

Budget Justifications
How Much Detail

- How were costs determined?
- Identification of cost elements
- Price quotes for large dollar items
- Escalation factor for future years
- Answer questions, don’t create more

Cost Sharing or Matching

200.306 Cost sharing or matching
Under Federal research proposals, voluntary committed cost sharing is not expected. It cannot be used as a factor during the merit review of applications or proposals, but may be considered if it is both in accordance with Federal awarding agency regulations and specified in a notice of funding opportunity.

IV-4.00(A) University of Maryland Policy and Procedures for Cost Sharing
Cost sharing should be limited only to those situations where it is mandated by a sponsor by explicit statements in the funding announcement and, if federal funds, mandated by the federal awarding agency regulations, or where UMD has determined that such a contribution is deemed appropriate under unique circumstances.
Budget Revisions

- May reduce/increase scope of work
- Would not need to be routed unless an increase
- ORA to countersign prior to submission to sponsor
- Award management guidance
  - http://www.ora.umd.edu/forms/award-management
- Review sponsor's UG implementation plan to determine whether prior approval is required

SUB vs. CONTRACTOR VIDEO

http://www.youtube.com/watch?v=F3DuzvIGQ28&list=PL7D115F7539FC6488