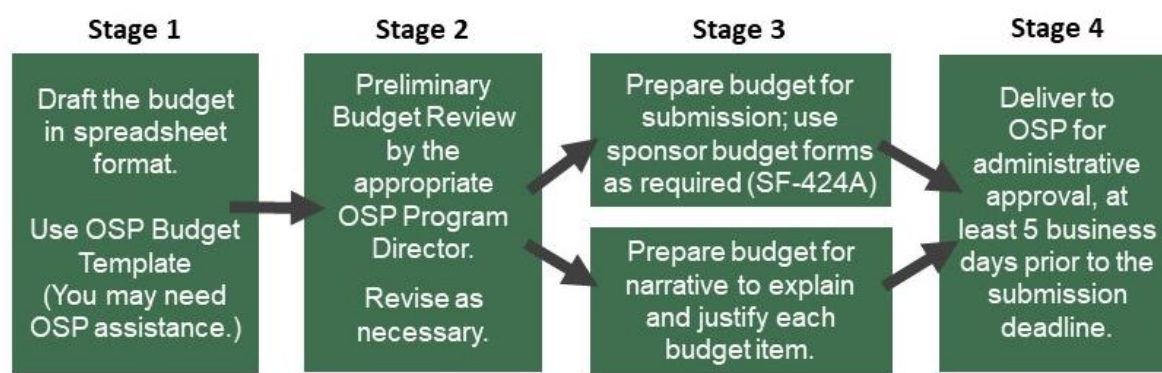


Proposal Budget Line-Item Guidance

Please Note: The information in this document is intended to provide general guidance to help UVU faculty and staff plan and develop grant proposal and contract budgets. Please review this information along with the specific instructions from the funding agency. The funder's instructions take precedence over these general guidelines. Contact the UVU Office of Sponsored Programs (OSP) if you have questions.

Preparing the budget for a proposal is generally a multi-stage process as depicted below. The information provided in this document is appropriate for preparing the **budget spreadsheet** (Stage 1), the **budget forms** (Stage 3), and the **budget narrative** (Stage 3).



- **Budget Spreadsheet – the OSP Budget Template.** Draft the budget in spreadsheet format. For federal and state proposals, use the OSP Budget Template. This spreadsheet places expenditures in the categories required for federal proposals. Most template users find it useful and time-effective to review the form with the Director of Sponsored Research before beginning. For foundation proposals, you may use this template or a spreadsheet of your own design.
- **Budget Forms/Tables.** Prepare the budget in the format required for submission. The budget format generally consists of the budget sheets (tables) that accompany a proposal submission file, such as Grants.gov with the standard SF-424A form and FastLane with an NSF-specific form. For short proposals, such as those for some foundations, the budget form may be a table you create that includes all the budget categories requested or needed to describe the budget request. Always check the program solicitation to see if a budget format is specified.
- **Budget Narrative.** Prepare the budget narrative, sometimes called the budget justification, as a companion to the budget forms. The budget narrative serves two purposes: it explains how the costs were calculated, and it justifies the need for the cost. The budget narrative should breakdown costs for each of the major cost categories (salaries, fringe benefits, equipment, travel, supplies, other direct costs, and indirect costs). The justification should explain each line item in the budget, especially items that may not be clear to the reader or may need further discussion to establish their necessity, and to show the calculations used to derive the costs.

Direct Costs

Direct costs are those costs that are directly attributed to carrying out the work of the proposed project and can be documented by recordkeeping mechanisms. The proposed budget should be an accurate reflection of the necessary expenses associated with the planned project.

Direct Cost Principles and Justification

The University is required to comply with the Federal Cost Accounting Standards which require the University to maintain consistency in budgeting and expending, and in allocating costs to activities, accounting for unallowable costs and cost accounting periods. These standards – along with the 2 CRF 200 and State and University policies – dictate how the University budgets and expends externally funded projects, including both government and private sponsors. To meet these requirements, it is critical that all costs charged to a grant are:

Allowable Costs – Those categories of costs that can be charged to a grant or contract. Certain types of costs are not allowable and may not be charged to a grant or contract.

Reasonable Costs – A cost may be considered reasonable if a prudent person would have taken the same action given the circumstance.

Allocable Costs – To be allowable, costs must actually benefit the grant or contract program or project to which they are being charged.

Consistently Treated – Consistent treatment happens when similar costs are treated consistently in similar situations for the grant award and by the institution in non-grant situations.

Unallowable costs are not allowed in sponsored projects either as a direct cost or as an indirect cost. These include alcohol, lobbying, fundraising, and goods and services for personal use, among others.

Direct Cost Categories

Direct costs are generally organized into the categories listed below.

Personnel Costs: Personnel costs are for the provision of activities or services of the funded program. The cost equivalency of those services are established by the appointed salary rate of each faculty or staff member. In a proposal budget, these costs are for UVU employees only. Non-UVU personnel costs should be identified as consultants or independent contractors, or within a subcontract budget.

Faculty and FLSA Exempt Staff: Payments made to UVU faculty and staff for work performed on a grant are based on the individual faculty member's base salary. With only a few exceptions, grants cannot be used to bolster an employee's salary beyond the equivalent of 100% of a 12-month contract base salary rate. Salaries and benefits are calculated for grant and contract budgets using each person's institutional base salary by the percentage of time and effort committed to the project, or if a new hire, on HR-approved rates for job descriptions. In building these budgets, do not quote hours to be worked or an hourly for faculty or professional staff; use only a percentage of effort. OSP can assist with these calculations and must approve them before they are submitted to a sponsor.

(If the budget is to include the PI and/or Co-PI and/or any other current UVU employee's role for work reimbursement, release time from normal contracted duties, overload for

staff, or summer salary for faculty, these must be approved by the area administrator or department chair, and dean or executive administrator prior to submission of the proposal. If you intend to hire a replacement for a position in the budget, such as an adjunct faculty member to replace a teacher in the classroom, the replacement amount for the budget must be calculated based on the current incumbent's salary and full benefits, projected for the time of the replacement and prorated for the amount of time required, not for the projected cost of the replacement employee.)

FLSA Non-Exempt Staff: Payments made to UVU staff for hours of work performed for the grant, based on the individual staff member's hourly rate, or if a new hire, on HR-approved rates for job descriptions.

Hourly Personnel: Payments made to hourly personnel employed or hired by UVU, including undergraduate researchers and student assistants, based on HR rates for equivalent jobs.

Administrative Salaries: Salaries for UVU executive administrative staff are not usually allowed as direct costs. Administrative salaries may only be charged to sponsored activities with approval from the area Vice President and the Vice President of Planning, Budget & Human Resources.

Notes on Personnel:

FTE (Full-time equivalency): The actual hours in a FTE are determined by the type of appointment: exempt or non-exempt, full or part-time. The percentage of FTE that may be used on a proposal budget should be determined in relation to all other activities provided by that employee to the University, including instruction, job duties, project work, and other sponsored activities. Percentages should reflect the actual effort that the employee intends to devote to proposed activities.

General Rule: Generally, personnel effort devoted to grant activities must be in lieu of, *not* in addition to, non-grant responsibilities. Employment paid for by a grant cannot exceed 100% of an employee's base salary rate. With only a few exceptions, government agencies do *not* fund overload and employees may not use grant funding to bolster their current base salary. For example, John Doe is submitting a grant for which he will serve as the PI. The grant activities will require 25% of John's FTE. If funded, John will be expected to "give-up" 25% of his non-grant responsibilities. Another person may be hired to replace John, and his replacement could be funded by the grant request, but John may not receive additional compensation for his time on the grant. It is critical that grant personnel, understand this principle and communicate this to their supervisors to ensure they have the full support of their supervisory line of authority.

Exceptions: Faculty who are employed on a 9-10 month contract may use grant funds to compensate up to two months of Summer salary or the equivalent. Employees performing duties outside the scope of their contracted job duties for a different department of the university, or employees performing job duties that require them to reside at a significant distance from the main campus where they typically work, may be exempt from the above general rule.

Adjunct Faculty: With very few exceptions, adjunct faculty, full-time instructors, and full-time lecturers cannot serve as project personnel on a grant. Please contact the Office of Sponsored Programs if you have questions.

Fringe Benefits: Benefit costs include appropriate taxes for all employees and health, dental, insurance, and retirement benefits for all full-time employees. Please work with the OSP to identify appropriate benefit rates for grant-related personnel.

Equipment: For most grants, equipment is an item of tangible property to be purchased, rented, or leased that has a value of \$5,000 or more and a useful life expectancy of more than one year.

Travel: This includes local or regional mileage costs and all foreign and domestic travel including: airfare, transportation, lodging, and food. Conference fees may be included in this category. Costs should be area specific, reasonable, and broken down by each person or group of people traveling and each trip to be taken.

Participant Support: This includes costs associated with student participation, tuition, scholarships, travel, participant materials, and other costs of participation. “Students” could include faculty and teachers who are participating as students in a workshop or conference being hosted as part of the project. This category *does not* include student employee wages.

Supplies & Materials: This category includes expendable items with a useful life of less than one year including office supplies, laboratory materials, information technology items (e.g. printers, software, and computers less than \$5,000 each), training materials, and materials for project advertising or participant recruitment, etc.

Publication & Dissemination: These costs may include fees charged by journals for publication and other costs associated with dissemination of project findings (not travel).

Consultant Services: These costs may include professional and consultant services rendered by non-UVU employees. This may include the cost of external evaluators. External consultants are usually treated as external vendors and may be subject to procurement policies and bidding procedures after an award is received.

Computer Services: These costs generally include setup and maintenance of a computer lab, research-specific services such as reserving computing time on supercomputers, specialized data security configurations, setup and maintenance of specialized software, etc. This does *not* include the basic installation and setup of one or two standard computers purchased with grant funding.

Subawards and Subcontracts: Subawards are program awards to subrecipient organizations (not UVU) for a specified scope of work and timeframe; Subcontracts are payments to external vendors or contractors for goods or services and are subject to procurement policies and bidding procedures after an award is received. All subawards and subcontracts must be negotiated using appropriate Sponsored Programs or Procurement policies, and involving these departments. OSP should be involved in helping to determine if an organization should be treated as a subrecipient or subcontract prior to submission of the proposal.

Other: This category of funding includes other direct costs that do not fall into one of the above categories. Work with the OSP to determine and articulate on these items.

Indirect Costs

Indirect costs are costs associated with providing and maintaining the infrastructure of the University. Indirect costs are sometimes called *facilities and administrative (F&A)* or *overhead* costs. Indirect costs are not readily identifiable or specifically attributed to an individual project. Examples include utility costs, depreciation of buildings and equipment, operations and maintenance, grant and contract administration, and utilization of classroom or lab space to name a few. UVU’s federally negotiated

indirect cost rate is currently 38% of salaries, wages, and fringe benefits and must be calculated into the budget on all federal grants. Grants from the State of Utah, local government, and most private or corporate foundations also have an associated indirect rate which are usually different from the federal negotiated rate and must be used if allowable. Please contact the OSP to identify the applicable indirect rate for your specific project. This rate is non-negotiable unless otherwise restricted by the grant guidelines.

Cost Share, Match, and Leverage

Cost share, match, and leverage refer to the costs of a project not borne by the sponsor or granting organization. Cost share/ match/leverage includes the portion of the total project cost which the University is required to expend in order to meet the terms and conditions of the sponsored project. The sponsor will list its cost share/match/leverage requirements in the solicitation. Voluntary cost share or match will not be approved by the UVU OSP or Budget Office. The *Grant Proposal Submission Routing Form* requires you to explain and receive administrative permission for any cost sharing and use of institutional resources required toward a grant project. Please note the following definitions:

Cost Share: is the financial contribution of the university toward the project, which could be either cash or in-kind as specified by the sponsor. Cost share can include salary, fringe benefits, supplies, equipment purchases.

Match: is a type of cost-share wherein the sponsor requires the University to share in the cost of the project dollar for dollar.

In-Kind Contributions: is the verifiable value of contributed goods and services (other than cash) to the project, generally from sources outside the University (non-government). The method of valuing in-kind services and the eligibility of specific in-kind services varies by funding program.

Leverage: is the value of other resources the university brings directly to bear for the success of the project such as the use of existing student services, data systems, facilities or other resources internal or external to UVU that multiply the outcome of the project without incurring direct costs to the program. If required or expected by the sponsor, leverage may be allowed to be described in the proposal narrative if the dollar amount is not specified and if the leverage is not discussed as a part of the budget.

Note: Whenever the University agrees to provide cost share on a project, the University incurs financial obligations during the term of the project. Often these costs can be significant. Cost share can also have a long-term and extensive negative impact on University reimbursements for sponsored projects even after the project is over. Thus, the University prohibits including voluntary cost share on projects and allows cost share only when it is a required criterion from the sponsor.

DO NOT include cost-sharing amounts in the budget, the budget narrative, or any other part of the proposal unless required by the sponsor and approved by the OSP. If cost-sharing funds are included in the proposal budget and the proposal is awarded, they are considered mandatory and the institution is accountable under audit for the provision of these funds.