

# WRITING SUCCESSFUL GRANT PROPOSALS: IMPORTANT FACTS ON BUDGETING



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# AGENDA

- ❖ Why is a budget important?
- ❖ Types of budgets
- ❖ Budget Elements
- ❖ Budget Justification
- ❖ Time & Effort
- ❖ Cost Sharing
- ❖ Compliance
- ❖ Other Relevant details



# WHY IS A BUDGET IMPORTANT?

- Your budget will reflect and define the grants priorities.
- It is the best estimate of the cost of completing the objectives identified in the proposal.
- The sponsor will use the budget details to determine if the proposal is economically feasible and realistic.
- The project provides a means to monitor the project's financial activities over the life of the project



# CONSIDERATIONS ON BUDGET PLANNING

- Always consider Sponsor's Budgetary Restrictions outlined in the Program Announcement (PA) and the budget guidelines for allowable costs.
- Type of Sponsor (federal, non-federal, international)
- Project Period
- Types of personnel appointments (faculty, staff, postdoc, student)
- Fringe Benefit Costs
- Sub Awardees and Collaborators
- Location of Project (on or off campus)
- Facilities and Administrative Costs



# BUDGET CONSIDERATIONS

- Hints:
  - Go through your project narrative and make a list of everything that will have to be paid for. Ex: People, consumables, publications, equipment, conference travel, collaborators...
  - Consider the costs to complete your Scope of Work (SOW):
    - How and where will I complete this project?
    - Who am I going to need?
    - What am I going to need?
    - What should my budget include?

Usually the agencies look into the following considerations:

- Allowable
- Allocable
- Necessary
- Consistently Applied



# DIRECT VS. INDIRECT COSTS

- Direct costs are those that can be specifically and easily identified with a particular project or activity and are allowable under the sponsoring organizations guidelines.
- Indirect costs are those that are incurred for common or joint objectives, and cannot be easily and specifically identified with a particular sponsored project, an instructional activity, or any institutional activity. These costs are also sometimes called “facilities and administrative costs (F&A)” or “overhead.”



# BUDGET ELEMENTS

- ❖ Salary and Wages
  - ✓ Personnel
  - ✓ Fringe Benefits
- ❖ Materials and Supplies
- ❖ Equipment (Specifically for the project)
- ❖ Travel (Field Trips/Professional meetings)
- ❖ Consulting (External Professional Services)
- ❖ Publication
- ❖ Sub Award/Subcontracts (Collaborations with another institution/agency)
- ❖ Participant Support Cost (Program Attendee, if allowable)
- ❖ Other Direct Costs
- ❖ Indirect Costs (or Facilities and Administrative Costs)



# BUDGET ELEMENTS CONTINUATION

## ❖ Salary and wages

- ✓ Personnel needed to complete the Scope of Work as Principal Investigators, Research Assistants, post-doc, graduate/ungraduated students.
- ✓ Personnel costs must comply with University policy. If release time is needed, you must get the approval from the Academic Dean before submission of the proposal.

✓ Must also follow:

2 CFR Part 200 - UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS,  
also referred to as the Uniform Guidance





# BUDGET ELEMENTS CONTINUATION

- ✓ Most federal agencies disallow proposal budgeting for administrative staff as this is a part of the Facilities and Administrative rate that is charged by the institutions.
- ✓ The program announcement will identify what is allowable for personnel.
- ✓ Follow UPR Circulars R-1213-4A (May 14, 2013) Incidental Payments and Additional Compensations form Federal Awards and R-1314-18, (October 24, 2013) Guidelines to Assure the Continuity of Established Compliant Practices in Effort Reporting.



# **BUDGET ELEMENT**, CONTINUATION

## ❖ **Materials and Supplies**

- ✓ **Are the materials and supplies you need in order to complete the project.**
- ✓ **General office supplies are not covered, as these are a part of the Facilities and Administrative costs charged to the grant proposal through the F&A rate.**
- ✓ **Special research circumstances or large projects may require general supplies in research projects. In these cases the budget justification needs to clearly explain the need.**



# BUDGET ELEMENTS, CONTINUATION

## ❖ Equipment

- ✓ Capitalized equipment – value of \$5,000 or more. If it is a particular type of equipment, sometimes the agency may request 3 competitive quotes.
- ✓ Non-Capitalized Equipment – values less than \$5,000. Ex: lab, video and computer. This is included as materials and supplies.
- ✓ Always refers to the Program Announcement for the proposal requirements regarding allowable equipment.
- ✓ Work with the Purchasing Office to acquire bids or quotations for the equipment. The proposal will require that you include this information.



# BUDGET ELEMENTS, CONTINUATION

## ❖ Travel

- ✓ Consider your scope of work and your travel should be related to the proposed research. It should include destination and # of people who will travel.
  - ✓ Field work
  - ✓ Collaborative/Professional Meetings
  - ✓ Annual Agency Meetings
  - ✓ Fly America Act
- ✓ Include mileage, rental car, airfare, hotel and per diem (meals) for the location of the meeting or field experience
- ✓ Use institutional rates for travel rates (per diem and mileage)
  - ✓ 40 dollars per day (breakfast, lunch and dinner)



# BUDGET ELEMENTS, CONTINUATION

## ❖ Consulting/Personal Service Contract

- ✓ Specific need of the proposal that can not be addressed by the personnel within the institution.

## ❖ Publication cost

- ✓ Publication cost for dissemination of research results or according to RFP



# BUDGET ELEMENTS, CONTINUATION

## ❖ Subawards/Subcontracts

- ✓ Subawards established for transference of a portion of the program work to another entity. Must include with the proposal:
  - ✓ Scope of Work
  - ✓ Budget (Institution Approved)
  - ✓ Letter of Intent (LOI)
  - ✓ Facilities and Administrative Rate Agreement
- ❖ The subcontracting budget will be incorporated into the prime budget as one line item total. Some agencies may require that the subcontract budget be broken down and provided on federal forms following the prime institution's budget so you will want to check with the Program Announcement for the proposal requirements.



# BUDGET ELEMENTS, CONTINUATION

## ❖ Participant Support Costs

- ✓ Are considered a direct cost intended for items such as: stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with meetings, conferences or training projects.
  
- ✓ Includes:
  - ✓ Travel costs: meals and lodging
  - ✓ Tuition/Registration/Conference Fees
  - ✓ Attendee Stipend

The Program Announcement will clearly define what participant support is and what is allowed.



# BUDGET ELEMENTS, CONTINUATION

## ❖ Indirect Cost Rates

- ✓ Always apply the F&A rates on the proposal.
- ✓ UPR Cayey F&A rate agreement is included in the web page of the institution under Investigacion/Recursos Externos
  - ✓ Actual research rate: 62% of direct salaries and wages including vacation, holiday, sick pay and other paid absences but excluding all other fringe benefits.





# COST SHARING

- ❖ Cost Share is the amount of allowable costs contributed to your project that is not paid by the agency or sponsor.
  - ✓ Cost Share and Matching Funds are essentially synonymous, since both occurs when a portion of the total costs of sponsored project are assumed by the university, not the sponsor.
  - ✓ May be in the form of a match where the amount of funds provided by the sponsor will be matched by the amount of funds provided by the institution, ex: 1:1, 20% of funds provided by sponsor. an actual cash or may be an in-kind match
- ❖ It can be voluntary or mandatory according to the agency and the information included in the guidelines.
  - ✓ Mandatory – when required by the sponsor as a condition of the Award
  - ✓ Voluntary committed – when the institution voluntary commits to provide funds or resources to complete the proposed objectives. Once the award is granted, is mandatory.



# **COST SHARING**, CONTINUATION

- Allowable cost sharing includes those costs, such as salaries and equipment, that actually benefit the project; they are eligible to be charged to the project, but are charged to the Institution as a commitment to the project by the Institution.
- Costs that are not allowable to be charged to the sponsor are not allowable as cost sharing. As with costs directly charged to the sponsor, allowable cost sharing must be reasonable, allocable, and consistent with the terms of the award.



# **COST SHARING, CONTINUATION**

- Cost sharing is eligible when all of the following criteria are met:
  - Verifiable from Institute records
  - Not included as contribution for any other federally assisted program
  - Necessary and reasonable for proper and efficient accomplishment of the project or program objectives
  - Allowable as a direct cost under applicable cost principles
  - Not paid by another federal award (except as authorized by statute)
  - Provided for in the approved budget when required by the federal awarding agency
  - Conforms to other provisions in OMB Uniform Guidance



# COST SHARING, CONTINUATION

- ❖ Some sponsors specifically prohibit Cost Share. The Program Announcement will tell you if it is required or prohibited.
- ❖ Certification Number 16, UPR Board of Trustees, 2011-2012, establishes the UPR policies and procedures on Cost Sharing/Matching Funds.

Example

NSF:

*Inclusion of voluntary committed cost sharing is prohibited in solicited & unsolicited proposals. To be considered voluntary committed cost sharing, the cost sharing must meet all of the standards of 2 CFR § 215.23, to include identification of cost sharing on the NSF budget.*



# BUDGET JUSTIFICATION

- ❖ Budget narrative should answer the questions a skeptical reviewer would ask.
- ❖ Make a persuasive case for investing in you and your team.
- ❖ Explain:
  - ✓ how all costs are determined
  - ✓ what each person will contribute to project
  - ✓ equipment needed – include quotes (if required)



# VARIOUS BUDGET PERIODS TO CONSIDER

- ❖ Calendar Year (Jan – Dec)
- ❖ Fiscal Year (Jul – Jun)
- ❖ Academic Year (Aug 16 – May 15)
- ❖ Summer (May 16 – Aug 15)
- ❖ Federal government Fiscal Year (Oct – Sept)
- ❖ Phases as defined by sponsor



# TYPES OF BUDGETS

## **NIH:**

PHS 398 Modular Form (up to \$250,000)

Research and Related (R&R) (more than \$250,000).

## **NSF:**

- Budget (Required)
- Each proposal must contain a budget for each year of support requested. The budget justification should be
- no more than three pages for all years of the project.

## **USDE:**

Budgets follow a narrative form, according to guidelines

## **Foundations:**

Usually they request Projected Revenue and Projected Expenses



# UNALLOWABLE COSTS

It is important to read your guidelines and be sure what are considered unallowable costs. The following are some examples that fall under this category:

- Meals
- Office supplies
- Entertainment
- Souvenirs
- Donations
- Alcohol





# COMPLIANCE

- ❖ Costs must be allowable, allocable and necessary.
- ❖ Administrative and clerical salaries should normally be treated as indirect costs and not included as direct costs.
- ❖ Always follow agency instructions.
- ❖ **When requesting funds for time and effort for university personnel, remember to inform this personnel that they must sign a Time and Effort Report. This also applies for personnel funded through cost share funds.**



# WRAP-UP

- ❖ Read the solicitation, RFP or guidelines
- ❖ List what needs to be paid for
- ❖ Determine cost of each
- ❖ be sure the total budget adds up correctly
- ❖ Read the solicitation, RFP or guidelines (again)
- ❖ Review proposal
  - ❖ Does the budget reflect reasonable costs for the project?
  - ❖ Is the budget justification in line with the project narrative?
  - ❖ Are there unallowable costs in the budget?
  - ❖ Can you complete the scope of work on this budget?

Some agencies are very clear and precise about how the proposals and proposal budgets should be prepared. You should not guess or deviate from the proposal instructions. If you have any questions, you should contact the agency and get clarification.



# COMMON CHALLENGES AT UPR-CAYEY

- **Payment rates for personnel and consultants**
  - Human Resources restriction in the UPR; check with OSPR/III before
  - Fringe benefits vary per specific hiring method
- **F&A rates in non federal grants**
  - If not stated, how much should I charge?
- **Cost shares and time releases**
  - Must be pre-approved, the funds must be identified and stated in written form (support letter, NOI)
- **Subaward/subcontracts**
  - Must be aware of UPR requirements for payments, audits, contracting and agreements



# IMPORTANT TO REMEMBER

- ❖ Complete the Notice of Intent (Internal Routing Form) when planning to submit a proposal at UPR Cayey.
- ❖ Proposal Budget must always be revised by the appropriate officials from the UPR Cayey before submission of the proposal.
  - Budget Analyst
  - Accountant
- ❖ Office of Sponsor Projects and Research web page:  
<http://cayey.upr.edu/rectoria/recursos-externos/>



# Questions?

