



PROPOSAL BUDGET PREPARATION POLICY

Area:	Sponsored Programs	Number:	RSSP-202
Subject:	Proposal Budget Preparation	Issued:	05/31/2013
Applies to:	University	Revised:	n/a
Sources:	Office of Research Services & Sponsored Programs (ORSSP), GSU Research & Service Foundation, Inc. (GSURSF), and Business & Finance	Updated:	June 2017
Responsible Party:	Provost and Vice-President for Academic Affairs	Page(s):	1 of 3

I. Purpose

The policy aims to ensure that proposal budgets are accurate and meet university, federal, state, and sponsor policies and standards.

II. Policy Statement

The proposal budget is a plan for expenditure of project costs by specific categories. Budgets may not be presented to a funding agency without ORSSP review.

All proposal budgets submitted for external funding must comply with GSU policy, which mandates compliance with federal requirements defined in the US Office of Management and Budget 2 CFR Parts 215 and 220, *Cost Principles for Educational Institutions* (OMB Circular A-21), as revised. To be considered allowable, project costs must also comply with the terms and conditions of the proposal/award, sponsoring agency, and university policy per *RSSP-201*, "Proposal Processing and Submission".

Allowable costs must meet the following criteria, set forth in paragraph C.2 of OMB A-21:

- The cost must be **reasonable**; that is, necessary for project performance; reflecting the action a prudent person would take under like circumstances; and able to withstand public scrutiny.
- The cost must be **allocable** to the project; that is, incurred solely to support or to advance it.
- The cost must be **allowable**; that is, both reasonable and allocable to the specific project.
- The cost must be **consistent**; that is, like expenses must be treated the same in like circumstances.
- Multiyear project budgets must include an appropriate inflation factor for succeeding years to allow for wage and price increases (3% is generally acceptable).
- The budget justification should briefly explain the need and/or rationale for the proposed expenditures, according to agency guidelines, to ensure adequate funding.
- The budget must include all appropriate direct costs, correctly applied fringe benefit and indirect cost rates, and funding source requirements.

III. Exclusions - none

IV. Procedures

Principal Investigators (PIs) should consult the grant coordinator early in the proposal development process to ensure an accurate budget. Many agencies provide budget forms or require specific formats. The grant coordinator will assist with the preparation of the budget and budget forms.

- Budget items should be determined, and cost estimates obtained. Contact the grant coordinator to discuss these costs.
- Budget items should follow university and sponsor guidelines regarding budget development, allowability, limits and restrictions, allowable indirect costs, budget format, and justification format.
- Rates most commonly needed for budget preparation are the university's indirect cost rate, fringe benefit rate, the travel per diem rate, mileage allowance, graduate student stipend and graduate tuition rate. Contact the grant coordinator for assistance in obtaining these rates.

Budget Categories

Two types of expenses are associated with sponsored funding: direct costs and Facilities and Administrative costs (indirect costs).

Direct Costs. Direct costs can be clearly identified and directly benefit a specific project or program. General categories are as follows:

1. Personnel:
 - List the names of all personnel involved directly in the project as well as proposed but unfilled position titles and the percentage of time each individual will devote to the project.
 - Pay rates must follow university pay scales.
 - Faculty summer salary charged to sponsored projects must follow university policy.
 - Salary support for sponsored activities conducted during the academic year may result in release time from teaching or service activities. Contact the department chair and dean early in the planning stages to discuss release time.
 - Realistically define the percentage of the time and effort to be expended on the project.
 - Costs for administrative and clerical staff may not be allocated as a direct cost unless these individuals are identified, integral to the project, included explicitly in the budget, and not recovered as indirect cost.
2. Fringe Benefits:
 - Fringe benefits should be applied to all personnel salaries and wages and noted in the budget.
 - Calculate them based on actual costs and include FICA/MED taxes, retirement, health, and life insurance.
3. Equipment:
 - Generally, an article of nonexpendable tangible personal property having a useful life of one year or more and an acquisition cost of \$5,000 or more is considered capital equipment.
 - Each item of equipment costing over \$5,000, with a useful life of one or more years, should be itemized in the proposal budget, and accessories, attachments, and shipping costs should be included in the estimate.
 - Bids for equipment purchases must be documented when sponsors require them.
4. Supplies:

- Generally, office supplies are unallowable costs, unless they are allocated to the specific project and justified as a direct cost, not a routine expense like postage and memberships.
5. Travel:
- Identify the type and extent of travel and its relationship to the sponsored activity. The proposal should explain and the budget justify foreign travel.
 - Use university per diem rates to calculate travel costs.
 - Federal and university restrictions may apply to certain travel costs.
6. Consultants:
- Costs of consultants should be explained in the proposal and fully justified in the budget.
 - Sponsors expect the university to have policies governing the use of consultants that are applied consistently, regardless of the funding source. Refer to *Policy RSSP406-03 Consultants, Lecturers, and Other Professional Services for Sponsored Projects*.
 - Other direct costs may include outside services, communication costs, tuition, or equipment rental.

Facilities and Administrative Costs (F&A) or Indirect Costs. The university incurs F&A costs through common activities that cannot be attributed easily to an individual project or program. General categories include:

- plant operation and maintenance (e.g., utilities, janitorial services, building maintenance and repairs)
- use of buildings and equipment
- sponsored project administration and accounting
- library expenses and collection acquisition
- institution-wide administrative expenses
- general office supplies.

Each sponsored project is expected to pay its share of these research infrastructure costs. The F&A cost rate is negotiated between Georgia Southern and the US Department of Health and Human Services and applied to all projects, regardless of sponsor.

Some sponsoring agencies do not reimburse F&A costs at the full rate. The university will honor these exceptions when the organization has written guidelines or provides a letter stating agency policy on payment of F&A costs.

All project budgets should include F&A costs appropriate to the sponsor as determined by the university's federally negotiated rate. Exceptions to this policy may be considered on a case-by-case basis if the sponsor has an established, written policy for any and all potential applicants that deviates from the federally negotiated rates. All deviations are subject to approval by the Vice-President for Research prior to submission of the grant or execution of the contract.

Cost-Sharing on Federal Grants and Contracts

Cost-sharing occurs when a sponsor requires or the university commits funds beyond those awarded to support a particular grant or contract. The Vice-President for Research must approve any voluntary cost-sharing before the funding application is submitted. In-kind faculty salary time, unrecovered F&A costs, and/or tuition waivers for graduate assistants working on the project may be applied toward the cost-sharing requirement.

Budget Justification

The budget justification provides the rationale for proposed expenditures. Its primary purpose is to ensure adequate funding. Follow agency guidelines in preparing the justification; requirements about documentation to support proposed costs and the detail of descriptions vary.