

5.1 Fiscal Considerations: Budget Preparation

The budget of a grant proposal is second in importance only to the description of the principal ideas of the project. While the budget preparation requires much special consideration to comply with the various policies of the university and the funding agency, the budget statement is not a document impossible to construct. The OSP can offer suggestions and coordinate your efforts with the Business Office.

If the funding agency provides a specific budget form, it must be used. In most cases, any special forms will be included by the agency as part of the application package. It is always useful to prepare a detailed budget breakdown for your proposal even though the special budget page is all that is required for your application to the agency. This breakdown will help you to plan in detail for the financial support required for the various components of your project, to calculate personnel time and costs for the project staff, and to calculate indirect costs. It will be valuable in the university's internal review process. Moreover, it will help in determining the university's contributions (matching or cost sharing on a cash or in-kind basis), if these are required by the agency.

5.2 Outline Steps to Follow in Budget Preparation

- a) Review the rules and regulations for the budget, as provided in your copy of the agency's guidelines or RFP. The Assistant Director of Finance in the Business Office can help you with this analysis and throughout the entire budget process, as needed.
- b) Decide on the amount of time that you and other professionals involved in the project will have to contribute.
- c) Figure the time required for assistants and secretarial or clerical help, for consultants, honoraria, travel, lodging, subsistence.
- d) Estimate the costs of equipment, supplies, printing, duplication, media services, staff services, postage, telephone, data processing time, etc.
- e) Contact the OSP to discuss the budget requirements and ask for appropriate salary and wage statements, fringe benefits, and indirect cost rates, for the project period.
- f) The finalized budget is included with the narrative portion of the application and processed through institutional review.

5.3 Direct Costs

Direct costs include all items that can be categorically identified and charged directly to the specific project. Most sponsors allow direct costs funding for the following categories:

- a) Personnel. Calculate the percentage of time spent on the project for each individual and pro-rate the salary for the proposed implementation period of the grant. **All salaries must be calculated as a percentage of your current year contract.**

Formulas for Calculating Salary and Wages

If you are on 9-month salary:

One course reduction = 1/10 of salary shown on contract

One month = 1/9 of salary shown on contract

Academic Year Fringe Benefits = 30% of salary

Summer Fringe Benefits = 18.87% of salary

Personnel not on 9-month salary:

Please contact the Business Office for assistance

1. Principal investigator or project director.
2. Other on-campus professionals.
3. Research assistants. Graduate assistants may be employed on sponsored research projects. Pay rates should be determined prior to the proposal submission, in accordance with the pay scales of university-supported graduate assistants.
4. Student assistants. Undergraduate students also may be employed on sponsored research projects, but students on University Work-Study Program (CWSP) may not be paid from a second source of federal funds. PIs may contact Financial Aid for assistance in locating qualified student assistants. Although the PI is responsible for the selection and hiring of all such assistants, appointment forms must be processed through normal university channels. Pay scales should conform to those current within the university.
5. Technicians, etc.
6. Secretarial, clerical help may be charged as a direct cost in some cases. In others, they become part of your indirect pool. Check the regulations appropriate to the funding source.

PIs should recognize that “classified” personnel hired on a sponsored program grant must receive comparable salary, duties, responsibilities, and benefits as those in a comparable position elsewhere in the university. The PI should consult with Human Resources or the Business Office concerning current or projected salaries for these positions. All personnel who are hired for the specific purpose of a grant must be informed by the PI that their employment period coincides with the award period and that the university cannot be assumed to continue their employment beyond the period for which grant funds are available.

- b) Fringe Benefits. Fringe benefits accompanying salaries paid by the grant may also be charged to the grant. Consultants are not eligible to receive fringe benefits. Human

Resources will provide details of fringe benefits for each person salaried by the grant.

- c) Consultants. Outside consultants may be paid through grant funds. All honoraria, consultants' fees, travel expenses, subsistence, and related expenses must conform to established university policy for reimbursement.
- d) Subcontractors. Armstrong Atlantic State University does not normally subcontract. If subcontracts are essential to the successful completion of a sponsored program advance arrangements must be made with the Business Office and institutional approval must be sought.
- e) Travel. All travel paid from grant funds must conform to the university travel policies as stated in the University Faculty Handbook. Consult the Business Office for details of current travel policy.
- f) Equipment. Equipment may be purchased or rented, according to the policies of the grantor. The equipment budget should reflect the price of freight, installation costs, and maintenance contracts, as appropriate.
- g) Supplies and Materials. Supplies and consumable materials must be itemized on the budget explanation page.
- h) Other Direct Costs. These costs are items that can be identified and related to the project and not included in the indirect costs calculations:
 - 1. Communications - costs of telephone and postage;
 - 2. Computer time - consult with Computer and Information Services for current rates;
 - 3. Publication charges - graphics and printing, duplication, media services, final report costs, etc. and;
 - 4. Miscellaneous cost of project operation.

5.4 Facilities and Administrative Costs (Indirect Costs)

F&A costs are those that have been incurred for common or joint objectives of the university and the sponsored program and which, therefore, cannot be identified specifically in reference to a particular project.

F&A costs include items such as building operations and maintenance, laboratory space, library services, utilities, and administrative services. F&A costs related to the conduct of a sponsored program are just as real as the direct costs and ultimately must be provided for either by the sponsor or by the university.

Note that some federal agencies have specific rules regarding F&A cost rates. For example, the US Department of Education places an 8% cap on F&A cost recovery for training grants and disallows the use of unrecovered F&A costs to meet matching or cost-sharing requirements for training grants. Check the rules provided in the agency's guidelines or RFP. Show unrecovered F&A costs in the cost-share column of your budget. If you are not allowed to use these costs to meet your cost sharing requirement, make sure that the sum of the other costs in this column add up to the appropriate amount.

Note that F&A cost funds, when awarded, are not available for use in the project itself. Costs of the project must be paid by direct costs as outlined in the original proposal budget.

Formula for Calculating F&A Costs:

41% of salary and wages (do not include fringe benefits)

IMPORTANT: This rate is subject to change, pending negotiation with the federal Government. Please check with the OSP before writing your proposal.

5.4a Armstrong Atlantic State University Policy For Facilities and Administrative (Indirect) Cost Recovery

A-21, *Cost Principles for Educational Institutions*, was revised by OMB as of May 8, 1996. One of the revisions changed the term "indirect costs" to "facilities and administrative costs" (F & A Costs).

Armstrong Atlantic State University policy is to seek full reimbursement of F & A costs in connection with all externally supported programs. It is recognized, however, that some donors and grantors have fixed policies limiting the reimbursement of F & A costs. The university will consider sponsor-imposed conditions regarding the limitation or waiver of F & A costs if required by federal law or regulation, or if the sponsoring agency (foreign, domestic, private corporation, foundation, or other business entity) publishes a rate or policy that is consistently applied to all grants and contracts with educational institutions. In addition, it must be demonstrated that the project is of significant importance to the university to warrant subsidizing the F & A costs from other programs. Gifts and grants for scholarships and fellowships are not subject to this policy. Requests for exceptions must be submitted to the Vice President and Dean of Faculty and the Vice President for Business and Finance for approval.

Approved Council of Deans 9/15/98

5.5 Cost Sharing and Matching Funds

The conduct of research and other sponsored programs is a significant function and important responsibility of the university. Federal research grants generally serve the objectives of both the institution and of the federal government. Therefore, cost sharing is now required in many sponsored programs and may be accomplished through:

- a) Limitation of the proportion of indirect costs payable by the sponsoring agency;
- b) Continued payment by the university of part or all of the salary of faculty members or professional personnel participating in the sponsored program;
- c) In-kind matching of university expenses such as the use of buildings, computer time not charged as direct costs, secretarial and clerical help, and administrative services in support of a sponsored program; and
- d) Payment by the institution of a portion of other costs, such as equipment.

Some agencies require matching funds as a form of cost sharing. To the greatest extent possible, the requirements for matching funds will be met by a statement of in-kind services. Some federal agencies have specific rules relating to cost-sharing and indirect costs. Consult the appropriate rules before formulating your budget.

The PI, in consultation with department head, college dean, and Vice President and Dean of Faculty, should determine the cost sharing strategy for each proposal. Do not assume that the university will meet all cost-sharing requirements. Obtain approval before beginning to write your proposal. The amount of the university's cost share is subject to federal audit.

5.6 Reassigned Time

It is the responsibility of the principal investigator to make arrangements with the department head and the dean for any reassigned time required in the proposed research. At this time, securing external funding for support of release time is the best approach. Reassigned time may be in the form of that which is donated by the university on a cost-sharing basis or that which is paid for by the granting agency. The amount of required released time varies with the nature of different proposals. It is important to obtain approval before writing reassigned time into your grant proposal.

<p><u>Formulas for Calculating Salary and Wages</u></p> <p><u>If you are on 9-month salary:</u> One course reduction = 1/10 of salary shown on contract One month = 1/9 of salary shown on contract</p> <p><u>Academic Year Fringe Benefits = 30% of salary</u> <u>Summer Fringe Benefits = 18.87% of salary</u></p> <p><u>Personnel not on 9-month salary:</u> Please contact the Business Office for assistance</p>

For faculty meeting the following criteria, it may be possible to obtain a full-time reassignment (leave) for research purposes.

Faculty Handbook, Article VIII, SECTION H. Advanced Academic Research Leave

(Procedure and requirements for application to receive advanced academic research leave with negotiated salary and benefits for a maximum of one academic year)

The following guidelines are intended to clarify the application and approval processes that govern advanced academic research leave. Final approval for all leave is a prerogative of the Board of Regents.

Eligibility Requirements:

1. Full graduate faculty status or in the event that the applicant is in a position that does not require graduate teaching, the applicant must meet all other criteria necessary to be eligible for full graduate faculty status with the exception of tenure. Non-tenured and non-tenure track faculty who otherwise meet all other criteria are eligible to apply.
2. A minimum of six (6) years of continuous teaching at AASU.
3. No history of leave with pay granted in the past six (6) years.

Documentation Requirements:

1. A research proposal submitted to the applicant's immediate supervisor at least six (6) months prior to the requested date of leave using guidelines established by the Graduate Faculty Status and Activities Committee (GFSAC).
2. A written commitment to teach at AASU for two (2) academic years following the academic year in which the advanced academic research leave was taken.
3. A statement by the head of the academic unit explaining how the applicant's teaching and other responsibilities will be covered by the unit during the time period in which leave is sought.
4. A recommendation by the head of the academic unit.
5. A recommendation by the dean of the college.

Application Review Procedure:

1. Application materials will be submitted to the Graduate Faculty Status and Activities Committee (GFSAC) who will review:
 - the applicant's eligibility,
 - the quality of the research proposal in light of the applicant's history of scholarly activity,
 - the completeness of the application.
2. The Dean of Graduate Studies will communicate the recommendation of the GFSAC to the vice president and president.

Post Leave Requirements:

1. A report of the research conducted will be presented to the head of the academic unit, dean of the college, dean of graduate studies, vice president, and president.
2. Presentation and/or publication of the research outcomes within two (2) years or a predesignated time period following the year in which leave was taken is expected.
3. Two (2) years of teaching at AASU following the academic year leave was taken is required.

5.7 Proposal Negotiation

It is the responsibility of the PI to negotiate with the funding agency for a particular proposal. Many times a proposal is considered eligible by the sponsor, but the funds requested exceed what the reviewers feel necessary or what the agency has available to support the project. A reduction in the budget would then become necessary. **Negotiated budgets should be routed through the local review channels before the university accepts the negotiated proposal.**

Remember that a reduction in the budget may create changes in the scope of the work. To maintain credibility with the funding agency, the PI should consider a work reduction commensurate with any substantial budget reduction.

Often personal and professional relationships develop between individual faculty members and agency staff personnel. AASU encourages the development and maintenance of good contacts and informal discussions with granting agencies. It is important, however, to remember that such informal discussions do not represent the agency or university commitments. All contracts entered into on behalf of the university be signed by an authorized institutional representative (President, Vice President and Dean of Faculty or Vice President for Business and Finance.)