



UNIVERSITY OF
MARYLAND

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 RFP/FOA for budget needs – see PI Interview
- ❑ 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 – for salary, fringe benefits, supplies, equipment, travel, etc.



CASE STUDY



Direct vs. Indirect Costs

DIRECT COSTS

- Salaries
- Fringe Benefits
- Tuition Remission
- Equipment
- Consultants, Subrecipients, & Contractors
- Materials & Supplies
- Travel

INDIRECT COSTS/F&A

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



Direct Costs - Salaries

- Include:
 - Only UMD university personnel
 - Project Role (PI, Co-I, Co-PI, etc.)
 - Rate of pay

- Time should be expressed as:
 - Percent of effort/Person Months (See useful links for conversion table)
 - **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
- ❑ Awards will be charged actual fringe benefit costs



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
- Useful life of one year or more



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 – Participant Support

Participant Support Costs

- ❑ **UG 200.75:** Direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or behalf of participants or trainees (but not employees) in connection with conferences or training projects.
- ❑ Excluded from F&A calculation



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 - Materials, Supplies & Equipment

Includes such things as:

- chemicals/glassware
- Computers under \$5k
 - UG Section 200.453
- Software and/or Licenses
- animals and animal rations
- digital cameras
- recording equipment
- lab supplies



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
- Tuition Remission - \$602/credit hour - http://bursar.umd.edu/t_grd1415.php



Direct Costs - Publications

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



SUB vs. CONTRACTOR VIDEO

<http://www.youtube.com/watch?v=F3DuZviGQ28&list=PL7D115F7539FC6488>



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 - 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.



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

- Check current Facilities & Administrative Cost Rate memo -
<http://www.ora.umd.edu/sites/default/files/documents/um-resources/fa/umcp-rate-agreement.pdf>



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%

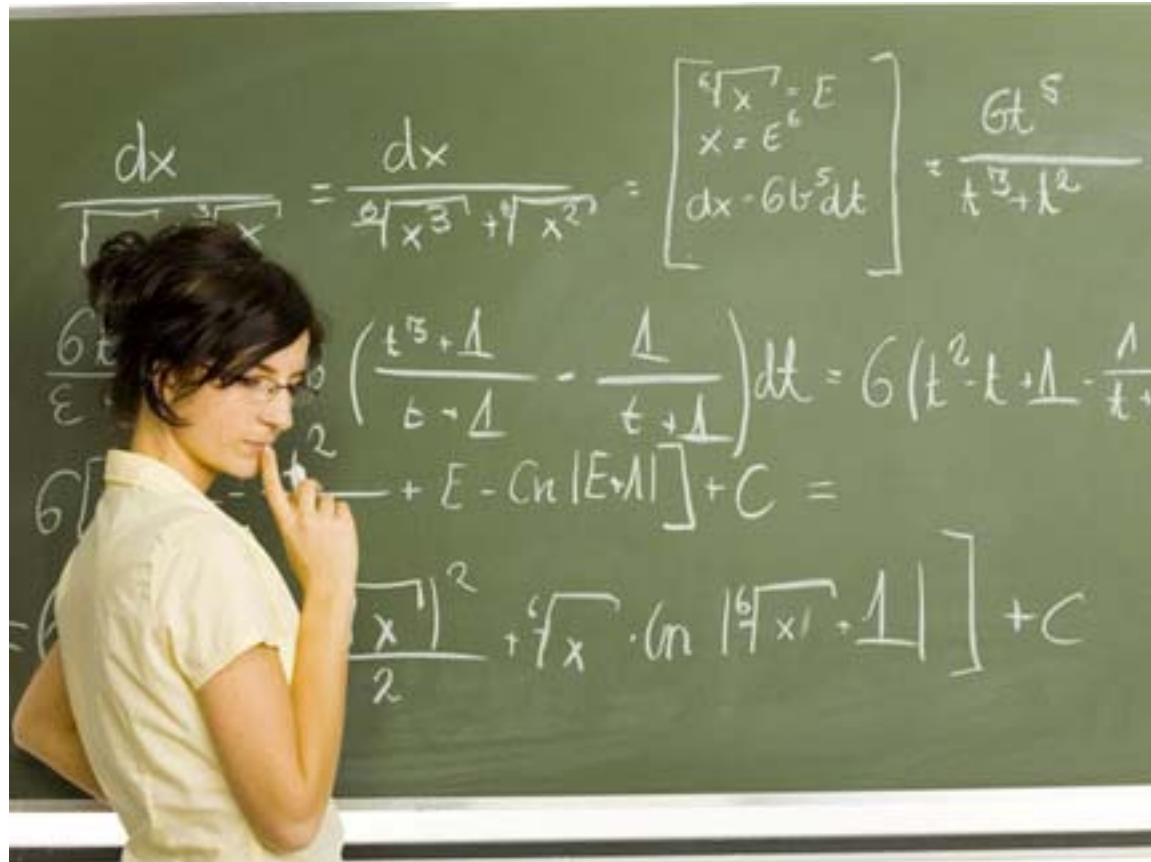
Off Campus Rates:

- ❑ 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





UNIVERSITY OF
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Q&A

You have

Questions

We have

Answers