

Budgeting 101

Building Budgets for Sponsored Activities

Office of Research

College of Education & Human Ecology



Learning Objectives

- Help audience understand basic concepts of budget development
- Learn about the major structure and components of a project budget
- Understand federal regulations on project budgeting and spending as stated in the OMB Uniform Guidance document



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Overview of the Session

- Research support available to EHE PIs
- Basic rules for budget development
- Functions of a budget
- Components of a budget
- Sample budget



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Office of Research

- Associate Dean for Research – Sandy Stroot, Interim
- Director, Office of Research – Kim Lightle
- Senior Grants Managers – Neal Kelley, Bing Tian
- Grants & Contracts Specialist – Michael Moses
- Administrative Coordinator – Rebecca Chacko
- EHE Sponsored Program Officer – Aimee Sanford



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Budgeting in Proposals

- A critical component for successful proposals
- The budget has two functions:
 - First, it estimates, as realistically as possible, the cost of completing the objectives identified in the proposal. The sponsor will use the budget details to determine whether the proposal is economically feasible and realistic.
 - Secondly, the budget provides a means to monitor the project's financial activities over the life of the project. In this way, it's possible to determine how closely the actual progress toward achieving the project objectives is being made relative to the proposed budget



Principles Guiding Budget Development

Factors Affecting Allowability of Costs:

1. Costs must be REASONABLE
2. Cost must be ALLOCABLE
3. Costs must be given CONSISTENT TREATMENT

*** 2 CFR 200: Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards



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Budget Development

- Two components to every budget:

- ❖ Direct Costs

Costs that can be identified specifically with a particular sponsored project...or that can be directly assigned to such activities relatively easily with a high degree of accuracy

- ❖ Indirect Costs (F&A, Overhead)

Costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project



Direct Costs

- Costs that can be identified specifically with a particular sponsored project

Examples of direct costs	
Salaries & wages	Materials & Supplies
Fringe benefits	Contractual/Consultants
Equipment	GRA tuition & fees
Travel	Other direct costs



Indirect Costs

- Costs that are incurred for common or joint objectives...
- OSU's federal F&A Rate: (negotiated with DHHS)
 - ❖ July 1, 2017 – June 30, 2018: 55%
 - ❖ July 1, 2018 – June 30, 2020: 56%



Budget - Personnel

Types of personnel frequently involved in projects include:

- Faculty, academic semester and off-duty
- Research associates/assistants
- Postdoctoral researchers
- Graduate research associates
- Undergraduate students
- Other support personnel such as program manager, technician, data manager, etc.



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Budget - Personnel

- Faculty – types of appointment
 - ❖ Release time
 - ❖ Off-duty pay

When projects are charged for personnel salaries, the associated FRINGE BENEFITS are also charged.



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Fringe Benefits

Type of Appointment	FY2017
Faculty (9/12 mo. Appt.; release time (course buy-out))	23.0%
Faculty specials (off-duty qtr, overload)	12.0%
A&P, incl. most Post doc researchers	35.4%
Classified civil service and type 2 wages	46.1%
Pre & post doc fellows & trainees, graduate and undergraduate students	10.2%



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Let's look at a budget...

Remember, budget format and content varies by sponsors



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Direct Costs Components

Senior Personnel (*normally PI and Co-I)								
Name/Project Role	Base Salary	Monthly Salary	Cal Mth	Acad Mth	Sum Mth	Requested Salary	Fringe Benefits	TOTAL
J. Newton, PI	101,633	11,293	-	1.8	2.0	42,912	11,080	53,992
C. Smith, Co-I	89,154	9,906	-	1.8	-	17,831	5,955	23,786
Senior Personnel Total:								77,778

Other Personnel (*non-PI/Co-I staff/students)								
Project Role	Base Salary	Monthly Salary	Cal Mth	Acad Mth	Sum Mth	Requested Salary	Fringe Benefits	TOTAL
Project Manager	51,485	4,290	12	-	-	51,485	20,130	71,615
GRA	17,684	1,474	12	-	-	17,684	1,768	24,598
Undergrad	\$10/hr.	15hrs/mth				1,800	180	1,980
Senior Personnel Total:								98,193



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Equipment			
Item	Units	Unit Cost	TOTAL
Server (computer)	1	6,000	6,000
Laptop computer	1	2,000	2,000
Equipment Total:			6,000



Should be included in Materials and Supplies

Travel			
Item	Units	Unit Cost	TOTAL
<u>Meeting w/ Sponsor</u>			
Airfare	1	525	525
Per Diem	2	325	650
<u>Conference Travel</u>			
Airfare	2	450	900
Per Diem	8	300	2,400
Registration	2	400	800
Travel Total:			5,275



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Other Direct Costs	Units	Unit Cost	TOTAL
Materials & Supplies			
Digital videocamera	1	250	250
Tripods	1	100	100
<i>Materials & Supplies subtotal:</i>			350
Publication Costs	1	1,000	1,000
Consultant Services			
Dr. Jane Doe	10	800	8,000
<i>Consultant subtotal:</i>			8,000
Computer Services	-	-	-
Subcontracts:			
1. XYZ Tech	-	-	25,500
2. Ohio College	-	-	45,000
<i>Subcontracts subtotal:</i>			70,500
Equipment/Facility rental	-	-	-
Alterations/renovations	-	-	-
Other 1 - GRA tuition and fees (Au, Sp)	2	6,153	12,306
Other 2 – GRA tuition and fees (Su, 4 credit hrs)	1	3,108	3,263
Other 3 -	-	-	-
TOTAL OTHER DIRECT COSTS:			95,419



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TOTAL DIRECT COSTS:		284,750
Modified Total Direct Cost Base (MTDC):		
Less Equipment:		6,000
Less GRA Tuition & Fees:		15,569
Less Participant Support Costs:		2,085
Less Subcontracts >\$25k		20,500
MTDC Base:		240,596
TOTAL INDIRECT COSTS:	55%	132,328
TOTAL COSTS:		417,078

F&A cost rates are determined in conjunction with auditors from the U.S. Department of Health and Human Services. There are separate rates for different types of activities, but in each case the rate is calculated and charged as a percentage of modified total direct costs (MTDC). **To determine the MTDC base to which the F&A rate will be applied, add all direct costs then subtract equipment, capital expenditures (alterations and renovations), charges for patient care and tuition remission, off-campus space rental costs, scholarships and fellowships, and the portion of each subgrant or subcontract in excess of \$25,000. MTDC is applicable only for the budgets with full indirect cost rate.**



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Resources Available for Budget Development

EHE Senior Grants Managers

- Neal Kelley
- Bing Tian

Sponsored Program Officers (SPO)

- Aimee Sanford



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Questions?



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