

GUIDELINES: BUDGET JUSTIFICATION w/ SAMPLE ENTRIES

Please note: The level of detail in a Budget Justification will be driven by the magnitude of the grant project and by the sponsor guidelines. Grants of magnitude require extensive detail that can withstand the scrutiny of senior reviewers and program officers. Sponsor guidelines often list different categories or criteria allowable in a budget, so the following should be seen as a general template. Please be advised that you can consult the [Principal Investigator Handbook](#) for additional explanation on budget policies and calculations of costs. Below are the main categories of most budgets, with an explanation of that category is listed (“Description”), followed by a sample entry (“Example”):

General Budget Categories:

- I. Salaries and Wages (Personnel)
- II. Fringe Benefits (Personnel)
- III. Equipment
- IV. Travel
- V. Participant/Trainee Support
- VI. “Other” Direct Costs
- VII. Indirect Costs

Project Title: Very Important Long Term Study into Something That Will Make the World a Better Place

Budget Justifications Should

- ✓ Follow sponsor guidelines
- ✓ Provide as much detail and justification as necessary
- ✓ Be organized in the order of the line items in the detailed budget (spreadsheet)
- ✓ Explain why each of the items is needed to accomplish the scope of work
- ✓ Make it clear that all budget requests are reasonable and consistent with sponsor and Fresno State policies
- ✓ Make it clear that the Principal Investigator or Project Director has the experience and authority to argue that this budget is reasonable and thorough

Opening paragraph (if appropriate):

Post-award Fiscal Management: California State University’s Foundation Financial Services (“the Foundation”) is the post-award fiscal agent for University grants and contracts. Administration of externally-funded projects complies with the Foundation’s policies and procedures and the sponsoring organization’s policies and regulations. In the event that one policy is more restrictive, the more restrictive policy applies.

Here are descriptions and examples of main budget items:

I. Personnel Costs:

Description: Computing personnel costs can be more than complicated and relies on exact figures, so we strongly encourage you to contact your ORSP grant administrator as early as possible in the process, even from the planning stages. As you brainstorm an initial list of each person who will perform work under the grant, give the name, title, the amount of time s/he will commit to working on the project, and what s/he will be trying to accomplish. For regular employees, salaries should be listed as a percentage of their base academic or calendar year salary, e.g. 10% of AY salary. Summer salary is listed as a fraction of the base academic year salary for the faculty member, e.g. 2/9s summer salary.

Senior Personnel

Description: This category includes anyone who is a PI, Co-PI, or Project Director. If a PI or PD is due for a significant increase such as a STEP increase, budget for the STEP increase in the year it will be received. In normal budget years, a 3% annual inflation rate is built into multi-year budgets, but currently (2011-2012) no salary increases are expected.

Example:

Principal Investigator

Dr. Green will insure that the research goals are met in a timely manner, with integrity, completed within budgeted amounts, and within compliance regulations. He will be responsible for the collection of data, preparation of requested agency reports, disseminated materials, and participating student researchers. These duties will require 20% of his time devoted to the project during the AY for years 1-3. Dr. Liu requires the 20% release time buyout from his teaching load because Fresno State is a teaching institution where faculty carry a teaching load of four courses per semester, in addition to advising and other university services. Therefore the release time will be necessary to make steady progress on the research during the academic year.

Example:

Co-Principal Investigator

Dr. White will serve as the advisor to the PI and other project participants. Her duties will include design and execution, technical training to our team members, organizing group meetings and seminars, and program evaluation. This will require 1.5 summer months for each year of the project.

Other Personnel

Description: Common Fresno State personnel types budgeted include Professional Staff, Research Associates, Postdoctoral Associates, Graduate Student Research Assistants, and Undergraduate Student Research Assistants. Fresno State pays students on an hourly basis, up to 20 hours/week during the academic year and up to 40 hours/week during the summer.

Examples:

Project Assistant

This position will provide necessary services to this project and particularly to the Principal Investigator. This employee will be responsible for distributing data to all collaborating sites, coordinating conference calls, and assisting the Principal Investigator with the management of the budget.

Graduate Student Research Assistant

Funding is requested for one graduate student (\$15/hour x 20 hours/week x 28 weeks=\$8,400). The graduate student will be involved with the collection of survey data and its review and analysis and will maintain the survey database.

II. Fringe Benefits

Example/Opening Paragraph:

Fringe benefits include all mandated federal and state/local payroll taxes, such as FICA, Workers' Compensation, Unemployment Insurance, and Medicare. Additional benefits for salaried employees include health, vision, dental, and life insurance, and may include optional 401K contribution. Fringe benefits are billed at the actual current rate for the CSUF employees while rates for new hires are billed at the Foundation's current rates for Foundation employees. Fringe benefit rates for this grant are Project Director—36%; all other faculty summer pay and stipends—16%; all undergraduate research assistants—7.65%.

III. Equipment

Description: Equipment is defined as a single item that has a useful life of more than one year and a unit cost of at least \$5,000. However, if an 'item' consists of parts that are only functional when assembled, that is considered one 'item.'

Example:

An Agilent 6000ILM atomic force microscope (AFM) will be purchased for use on this project. AFM is the vanguard tool for imaging, measuring, and manipulating matter at the nanoscale and so necessary for the work of training graduate students for cutting-edge research in the life sciences. Included is a quote from our vendor.

IV. Travel

Description: When possible, list "who, what, when, where, and why." Costs must be prudent, e.g., sponsors generally allow economy airfare. Federal grants require that airfare be booked on a US carrier to comply with the Fly America Act (49 U.S.C. 40118) and only provide for economy air fare. If foreign travel is involved, the Foundation requires additional travel insurance, so check with your ORSP grant administrator on current costs. For travel to countries with normal conditions, the additional insurance is usually \$50-\$65 for the initial 15-day increment; however,

travel to countries with higher risk conditions (war, blockades...) or travel for longer periods than 15 days carry higher insurance coverage/rates.

Examples:

Domestic Travel

We request support for the PI and the Co-PI to attend annual conferences in Washington DC all years of the project to present research results. RT economy airfare is estimated at \$500 per person per trip. Per diem is estimated at \$200 per day for each day of the five day conference.

Funds are also included for the PI and Co-PI to travel to district schools to recruit teachers for the professional development summer seminars. CSUF Foundation standard business mileage: $.50\text{¢}/\text{mile} \times 500 \text{ miles} = \250 .

Foreign Travel

We request support for Drs. Green and White to travel to Chile to perform on-site collection of mineral samples from the Atacama Desert. Airfare is estimated at \$1,000. Per diem is estimated at \$215 per day for each day of the 10-day trip. Visa fee is \$100. Fees for a local driver are estimated @ $\$50/\text{day} \times 10 \text{ days} = \500 . Additional insurance for foreign travel is \$65.

V. Participant/Trainee Support

Description: This category refers to the costs of stipends, tuition, transportation, per diem, and any other costs associated with participants or trainees participating in conferences, meetings, and other professional development activities. This cost category is unique in three ways: (a) the Indirect Cost Rate is usually not applied to this category; (b) these costs cannot be for employees of Fresno State; and (c) these costs by and large cannot be used for other budget categories

Examples:

Teacher-Participant Stipends

12 high school teachers from Buchanan High School will be convened in Fresno for three days each summer to be trained for professional development in their subject areas. Each teacher will receive a \$200 per day stipend. Travel is estimated at \$25 per teacher. Conference costs are estimated at \$500 for handouts, textbooks, and other materials.

Tuition/Class Registration Fees

Registration fees are requested to support the cohort of 12 minority students: $\$2,439.50/\text{semester} \times 2 \text{ semesters} \times 12 = \$58,548$. (Note: Legal residents of California are not charged tuition; only registration fees apply.)

VI. Other Direct Costs

Description: “Other” direct costs can only be charged to a grant if (a) they can be readily and specifically identified with that particular project and (b) comply with the sponsor’s program guidelines.

Though different grant mechanisms allow or disallow various “other” direct costs, typical allowable “other” direct costs include the following:

- ✓ Materials and Supplies
- ✓ Publication/Dissemination Costs
- ✓ Consultant Services
- ✓ Computer Services
- ✓ Subawards/Subcontracts
- ✓ Construction/Renovation
- ✓ Other (shipping, long distance/international phone charges, advertising to recruit teacher-participants, and similar project-specific costs)

Example:

External Evaluator: \$5,000 is requested to support an independent evaluator for this project. The evaluator will provide both formative (mid-project) and summative (end project) evaluation. For each visit, Dr. Brown will be reimbursed @ \$200/day x 8 working days (5 working days conducting an on-site visit to our campus and 3 working days to write up the report). RT economy airfare is estimated @ \$400, with lodgings, plus meals and incidental expenses, at \$100/day for the 5-day on-site visit. Total per evaluation=\$2,500 x 2 evaluations=\$5,000.

Page charges: The PI plans to disseminate results in journals as well as other venues, and the current rate for page charges for the Institute of Mathematical Statistics’ *Bayesian Analysis* (Department of Statistics, Carnegie Mellon University) is \$45/page (x 3 articles x 5 pages each)=\$675.

VII. Indirect Cost Rate (ICR)

Description: Indirect cost rates are also called Facilities and Administrative (F&A) rates. These rates are negotiated between the University Budget Office and Foundation Financial Services with the U.S. Department of Health and Human Services¹ on a periodic basis, and that negotiated rate is applied to all eligible grants across Fresno State. The Associate Vice President for Sponsored Programs determines any requested adjustment to the Indirect Cost Rate on an individual grant application (unless superseded by the President or Provost). Indirect cost rates are meant to recover all of the hidden costs to the institution for housing sponsored programs,

¹ The U.S. Department of Health and Human Services (DHHS) is the cognizant agency that negotiates the F&A rates for most colleges and universities because DHHS provides the largest portion by far of federal grant funds to colleges and universities.

e.g. building, utility, and maintenance costs, and administrative costs for university wide offices (e.g., Library, Student Services...) and for departmental units (e.g. effort and services of departmental chairpersons and their offices). For most federal grants (unless restricted by the program guidelines), the Indirect Cost Rate is applied against “Modified Total Direct Costs” (MDTC). The MDTC amount equals the “Total Direct Costs” minus 5 categories: (i) Equipment, (ii) Capital Expenditures, (iii) Participant Support, (iv) Off-site Rent, and (v) any amount in excess of the 1st \$25,000 of Subcontracts.

Fresno State’s federally negotiated rate of 38.4% against MTDC should be applied to all federal grants unless the grant guidelines state otherwise. The maximum F&A rate allowed should always be used. If the maximum rate allowed by the funding agency is not used, you must complete an “Indirect Cost Reduction” form, obtain your Dean’s signature, and submit the form with the PIF to the Associate Vice President for Sponsored Programs.

The general FA& rate for all non-profit, state, and other non-federal funding is 15% applied to Total Direct Costs (unless restricted by the funding source guidelines).

Examples:

Fresno State has an F&A rate of 38.4% negotiated with the U.S. Department of Health and Human Services. The ICR has been applied against Modified Total Direct Costs, in this case the Total Direct Costs minus all amounts for Equipment and Participant Support.

As permitted by program guidelines, an indirect cost rate of 15% has been applied toward Total Direct Costs to cover the administrative and facilities support necessary to conduct the work of this grant.