

# Proposal Budget Preparation Basics

Presented by:  
Office of Contracts and  
Grants



# ucanr.edu/ContractsandGrants



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## Budget Preparation Overview

- The budget reflects the Principal Investigator's best estimate of the actual costs for conducting the scope of work.
- Your budget justification provides an explanation of why the projected costs are necessary for the research or project, and a description of the types of costs that make up a larger budget category such as "other" or "supplies".
- **Always Review Sponsor Guidelines Before Preparing a Budget.** Most will provide instructions relating to budget categories.
- Be sure to consider the total project costs (direct and indirect) across all collaborators. The project budget must be within the limits defined by the program or sponsor. If a budget limit is not specified, you can review the sponsor's recently awarded projects, if available, to assess a typical award size or consult with the program officer to learn of an appropriate budget size based on the proposed project scope.

[Box.com site](#) for Budget Templates and Examples for several sponsors.

[Budget Calculator](#) (updated 02/15/2023)

[Budget Preparation Cheat Sheet](#) (4/9/2020)

# Plan Your Budget Early



# Read the Sponsor's Guidelines



- Sponsors may have their own guidelines regarding allowable and unallowable costs

# What is an Allowable Cost?

Reasonable

Allocable

Consistent

Not Specifically Prohibited

# What is an Allowable Cost?

## Reasonable

Nature of the goods or services acquired or applied, and the amount involved, reflect the action that a **prudent person** would have taken under the circumstances prevailing at the time the decision to incur the cost was made.

## Allocable

- Necessary in order to perform the proposed sponsored project
- Can be assigned to the sponsored project in whole or in part (only in part if the proportion is easily approximated)
- Benefits the sponsored project

# What is an Allowable Cost?

## Consistent

Charged to sponsored projects the same way in similar circumstances across the institution

## Not Specifically Prohibited

- The sponsor's guidelines cannot specifically prohibit the costs.





# Personnel Costs: Fringe Benefits

- Composite Fringe Benefit Rates
- Approved Annually by the Federal Government
- Fringe Benefit Groups:

<b>Full Benefit Eligibility</b>	
A	Academic & Management
B	Staff Exempt
C	Staff Non-Exempt
<b>Not Eligible for Full Benefits</b>	
D	Postdoc Employees
E	UC Davis Grad & Undergrad Students
F	All Limited Term Employees

# Travel



- Use UC travel guidelines:  
<http://travel.ucdavis.edu/>
- Travel and accommodations for non-UC ANR
- General travel costs:
  - Transportation- ground and air
  - Lodging and subsistence
- Foreign travel (U.S. flag carriers must be used to the maximum extent possible)

# Equipment

- \$5,000 or more per unit.
- Nonexpendable, tangible property
- Normal life expectancy of more than one year
- May include Fabricated Equipment
- Not general purpose
- Well documented in the budget justification



# Materials and Supplies

Lab / field / scientific supplies  
required for the scope of work

Should not include miscellaneous  
or general supplies

Estimate using:

Make sure to include sales tax,  
shipping, delivery charges

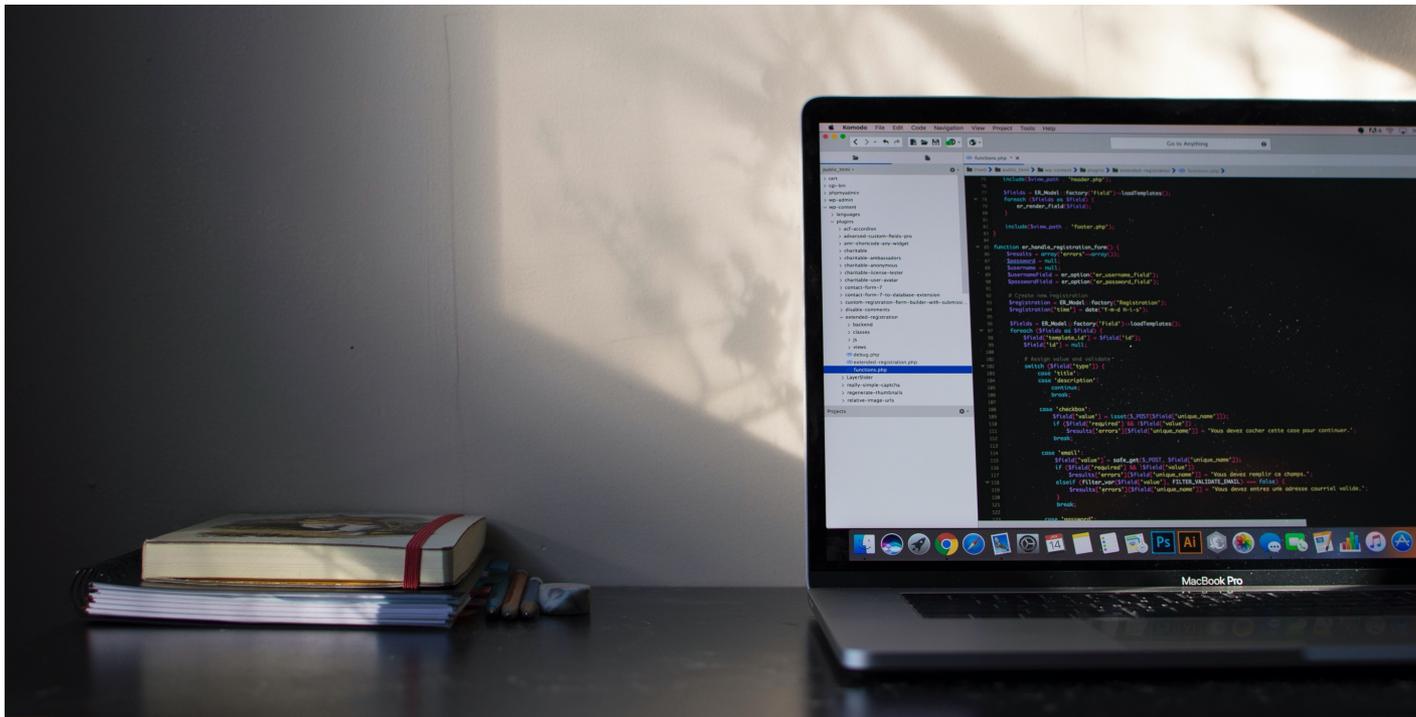
Historical costs for  
like projects

Catalogue prices

Vendor quotes

# Other Direct Costs





# Computing Devices

- Computers and hand-held devices under \$5,000 per unit
- Not general purpose
- Necessary to complete the project objectives: acquire, store, analyze, or process research data

# Recharge Expenses

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- University services which charge based on an approved recharge rate
- Do not include recharge expenses under Personnel

# Publication Costs

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Publish the results of your project.



# NIH – Data Management Costs

- NIH now requires that costs associated with making data accessible and reusable for other users be included on the budget justification.
- Allowable costs must be during the period of performance even for data preserved and shared beyond the award period.
- Allowable costs may include:
  - Curating data;
  - Developing supporting documentation
  - Formatting data according to accepted community standards, or for transmission to and storage at a selected repository for long-term preservation and access
  - De-identifying data
  - Preparing metadata to foster discoverability, interpretation, and reuse
  - Local data management considerations, such as unique and specialized information infrastructure necessary to provide local management and preservation.
  - Preserving and sharing data through established repositories; data deposit fees.

# Subawards



## Subawards:

- Transference of a significant part of the programmatic effort.
- Programmatic decision making.
- Performance is measured against objectives of the project.

Indirects are calculated on only the first \$25,000 of each subaward when using our indirect cost rate.

# Consultants and Vendors

Services are part of their normal business operations

Consultants:

- Consultants provide advice, counsel, or recommendations and NOTHING more

Consultants and vendors should be categorized under Other Expenses. Indirects are assessed on the full amount of the line item.

# GAEL

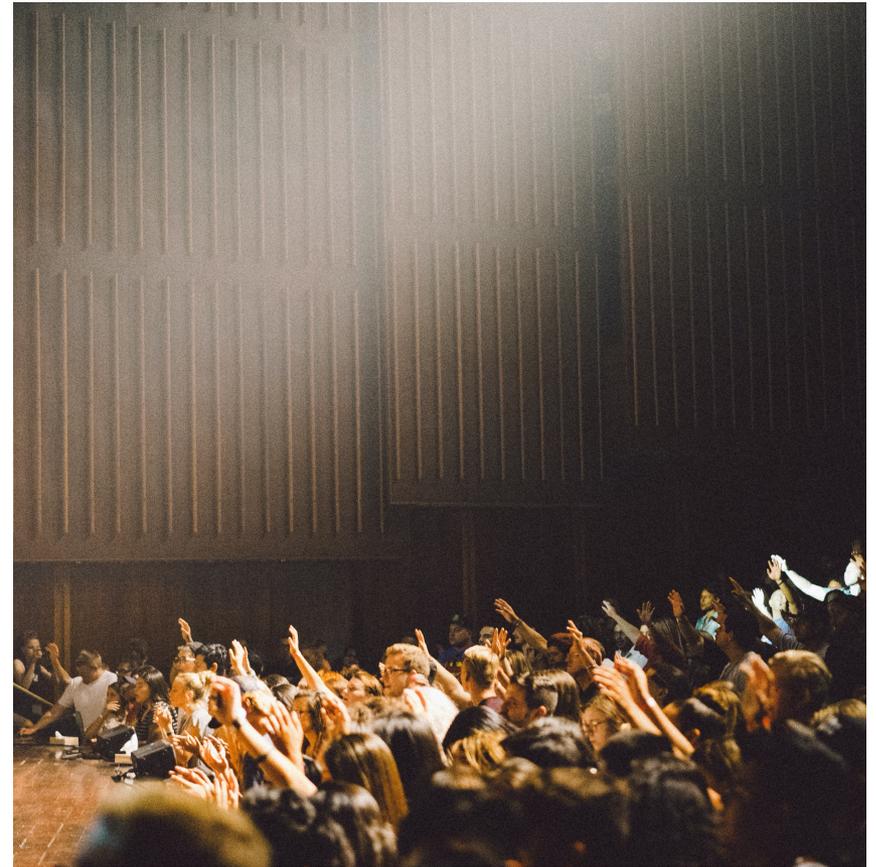
GAEL: General liability (GL), Auto Liability (AL), Auto Physical Damage (APD), and Employment Practices Liability (EPL)

- Assessment per every \$100 of payroll
- Not included on Federal or direct State funding

# Participant Support Costs

Participant support costs: stipends or subsistence allowances, travel allowances and registration fees paid to or on behalf of project participants or trainees (but not UC employees) in connection with conferences, symposia or training projects.

- Federal Projects Only
- A participant is someone who is receiving, not providing, a service at the conference/training

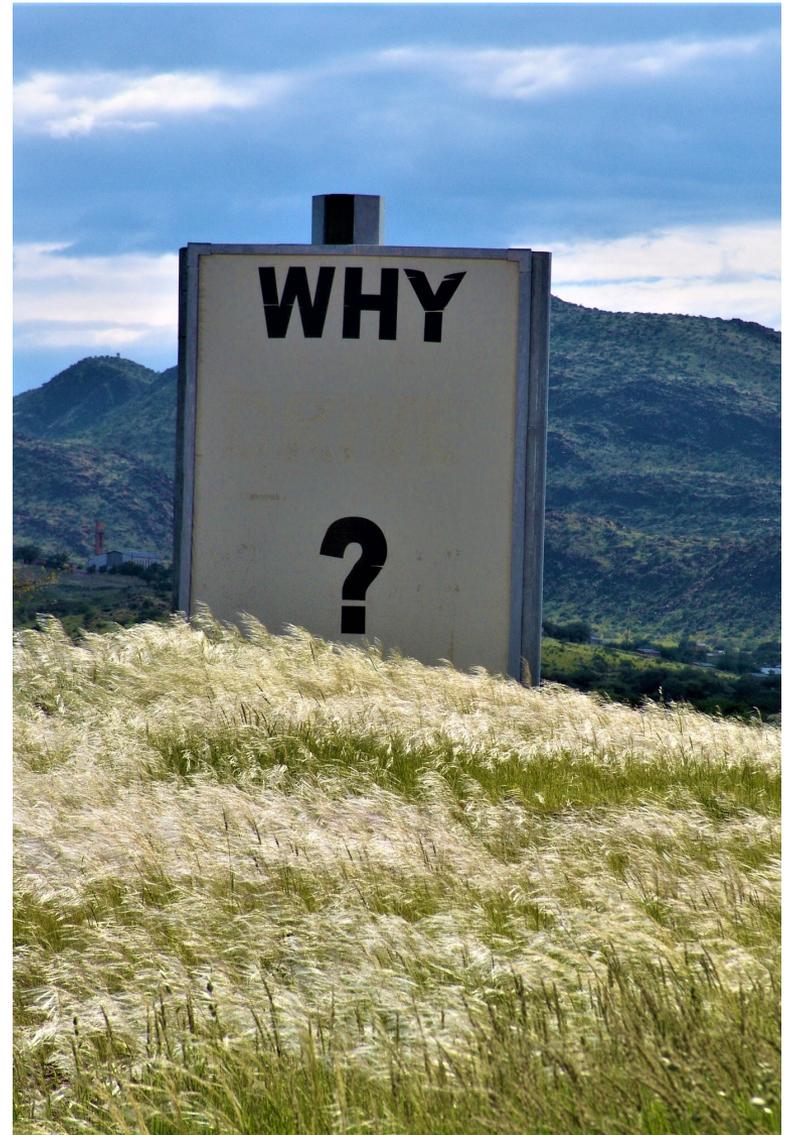


# Budget Justification

Two Essential Parts:

- Explanation of the cost estimation methods used to project the costs (HOW)
- Explanation of why the projected costs are necessary (WHY)

The Budget Justification is the place where any special circumstances can be explained and justified.



# Indirect Cost

- Real, Actual, Allowable Costs
- Benefit many sponsored projects
- Not easily allocated to any one project
- Charged to sponsored projects indirectly using a rate

# Indirect Cost, continued

- ANR has a negotiated rate agreement
- Current Off-Campus Rates for both Research and Other Sponsored Activities: 26% MTDC
- These rates should be used for all sponsors, with some exceptions.

# Indirect Costs: Sponsor Policy

- Lower rates may be approved if based on sponsor policy. Usually not applicable to for-profits, foreign governments, or State agencies.
- Use different bases to calculate indirects (IC)
  - Total Direct Costs (TDC):  $IC = TDC * IC \text{ Rate}$
  - Total Costs (TC): Calculated as a percentage of the bottom line.
  - If you don't know the total amount:  $(IC \text{ Rate}\% / (1 - IC \text{ Rate}\%))$  will give you the TDC equivalent rate

# What questions are still unanswered?

Contact us at: [ocg@ucanr.edu](mailto:ocg@ucanr.edu)

