

JUSTIFY THAT!

WHAT INVESTIGATORS AND GRANT DEVELOPERS NEED TO KNOW





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LEARNING OBJECTIVES

Following this presentation, participants will:

- Understand the primary components of a well written budget justification
- Be able to identify and correct problematic sections in budget justifications
- Know how and where to find information to justify budget items
- Understand the specific budget justification requirements and preferences of major federal agencies

TODAY....

- Budget Basics
- The Good, the Bad, and the Ugly of Justifications
- Working with your PIs
- Selected sponsors
 - USDA / NIFA
 - NSF
 - NIH
 - DOE
 - Education

BUDGET BASICS

Standard Budget Categories

- Salaries & Wages
- Fringe Benefits
- Materials & Supplies
- Travel
- Tuition & Fees
- Publication Costs
- Equipment
- Facilities & User Fees
- Consultant Fees
- Contractual/Subaward Costs
- Other Direct Costs
- F & A Rate (Indirect Costs)

THE BAD AND THE UGLY

- Lack of details
- Too wordy – exceeds sponsor's page limit
- No dollar amount
- Does not follow standard budget categories
- Dramatic differences in salary without explanation
- Putting materials and supplies into the equipment category
- Voluntary match
- Justification does not match the proposal or vice versa
- Foreign travel with no compelling need demonstrated in proposal

THE GOOD

- Sufficient detail
- Budgeted items and the language of the justification match the proposal
- Dollar amounts match those in the budget forms
- All categories are clearly labeled with dollar amounts and in the order of the budget
- No voluntary cost sharing
- Everything justified in the correct category

THE GOOD BY CATEGORY

- Salary/wages – what does the sponsor want to know?
 - Base salary
 - 9-month or 12-month appointment (or other, if applicable)
 - Level of commitment
 - FTE (full-time equivalent)
 - Percent of time
 - Number of months
 - What is the assumed annual salary/wage increase?
- Benefits
 - What categories of benefits (faculty, staff, students...)?
 - Do the benefits increase annually?

THE GOOD BY CATEGORY

- Travel
 - Foreign
 - Why?
 - When, where, how much
 - Domestic
 - Car: mileage rate (federal vs. state)
 - Per Diem rates <http://www.gsa.gov/portal/category/21287>
 - Air fare estimate
 - Hotel estimate
 - Conference cost estimate

THE GOOD BY CATEGORY

- Equipment
 - Cost \$5,000 or more
 - Have a useful life of at least one year
 - Be stand-alone and function independently
 - Five \$1,000 "pieces" put together do not make a piece of equipment!
 - Anything that does not meet the criteria for equipment should be budgeted in the supplies category.

THE GOOD BY CATEGORY

- **Contractual/Subaward Costs**
 - If the contractor/subawardee is known at the time of application:
 - Include a budget and justification for the work to be performed by the contractor/subawardee
 - Obtain a letter of commitment and/or similar documentation from the proposed subawardee and include this with the application, if appropriate
 - If the contractor/subawardee will be selected upon award:
 - Provide a justification for the estimated cost
 - Indicate what process will be followed in selecting the contractor/subawardee (e.g. competitive bidding, formal RFQ, etc.)

NSF

- **Three page limit!**
- **Info required:**
 - **Personnel** - Names of PI(s) and other senior personnel, full-time-equivalent academic-year, summer, or calendar-year person-months, total amount of salaries/year
 - **Fringe Benefits** - list institutional rate and dollar amount
 - **Equipment** >\$5,000 (unless institutional policy is different); be specific, name, model, price with tax & shipping
 - **Travel** – itemize by purpose, destination, and cost.
 - Domestic
 - Foreign – more justification needed

NSF

- **Participant Support*** – these are costs for program participants or trainees
 - Stipends – Paid to help “defray the costs of personal maintenance”
 - Travel – Funds for airfare, mileage, and/or public transportation
 - Subsistence – Funds to cover per diem expenses (meals/lodging); note: per diem/lodging may *only* be paid for out-of-town participants
 - Other – Any other allowable cost for participant support that does not fit into the above categories
- All participant support costs must be itemized and explained (e.g. destination and derivation of costs); include the number of participants and the cost per participant in each category

** Use caution when including costs in this category, as funds cannot be reallocated from this category without prior approval of the program officer!*

NSF

■ Other Direct Cost

- Materials and Supplies - general types of expendable materials
- Publication/Documentation/Dissemination - reports, reprints, page charges, illustrations, documentation, storage and indexing of data and databases; development, documentation and debugging of software; storage, preservation, documentation, etc.
- Consulting Services - Individual's expertise, organizational affiliation, daily compensation rate, days of expected service, travel costs.
- Computer Services - including computer-based retrieval of scientific, technical and educational information
- Subawards - must be disclosed in the proposal; disclose work to be performed, and basis for selection (except for collaborative/joint arrangements) and separate budget for each subaward

NSF

■ Other Direct Cost

■ Other

■ Total Direct Cost

■ Indirect Costs (Facilities & Administrative Costs)

- Negotiated by the organization with the cognizant Federal negotiating agency. If an organization has no established indirect cost rate, it should contact the Cost Analysis & Audit Resolution Branch of NSF's Division of Institution & Award Support.
- NSF usually allows full institutional F&A but always double check RFP
- No F&A costs on:
 - equipment, tuition, construction of facilities, participant support costs; to foreign grantees; and to individuals (i.e., Fellowship awards).
- No Cost sharing! 3 page limit! ☺

USDA/NIFA

- Indirect cost rate differs in RFP's
- Federal and Non-Federal Budget may be required
- There may be a page limit, each RFP is different
- RFP usually outlines required budgetary items

NIH

There are two types of budgets with NIH proposals:

- **Modular**
 - For budgets of up to \$250,000 TDC /yr.
 - Requests are in increments of \$25,000 reflecting appropriate support for the project.
 - There are no future year escalations (may be shown internally but not mentioned in justification).
 - A typical modular grant application will request the same number of modules in each year; exceptions can be justified
 - Not accepted for SBIR and STTR grant applications
- Provide budget narrative regarding all Personnel by position, role, and level of effort ONLY. This includes consultants, personnel on any Consortium/Contractual arrangement and any "to be appointed" positions. (Salary caps!)

NIH

- **Detailed**
 - For budgets of over \$250,000 TDC/yr.; it is basically like a 'regular' budget
- Justification for all costs - no page limit
- Make sure you include personnel roles, person months

EDUCATION

- Salaries and Wages: every funded position needs a full justification – usually a short paragraph on each
- Travel: Excessive travel can be highly suspect in ED applications – be sure to explain why each trip is necessary
- Contractual: ED places great value in competitive bidding processes – if you select a contractor without bidding, explain why a sole source purchase is more appropriate
- F&A Costs: With the exception of IES funded research grants, ED rarely pays full F&A costs (usually a max of 8%)
- *Pay careful attention to page limits – some ED programs have them for the Budget Narrative and others do not

COST SHARING

- Commit only when required
- Read justification closely, avoid statements and words that indicate cost sharing, when not required.
 - “Dr. Smith will donate 3% of his time to the project.”
 - “Dr. Smith is not requesting any release time but will work at least 20% of his time on the project.”

DISCUSSION AND QUESTIONS
