

What is a Budget?

A budget is a numerical representation of estimated expenses for carrying out a series of activities.

OR

A budget is a PLAN.

The budget lays out the proposed experiments by line item and defines the tasks by budget categories.

Budgets come in many forms. Regardless of form of format, the budget provides a roadmap for research.

An approved budget grants authority and mandates action.

When the sponsor approves your budget, you are granted the authority to spend funds on the proposed experiments. You are in fact OBLIGATED to spend the funds and to do so in a manner consistent with the proposed research and sponsor guidelines.

Notes:

Budget Categories

- **Personnel**
 - **Salaries/Stipends** – Monetary compensation to employees
 - **OPE/Fringe** – Insurance, payroll taxes, fees, retirement and any other benefits attached to employee compensation that are not salary or stipends
- **Travel**
 - **Domestic** – Within the US and its territories
 - **Foreign** – pay special attention to international travel in the budget process
- **Major Equipment** – typically defined as any equipment over \$5,000 in initial cost, but may also apply to less expensive items. No Overhead is charged on Major Equipment
- **Supplies & Services**
 - **Consumable Supplies** – Supplies consumed in the research process (e.g. liquid nitrogen, lenses, fabrication materials, samples, and other minor equipment) not to be confused with office supplies which should not be directly billed to grants.
 - **Services** - Machine/Fabrication time, delivery, sample processing
- **Tuition** –tuition paid as part of graduate student compensation. No Overhead is charged on Tuition.
- **Other**
 - **Publications**
 - **Participant Support**
 - **Consultants**

Notes:

Overhead Costs

Overhead, also known as Indirect Costs or Facilities and Administrative Costs (F&A) is related to research but is not directly budgeted for.

In order for an expense to be charged to a sponsored project the item must meet these three minimum requirements:

- **Allowable** – permitted under sponsor and institutional rules
- **Allocable** – Easily assigned exclusively to a project
- **Reasonable** – A reasonable person would agree that the expense serves the project

Overhead costs meet the **allowable** and **reasonable** requirements, but are muddled for the **allocable** criteria.

In order to deal with the problem of allocability, institutions negotiate an Overhead Reimbursement or F&A rate for the entire institution. The UO F&A rate is currently 42%.

Examples of Overhead Items:

- **Support Staff Salaries**
- **Office Supplies**
- **Personal Computers and software used for “global” purposes**
- **Phone Rental Charges (but not long distance calling)**
- **Facility Maintenance**

Budgeting Using Research Design

The Research Design or Methods section of your proposal is where you detail the proposed experiments in a clear and logical fashion. The goals, objectives and tasks identified in the Research Design can be used for budgeting purposes.

Use tasks to calculate budget items:

- **How long will this task take to complete – Salary**
- **What expendables/services will be used and how many– Supplies**
- **What related travel will be required – Travel**
- **What major equipment is necessary – Equipment**
- **Other requirements? Publications, tuition, misc**

Total each category for all tasks by the appropriate period (usually 1 year intervals) and you have a budget.

- **Experience will tell how many supplies you need to complete a task**
- **Limited re-budgeting is typically allowed**
 - **Check with the central research office**
 - **Check with the sponsor**

Many institutions have “expanded authority.” Under expanded authority, an investigator may re-budget up to 20% of any budget category without sponsor approval. Changes of more than 20% constitute a change in scope and require approval (which is usually granted).

Considerations:

How much labor is available

What is the quality of the equipment you will work with (will poor quality slow you down?)

Acquisition time - if you are purchasing major equipment add several months for the bidding and purchasing process

Service time – if parts need to be sent out for work, consider how long shipping and service will take.

Stewardship

—As the principle investigator on sponsored project you are the *custodian* of the funds allocated to the project.

As the Principle Investigator you are:

- **Obligated to follow sponsor guidelines**
- **Obligated to conduct the research you proposed**
- **Follow your institutional guidelines**
- **Acknowledge the sponsor whenever, wherever you discuss your research**
- **Review and approve all Required Reports**

Reporting

All sponsored projects come with an award notice that details the rights and responsibilities of the investigator, the institution and the sponsor.

Always read the award notice!

Review and approve activity reports in a timely fashion.

- **Activity reports are your certification of the effort charged to the grant**
- **Mistakes need to be corrected as quickly as possible (90 days)**

—Draft and submit technical proposals according to sponsor guidelines

- **Annual Reports**
- **Close out Reports (90 days before project termination)**
- **Delinquency can result in penalties**