Research Administrators
Monthly Meeting

January 2021

Office of Sponsored Programs (OSP)
Katrina Lopez, Assistant Director, Compliance
Kristen Scheurich, Assistant Director, Proposals
Announcements

1. 2021 RAMM Series
2. AHRQ Executive Level II Salary Cap
3. New Contract Negotiator in OSP
4. NIH eCommons FFR submissions transitioned to PMS system effective 1/1/21 (NIH Guide Notice NOT-OD-20-127)
   - Final FFRs:
     - **Banner must reflect final expenditures to be reported within 60 days after project end date.**
     - Failing to post & remove expenditures on the 61st day+ can result in a late FFR, lack of payment, audit findings and fiscal scrutiny and restrictions by NIH
   - **No option to "submit now and revise later"**
Budgeting Basics & Budget Dilemmas
Budget - Definition

- A sponsored project budget is a **best estimate** of the project’s costs. It, along with the budget justification, serves as a financial representation of the proposal’s statement of work.

- A budget and justification:
  1. Demonstrate the appropriate amount of resources to achieve the project’s objectives.
  2. Constitute fair and reasonable costs.

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Budget Justification

▪ Narrative discussion of the project cost categories presented in the same sequence as they appear on the budget
  — Explains the necessity and basis for the proposed costs
  — Clearly addresses each cost category
  — Reduces the necessity of asking permission for individual transactions after the award is executed

▪ Conforms with basic cost principles and sponsor guidelines
  — Reasonable/Necessary/Allocable/Consistently Treated
Standard Categories of a Budget

- Personnel
- Fringe Benefits
- Equipment
- Materials & Supplies
- Travel
- Participant Support Costs
- Subaward

- Contractual/Services
- Other Direct Costs (Tuition Remission, Subject Remuneration, etc.)
- Indirect Costs

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Budget - Direct Costs

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

Examples:

- Salaries – PI salary or support for other project personnel
- Fringe Benefits
- Travel – Costs of travel to field research sites or conferences to disseminate research findings
- Equipment – Equipment necessary to complete the research
- Supplies – Consumables used in direct support of the project
- Other Direct Costs – Could include services, animal care costs, conference registration fees, publications, etc.
- Tuition Remission
Budget – Indirect/Facilities & Administrative (F&A) Costs

- Costs that are incurred for a common or joint purpose and cannot be identified specifically with a particular sponsored project
- Expressed as a percentage of Direct Costs
- Examples:
  - Administrative & clerical salaries
  - Office equipment and supplies (copiers, printers, toner, copy paper, etc.)
  - General purpose supplies
  - Telephone charges
  - Postage
  - General purpose IT supplies & software (MS Office, Adobe, OneNote, etc.)
  - Professional memberships
  - Reference books
Budget Development – Applicable F&A Rate Bases

1. Start by choosing the correct activity
   - Instruction
   - Organized Research
   - Other Sponsored Activity

2. Determine On-Campus or Off-Campus Location
   - The location of the majority of costs determines the location for the entire project.
# F&A Rate Bases

<table>
<thead>
<tr>
<th>FY21 Facilities and Administrative (F&amp;A) Rates (%)</th>
<th>All Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>On Campus:</strong></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>40.6</td>
</tr>
<tr>
<td>Organized Research</td>
<td>59.9</td>
</tr>
<tr>
<td>Other Sponsored Activities</td>
<td>36.0</td>
</tr>
<tr>
<td><strong>Off-Campus:</strong></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>26.0</td>
</tr>
<tr>
<td>Organized Research</td>
<td>26.0</td>
</tr>
<tr>
<td>Other Sponsored Activities</td>
<td>26.0</td>
</tr>
</tbody>
</table>

**Modified Total Direct Costs (MTDC)**
- All direct costs of sponsored project, less:
  - Equipment $5,000 and over
  - Subcontracts in excess of $25,000
  - Tuition Remission
  - Participant Support
  - Patient Care
  - Rental/Lease of Capital Items
  - Scholarships & Fellowships

**Total Direct Costs (TDC)**
- All direct costs of sponsored project
# OSP Budget Template Tools

### Personnel

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Appl Type</th>
<th>Effort</th>
<th>Person Months</th>
<th>Inst Base</th>
<th>Requested Salary</th>
<th>Fringe Rate</th>
<th>Fringe</th>
<th>Tuition</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td></td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### Indirect Costs

<table>
<thead>
<tr>
<th>SUBCONTRACTS SUBTOTAL</th>
<th>-</th>
<th>-</th>
<th>-</th>
<th>-</th>
<th>-</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUBCONTRACTS MTDC SUBTOTAL</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SUBCONTRACT EXCLUSION SUBTOTAL</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>OTHER DIRECT COSTS GRAND SUBTOTAL</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TDC Less Subcontract F&amp;A</th>
<th>-</th>
<th>-</th>
<th>-</th>
<th>-</th>
<th>-</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL DIRECT COSTS</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>MTDC</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>IDC RATE</th>
<th>FULL</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDIRECT COSTS</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL REQUESTED</td>
<td>59.90%</td>
</tr>
</tbody>
</table>
Budget Considerations – Cost Share

Cost Share represents project costs (direct and indirect) that could be paid by the sponsor, but are covered by the recipient or third party.

<table>
<thead>
<tr>
<th>Mandatory</th>
<th>Required by sponsor terms &amp; conditions</th>
<th>Documented/tracked</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voluntary – Committed</td>
<td>Proposed by the university</td>
<td>Documented/tracked</td>
</tr>
<tr>
<td>Voluntary – Uncommitted</td>
<td>Not proposed</td>
<td>Not required to document or track</td>
</tr>
</tbody>
</table>
Budget Considerations – Program Income

Gross income earned by the university directly generated by supported activity or earned as result of award during period of performance

<table>
<thead>
<tr>
<th>Program Income</th>
<th>Not Program Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Registration fees</td>
<td>• Proceeds from the sale of equipment</td>
</tr>
<tr>
<td>• Equipment usage fees</td>
<td>• License fees and royalties (income)</td>
</tr>
<tr>
<td>• Third party reimbursement (medical services)</td>
<td>• Income earned after the end of the project period</td>
</tr>
</tbody>
</table>
Budgeting Dilemmas

Tips and reminders that might make your job easier later on.
Budgeting Personnel

• Separate personnel components:
  1. Institutional Base Salary (IBS),
  2. effort, and
  3. associated fringe benefits.

**Do not enter lump sum amounts.**

▪ Contributed (cost shared) personnel effort should include fringe benefit costs in myProposals (cost-share tab).
  – Include fringe in this figure.
  – Effort for all years
Budgeting Personnel (cont'd)

• Other Significant Contributor (OSC), mentor, or unpaid collaborator do not require specified effort or dollars in the budget.

$0

• Joint Appointments (e.g., VA)
  ✓ should be disclosed in the justification
  ✓ effort & salary calculated based on UIC IBS and appointment
  ✓ re-evaluate annually or when there are significant changes
Salary Caps

• Be aware of and adjust for sponsor salary caps (pro-rate for NIH cap)

<table>
<thead>
<tr>
<th>IBS</th>
<th>Appointment Length</th>
<th>FTE</th>
<th>NIH Cap</th>
<th>Grant Effort</th>
</tr>
</thead>
<tbody>
<tr>
<td>$225,000</td>
<td>9-month</td>
<td>1.0</td>
<td>$197,300</td>
<td>10%</td>
</tr>
</tbody>
</table>

Max salary that can be charged to NIH grant = Effort % x FTE x Appointment Length x NIH Cap

$14,947.50 = 10% x 1 x .75 [9m/12m] x $197,300

Actual Salary = IBS x Grant Effort

$22,500 = $225,000 x 10%

Amount Charged to Non-Sponsored Fund = Actual – Max

$7,552.50 = $22,500 - $14,947.50
Key Personnel

- Specify effort for senior/key personnel. (E.g., Person months (PM) or % Effort)
  - *PM preferred (considers appointment length and FTE)*

- OSC (and the like) do **NOT** require effort

- UIC senior/key personnel listed on the proposal **must match** the proposal transmittal.
GRA Max Compensation on NIH Grants

- **NOT-OD-02-017**: the maximum amount awarded by the NIH for the support of a graduate student on a research grant or a cooperative agreement is tied to the zero level National Research Service Award (NRSA) stipend in effect at the time the grant award is issued.
- Not applicable to individuals supported by NRSA training grants and fellowships.
- Detailed budgets that request support for a graduate student should include actual institutional-based compensation.
- Currently the annual maximum is $52,704, which includes stipend + fringe + tuition remission.

Non-Personnel Considerations

- Expenses below are usually considered indirect costs (IC)-Appendix III in UG. If "...office supplies, postage, local telephone costs, and memberships must normally be treated as indirect (F&A) costs."
  - Administrative & clerical salaries
  - Office equipment and supplies (copiers, printers, toner, copy paper, etc.)
    - "Consumables" are laboratory/scientific-related
  - Copying/Duplicating
  - Telephone
  - Postage
  - General purpose: IT, supplies, trainings & software (MS Office, Adobe, OneNote, etc.)
Contractual/Agreements & Subawards

- **Subawards**
  - Obtain current audit & organizational info, OSP determines risk rating and if agreement modifications are required
  - Document reason for selection & subaward vs. vendor determination

- **Purchase Orders (PO)/Contractual**
  - Document quotes, sole source, exemptions
  - Execute contracts prior to work beginning

- **Internal MOU’s (infrequent)**
  - Draft early, recommend running by OSP & have a final executed copy
Student Aid & Equipment

- **Student Aid**
  - Not allowed on *research* awards without prior approval
  - Tuition differentials-typically not allowable for consistency reasons

- **Equipment**
  - A useful life of more than one year and a *per-unit* acquisition cost which equals or exceeds $5,000
  - Adjustments to this category later on may require sponsor prior approval
Indirect Cost Considerations

- *Items typically treated as IC are often not appropriate to budget or charge as direct costs.*

- **Activity Type** (research, instruction, other sponsored activity/public service) determination impacts:
  - The F&A rate in which is budgeted
  - Various university-wide reporting
  - Determines program code in FOP string (e.g., 191000, 191100, 191200)

- **On campus vs. Off Campus**
  - If using off-campus rate, include explanation/justification why
  - Location(s) where majority of work is performed
Indirect Cost Considerations (cont'd)

- **Determining the correct IC base (MTDC vs. TDC)**
  - Full federal rates are usually MTDC
  - Other sponsors not using the federally negotiated rate are often TDC
  - Incorrect determination = reduction in ICR earnings or rebudgeting

- **Be mindful of MTDC exclusions**
  - Equipment
  - Rental/Lease of capital items
  - Subawards >$25,000
  - Tuition remission
  - Student aid (stipends, fellowships, scholarships, etc.)
  - Participant support
  - Patient care charges
Any Questions?