Budget and budget justifications

Personnel

Personnel salaries and benefits are typically the largest categories of expenses. Salary costs must be appropriate for the effort committed, consistent with the individual's base salary, and accurately reflected in the budget. The salary will need to be annualized and a cost of living escalation is acceptable with a statement like, “Salaries are adjusted by standard inflation rates each fiscal year at X% based on institutional practices. Year is defined as the institutional fiscal year (July 1 to June 30th)”

Personnel time spent working on a project should be expressed as hours, days, or months during the academic, summer or calendar year, as determined by the employee position type and sponsor requirements. The budget justification and budget should not include anyone who is not being paid from the grant.

Typical personnel categories include:

- **Key/Senior Personnel**: For each NDSU PI and NDSU Co-PI, list name, title, and amount of time committed to the project salary basis of the estimate.
- **Other Personnel**: Undergraduate Students, Graduate Students, Post-Doctoral Associates and other project personnel costs can be included as needed. When students are paid a wage on a grant, it is not referred to as a stipend in the budget justification.
- **Administrative and Clerical**: These salary costs generally are not allowable on grants.

The budget justification should include a brief description of each person's role and responsibility, the number of months requested, annualized salary.

Fringe benefits

If you are budgeting NDSU employee salaries (faculty, technical staff, students, etc.) to be paid from a sponsored project, you must also budget a proportionate amount for fringe benefits. Due to the increasing costs of employer paid benefits, fringe benefit rates change from time to time.

- NDSU's Human Resources/Payroll Office has developed spreadsheets to be utilized in order to determine the appropriate level of fringe benefits for all NDSU personnel included in your budget. Due to the great variance in fringe benefit ranges and the various employee benefit circumstances, it is best to calculate fringe benefits as close to actuals as possible in order to avoid a shortfall in funds available for fringe benefits.
- If you use Novelution, you can get the actual fringe benefit for all name personnel, but “building a budget here” feature.
- As an additional resource, the fringe benefit ranges listed below can be used for proposal budgeting purposes. Please be aware that the lower the annual salary, the higher the fringe benefit rate.

**Note**: Whether you utilize the Human Resources/Payroll Excel spreadsheets or the fringe benefit ranges listed below, these percentages are just estimates. On the budget justification is you use an estimate, please state, “NDSU charges the actual cost of each fringe benefit directly to projects.”
Fully Benefited Positions

Annual Salaries (above $100,000): 30%
Annual Salaries (between $75,000 and $99,999): 30 - 38%
Annual Salaries (between $50,000 and $74,999): 38 - 48%
Annual Salaries (between $25,000 and $49,999): 48 - 78%
Annual Salaries (below $24,999): 78%

Non-Benefited Positions:

Full-time graduate or undergraduate students:
(Students taking classes during the semester they are employed.) 3%

Part-time staff/students that do not meet ACA guidelines: (Includes students NOT taking classes during the semester they are employed, such as summer.) 10%

Part-time staff/students that do meet ACA guidelines: 10% + $4,564

Equipment
Equipment is defined as any one item, or one item fabricated from several required components, having a unit cost of $5,000 or more and a useful life of one year or more. This includes IT systems.

When budgeting for equipment:

- List individual items in excess of $5,000. Include hidden costs such as shipping, set-up and manufacturer’s technical support or maintenance.
- Some equipment may be fabricated. Include the cost of all required components.
- Software does not meet the equipment definition even if it is $5,000 or more
- Exclude all equipment costs from F&A calculation.

On the budget justification provide a statement as to the need, description of each item and source of the quote.

Travel
Many sponsored projects involve travel for research, collaboration, conference attendance, and other project-related purposes.

When budgeting for travel:

- Explain the need for travel and how the travel will benefit the project’s aims.
- Break out costs by airfare, hotel, per diem, etc. and identify location, if known.
- Conference costs and field work costs should be identified separately in a budget justification.
• Conference costs must be necessary to accomplish proposal objectives or to disseminate project results.

Domestic

• ND State fleet rental rates are location on NDSU’s Facilities Management webpage under Motorpool.
• Guidance related to employee and non-employee travel can be found on NDSU's Accounting webpage under Travel.

International

• Identify international travel separately from domestic travel in budget and budget justification.

In the budget justification, please provide an explanation of the costs including the source of the estimate and a table of the costs:

<table>
<thead>
<tr>
<th>Travel</th>
<th># of people</th>
<th># of days</th>
<th>Airfare</th>
<th>Hotel</th>
<th>Meals &amp; misc.</th>
<th>Transportation</th>
<th>Total</th>
</tr>
</thead>
</table>

Participant Support Costs
Participant support costs are costs charged to a sponsored project to support individuals who are receiving training as part of a workshop, conference, seminar, symposium or other short-term instructional or information-sharing project. Participant support costs are specifically identified in National Science Foundation (NSF) funding opportunities announcements, and are included by other sponsors but tend to be specific by program. Costs may include stipends or subsistence allowances, travel allowances, and other costs paid to or on behalf of participants.

Participants are not NDSU employees. Also, F&A is generally not charged on participant support costs.

Participant support costs are:

• **Stipend**: A set amount of dollars to be paid directly to a participant for attending a project training activity.
• **Subsistence Allowance**: The cost of participant housing and per diem expenses to attend project training activities. Costs are limited to days of attendance.
• **Travel**: Includes the transportation costs to attend a project training activity.
• **Other**: Includes registration fees and items that will be retained by the participant once the training is completed. Research supplies that are used by the participant can be in this category.

Participant support costs are not:
• Subject payments used for survey participants or focus groups.
• Speaker fees.
• Travel for PI or other project staff.
• Incentives (prizes), memorabilia or gifts or branded items.

Materials and Supplies
Materials and supplies are expendable items with a useful life of less than two years or a cost of under $5,000. Direct charging of supplies is allowed if they can be readily and specifically identified to a project. Cost estimates and a description of the items should be included in the budget justification.

Common examples of material and supply costs may include:

- **Project Specific Expendable Supplies**: lab resources, research tools, agronomy materials, animal costs, etc.
- **General Office Supplies**: pens, paper, toner, etc. generally are not allowable on federal grants. However, those related to specific project activities rather than general departmental activities may be allowable. Budgets that include such items must provide a description in the budget justification explaining how the items are related to the project objectives.
- **Printing**: Costs for typesetting or other design work necessary to create a master copy and reproduce the master copy to create the end product.
- **Copies/Duplication**: Typically copy costs are not allowable. However, costs associated with paying fees for the use of photocopy machines that are billed based on project usage costs may be allowable if they are an integral part of specific tasks associated with a project.
- **Computers and Electronic Devices**: Typically unallowable as a direct cost. However, when the principle use of the computer/electronic device directly supports the purpose, goals and activities of the project and is essential to the project activities, costs may be allowable. Rationale, quantity, and price should be included in the budget justification.
- **Hard drives are generally not allowable since IT has storage on campus for backup information.**

Publication costs/ Documentation/Disseminations
Publication costs are incurred in the publication of project results, including an article or reprint of such article or the cost of poster presentations. The purchase of a series of published material from an organization or society necessary to conduct or complete a project would also be categorized as publication costs.

Subawards
A subaward is a formal written agreement necessary when NDSU pays an external organization or entity to help carry out the technical and scientific aspects of a project, as compared to simply providing goods or services. A subaward relationship is generally described at the time of proposal submission and included in the budget, but is not formalized until after the award has been made to NDSU.

The subawardee:

- Must be identified in proposed budget to ensure that costs are calculated correctly and so that appropriate documentation can be included in the proposal.
• Must provide a statement of work, detailed budget, and signature approval of their authorized representative.
• Has considerable discretionary judgement and responsibility for programmatic decision making.
• Contributes to the scholarly/scientific conduct of the project as described in the statement of work for the prime award.
• Investigator would be considered as a co-author of publications resulting from the work performed under the prime award.

When budgets include subawards, apply NDSU F&A rate but only to the first $25,000 of each subaward.

**Equipment or Facility Rental**
Rental costs are incurred when renting or leasing equipment or space from a third party. These costs must be properly apportioned to specific project(s) based on project activities. Rental costs are excluded from F&A calculation.

Examples of lease/rental include:
- Equipment
- Meeting room
- Land
- Building/office/lab

**Consultant Services**
Consultants are external individuals/entities that provide professional advice or services consistent with their normal course of business and typically are paid a fixed rate. Consultants do not make project decisions, or have responsibility for the scope of work, and cannot be authors on publications.

- Cost estimates including the normal daily compensation rate, number of days of expected service and the work to be performed should be explained in the budget justification. Travel costs for the consultants can be included in this estimate.
- NDSU faculty/staff may not be paid as consultants in a sponsored project. NDSU personnel devoting time to a sponsored project should be included in the personnel line of the budget.

**Other costs**
- **Operating Fees:** This category includes any NDSU internal fees and all of NDSU’s recharge centers.
- **Professional Fees:** A fee for service that is outside of NDSU, but generally does not include other universities, unless this university has a recharge center.
- **Subject Incentive Payments:** Cash or other payment given to participants in research consistent with an approved IRB protocol. (Include in budget justification the correlation between the payment and research activity.)
- **Tuition** for graduate students working on a project may be an allowable cost. These costs should be called "tuition" rather than "tuition remission" in the budget justification. Tuition is excluded
from F&A calculation. Current cost of tuition for all students on a grant is $421.39 / credit. Current tuition rates can be found on NDSU's [Office Admissions](http://www.ndsu.edu/admissions) webpage.

**Facilities & Administrative Costs (F&A)/Indirect Costs (IDC)**

F&A, also known as indirect costs, are charges that cannot be directly tied to a project. However, a portion of these costs are recovered by NDSU through our federally negotiated F&A rate agreement. Types of activities (research, instruction, other) are defined in [NDSU Policy 813](http://www.ndsu.edu/policies).

- The inclusion of F&A is required on every proposal, unless such costs are specifically prohibited by the sponsor. However, effective 10/15/18, For proposals that are $10,000 or less submitted to Foundations or Non-Profit entities - these proposals will not be required to include F&A. Follow these links for a list of currently eligible [Foundation or Non-Profit sponsors](http://www.ndsu.edu/foundation) and [FAQs](http://www.ndsu.edu/faq) concerning this pilot project. If the sponsoring agency that you wish to submit your application to is not on this list, please contact SPA for guidance before completing your budget.
- If a funding opportunity has an F&A limitation/restriction, PI's should provide a copy of the funding opportunity with that section clearly marked.
- If a sponsor has an F&A limitation/restriction, PI's should provide a copy of the sponsor's policy.
- In most cases activities are considered to be on-campus. Departments that are off-campus include Research Extension Centers, Forest Service, and Agronomy Seed Farm.
- NDSU's federally negotiated F&A rate agreement can be found on the [Sponsored Programs Forms](http://www.ndsu.edu/sponsoredprograms) page.

### Current NDSU F&A Rates

<table>
<thead>
<tr>
<th>Sponsored Activity</th>
<th>On Campus</th>
<th>Off Campus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research (effective 7/1/2018-6/30/2023)*</td>
<td>45.0% of MTDC</td>
<td>26.0% of MTDC</td>
</tr>
<tr>
<td>Instruction (effective 7/1/2018-6/30/2023)*</td>
<td>50.5% of MTDC</td>
<td>26.0% of MTDC</td>
</tr>
<tr>
<td>Other Sponsored Activity (See above)*</td>
<td>43.2% of MTDC</td>
<td>26.0% of MTDC</td>
</tr>
</tbody>
</table>

*Effective dates are for projects starting within the date range specified.

On the budget justification, please reference the website for the F&A rate agreement.

### Other helpful items

**Cost share**

Cost share should only be included in a budget if the application guidelines indicate cost share is mandatory or if the guidelines indicate cost share is strongly encouraged. PIs are responsible for identifying and obtaining all cost share sources.

- Sponsors may have specific requirements for a certain percentage or type of cost share; be sure to read the guidelines carefully.
- Typical cost share items include: PI and Co-PI salary/fringe benefits, F&A associated with the salary/fringe benefits, and tuition remission.
• Any quantifiable cost share described in the proposal, including in the budget justification and/or institutional commitment letters, becomes a condition of the resulting award and must be documented and reported to the sponsor.

**Mandatory equipment match**
Some funding opportunities will have a mandatory match requirement. NDSU has a limited pool of central funds that may be available to assist in meeting the match requirement. If you have a grant proposal with an equipment match requirement:

• Submit a written request to the VP for Research for consideration of up to 1/3 of the required match.
• Identify the other sources (department, college, development funds, etc.) that will make up the remaining match.
• Request should be submitted at least 3 weeks prior to the proposal deadline.

**Sponsor Guidelines:**
Please read all of the sponsor guidelines for the submission. Most of the federal have general guidelines for submissions, but then specific guidelines for each grant. The specific guidelines are what are applicable to the funding opportunity and outline if there is a cap on the F&A, cost share, or other limitations for the application. Please review and send this document if there is cost share or F&A cap. This allows SPA to adhere to the policies in place applicable for cost share and F&A.

**Institutional Information**
Many grant applications need information about NDSU like the employer identification number or the DUNS number. On the SPA website is a list of institutional information. Please check this out: [https://www.ndsu.edu/research/sponsored_programs_admin/institutional_information/](https://www.ndsu.edu/research/sponsored_programs_admin/institutional_information/)