

Budget Preparation Reference Guide



Prepared by Kathy Thatcher, Liberal Arts Grants Services
Revised: August 24, 2016

Table of Contents

Introduction	2
How to Use This Guide	2
Best Practices for Budget Preparation	2
Direct Costs	3
Salaries	4
Percent Effort/Person Months	6
Fringe Benefits	6
Tuition	7
Travel	7
Materials and Supplies	7
Publications Costs	8
Equipment	8
Other (Direct) Costs	8
Computer Services/Time	8
Consultant Services	9
Subawards/Subcontracts	10
Contracts	10
Participant Support Costs	10
Exchange Rates	10
Indirect Costs	11
Cost Sharing (Matching, Leveraging)	12
Additional References	12
Liberal Arts Grants Services Contact Information	13

Introduction

One of the main objectives of Liberal Arts Grants Services is to empower faculty and graduate students to prepare exceptional grant proposal applications. Knowing that budget preparation can be one of the most daunting parts of the grant application, we have created this document as a tool to assist you. It contains guidance about how grant budgets are structured, appropriate line items to include in your budget, and links to UT and sponsor policies related to individual budget items.

How to Use This Guide

This guide is structured according to the two broad categories included in a grant budget – direct costs and indirect costs. A discussion of cost sharing and matching funds is also included. Individual line item budget categories are included in table format, and the links to policy for each budget category are found in the adjacent cells. For each topic we include explanations about how to calculate individual budget line items, and how to describe the budget items in the budget justification. The items are listed in the order in which they are most often found in budget documents.

Reading this reference guide from beginning to end will provide you with an understanding of how to prepare a complete budget, including budget formatting and the language used in grant proposal budgets. As you are preparing your budget, you may prefer to go directly to the discussion of each individual budget cost category for direction in calculating costs and understanding the policies related to that particular budget item.

Best Practices for Budget Preparation

1. Perform a cost analysis instead of guessing at amounts.
2. Use the same budget figures in all documents that list a particular expense. The figures must match in all documents, including the budget, budget justification, letters of commitment, and cost share forms.
3. Do not round. \$4,333 is not the same as \$4,300 or \$4,330.
4. Discuss the institutionally allowed amounts with your departmental administrative support personnel and/or your research administrator, especially for travel expenses, salary information, and tuition.

DIRECT COSTS

“Direct costs are those costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy” (OMB Uniform Guidance §200.403).

Direct costs in a sponsored project budget must be allowable, allocable, and reasonable.

Allowable Costs

Expenses charged to a sponsored research award must meet the following allowableness criteria (OMB Uniform Guidance §200.403):

- The costs must be reasonable.
- The costs must be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances.
- The costs must conform to any limitations or exclusions set forth in the sponsored agreement or in the Federal Cost Principles.

Allocable Costs

The cost has been incurred solely to support or advance the work of a specific sponsored research award (OMB Uniform Guidance §200.405).

Reasonable Costs

Reasonable costs are defined as costs that do not exceed the cost that a prudent person would pay under the circumstances prevailing and the time the cost is incurred. (OMB Uniform Guidance §200.404).

References:

- Dartmouth College: <http://www.dartmouth.edu/~osp/resources/manual/post-award/costs.html>
- OMB Uniform Guidance: <http://www.maximus.com/higher-education/omb-uniform-guidance>
- UT Austin Handbook of Business Procedures, Part 10
http://www.utexas.edu/business/accounting/hbp/10_costing/costing3-4.html

Helpful links

COLA Business Affairs Procedures Guide: <http://liberalarts.utexas.edu/business-affairs/manual/>

The University of Texas at Austin's Handbook of Operating Procedures: <https://www.policies.utexas.edu/policies>

Types of Direct Costs	
Salaries— Faculty	<ul style="list-style-type: none"> • UT Austin faculty salaries are based on a 9-month academic year from September 1 to May 31. • Salary calculations are based on actual full-time academic salary rate for 9 months per year. • UT Austin faculty may devote 25% time during the academic year to perform grant work, and 100% time during the summer months if they have no other duties during the summer months. Course buyouts or approved leave of absence are required when academic year research time exceeds 25% and/or the faculty member is scheduled to teach summer courses. • Faculty effort over 25% per year across all grants held by a faculty member must be approved by the Associate Dean for Research. • How to calculate course buyouts <ul style="list-style-type: none"> ○ You have a 2/2 teaching load and you want of buyout one course each long semester (one in Fall and one in Spring) = 33.33% x salary or 16.67% per semester. ○ If you want to buy out all of the courses you teach, approval from your Chair and the Dean's Office is required. This is rarely allowed. You have a 2/2 teaching load and you want to buyout 2 courses each long semester (2 in Fall and 2 in Spring) or if you have a 1/1 teaching load and want to buy out the only course you teach = 66.67% x salary or 33.33% per semester. ○ COLA policy: http://liberalarts.utexas.edu/business-affairs/manual/Faculty-Leaves/#tipsfaqs. • Research Leaves <ul style="list-style-type: none"> ○ Faculty may request a research leave to work on a grant during the academic year when they have a sponsored award that will pay part of the faculty salary. If the grant pays 50% or more of your salary you may request a salary top-off from COLA. The types of research leaves available in COLA and the process for making requests for these leaves are explained here: http://liberalarts.utexas.edu/academic-affairs/faculty-affairs/research-and-development.php. • Sponsor Specific Salary Information <ul style="list-style-type: none"> NIH <ul style="list-style-type: none"> ○ NIH budget instructions http://grants.nih.gov/grants/developing_budget.htm ○ Annual salary cap for faculty who are paid salary from a grant. See: http://grants.nih.gov/grants/policy/salcap_summary.htm for current information. NSF <ul style="list-style-type: none"> ○ May request a 2% or 3% increase in subsequent years of a grant. ○ Allows a maximum of 2 months of salary per grant year on all NSF grants combined for faculty principal investigators (PI), co-PIs, and Senior Key Persons. See the NSF Proposal and Award Policies and Procedures Guide 16-1, October 2015 edition, located at http://www.nsf.gov/pubs/policydocs/pappguide/nsf16001/gpg_2.jsp#IIC2gj
Salaries— Postdocs	<ul style="list-style-type: none"> • COLA recommends a starting salary of \$47,476 for first year postdocs. <ul style="list-style-type: none"> ○ http://www.policies.utexas.edu/policies/research-titles
Salaries— Graduate Students	<ul style="list-style-type: none"> • UT Austin Policy Statements About Student Employees: <ul style="list-style-type: none"> ○ http://www.utexas.edu/hr/student/compensation.html ○ http://policies.utexas.edu/policies/graduate-and-undergraduate-research-assistants ○ https://research.utexas.edu/osp/prepare-submit-proposal/proposal-administration/proposal-guidance-documents/ • If the project is a research project your graduate student employees must be hired as research assistants. The title used is determined by the job duties assigned. • Appointments for Graduate Research Assistants (GRAs) may not exceed 20 hours per week during the first two long-session semesters of graduate study at UT Austin and 30 hours per week during subsequent long-session semesters. • International students may work no more than 20 hours per week during the fall and spring semesters and during summer sessions. • Graduate students are hired semester-by-semester. This means they will have separate

	<p>appointments for Fall, Spring, and Summer. When developing your grant budget, the grant periods in the first and last years of the budget must allow for full semester appointments of your graduate research assistants.</p> <ul style="list-style-type: none"> • The College of Liberal Arts Dean’s Office recommends 20 hour per week appointments for graduate students. • Graduate students on grants are paid the same minimum salary rate as COLA Teaching Assistants (TA) and Assistant Instructors (AI). The Dean’s Office sets these rates annually. • Current COLA rates are available at http://liberalarts.utexas.edu/business-affairs/manual/TAAIHR/taai-academicrates.php • Grant budget calculations for GRAs for 2016-2017 (calculate an additional 2% increase for 2017-2018): <ul style="list-style-type: none"> ○ TA1 = \$13,685 at 20 hours per week (w/ Bachelor's degree) for a 9-month appointment. This salary is based on a full time equivalent (FTE) rate of \$27,369 for a 9-month period at 40 hours per week. ○ TA2 = \$15,075 at 20 hours per week (with Master's degree) for 9 months. This salary is based on an FTE rate of \$30,149 for a 9-month period at 40 hours per week. ○ AI = \$17,043 at 20 hours per week for 9 months. This salary is based on an FTE rate of \$34,086 for a 9-month period at 40 hours per week. ○ When hiring a graduate student for 12 months per year additional summer salary is added to the amounts above based on the monthly rate of pay.
<p>Salaries— Undergraduate Students</p>	<ul style="list-style-type: none"> • If your project is a research project, your undergraduate student employees must be hired as Undergraduate Research Assistants (URAs). • Undergraduate student policy, procedure, and wage rates can be found at: <ul style="list-style-type: none"> ○ http://hr.utexas.edu/student/compensation.html ○ http://policies.utexas.edu/policies/graduate-and-undergraduate-research-assistants • Undergraduate students are hourly employees hired on a semester-by-semester basis. This means they will have separate appointments for Fall, Spring, and Summer. When calculating wages for URAs, provide the following information to justify the amounts: designate hours per week, wages per hour, and how many weeks or months per semester, summer, or year they will work on the project. <ul style="list-style-type: none"> ○ Example 1: \$10/hour x 20 hours/week for 12 months/year ○ Example 2: \$10/hour x 20 hours/week for fall and spring semesters ○ Fall and spring semesters = 4.5 months each ○ For summer semester appointments, indicate first session, second session, or full summer semester. <ul style="list-style-type: none"> ▪ “A student may work in an undergraduate research position during the summer if that student either: (1) was enrolled in at least 12 credit hours during the entirety of the previous spring semester; or (2) is enrolled in at least 3 hours over the course of the semester session.”
<p>Salaries— Administrative & Clerical</p>	<p>Generally, administrative and clerical salaries are included in the indirect cost rate. Direct charging of these costs may be appropriate only if all of the following conditions are met:</p> <ol style="list-style-type: none"> 1) Administrative or clerical services are integral to a project or activity. 2) Individuals involved can be specifically identified with the project or activity. 3) Such costs are explicitly included in the budget or have the prior written approval of the federal-funding agency. 4) The costs are not also recovered as indirect costs. <p>OMB Uniform Guidance, §200.413 Direct Costs: http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl</p> <p>Administrative assistant and administrative associate titles are included in UT Austin's indirect cost rate. Therefore, if your project requires a significant need for administrative support, it is recommended that you hire part-time, temporary employees. Suggested titles are in the Social Science/Humanities Research Assistant group. Costs for these employees are allowed in the budget as a direct cost.</p> <ul style="list-style-type: none"> • Provide annual salary amount, number of hours per week, and number of months per year they will work and a brief description of their job duties in the budget justification. • These are sample budget justification statements for salary of administrative and clerical workers. <ul style="list-style-type: none"> ○ Full-Time Example: \$30,000/year (40 hours/week x 12 months)

	<ul style="list-style-type: none"> ○ Part-Time Example: \$30,000/year (full time) base rate. Employee will work 20 hours/week for 12 months per year
<p>Percent Effort/Person Months</p>	<p>“Person-months is the metric for expressing the effort (amount of time) PI(s), faculty, other senior personnel, and research assistants devote to a specific project. The effort is based on the type of appointment of the individual with the organization; e.g., calendar year (CY), academic year (AY), and/or summer term (SM); and the organization's definition of such. For instance, some institutions define the academic year as a 9-month appointment while others define it as a 10-month appointment.” (UT Austin’s academic year is based on 9 months for faculty and 12 months for classified personnel.) (See http://grants.nih.gov/grants/policy/person_months_faqs.htm#1040 for instructions on how to calculate person months.)</p> <ul style="list-style-type: none"> • The UT Austin Handbook of Operating Procedures 7-1010 (https://www.policies.utexas.edu/policies/effort-certification) provides policy about effort on sponsored projects: <ul style="list-style-type: none"> ○ A minimal commitment of 1% is required on the part of the PI and other key personnel. The minimum requirement does not apply to: <ul style="list-style-type: none"> ▪ Equipment grants ▪ Dissertation grants <ul style="list-style-type: none"> • Other award intended as "student augmentation" • Limited-purpose grants such as travel grants or conference support. ○ Effort can be expended during the academic year, the summer, or both. • NSF and NIH require person-months in the budget justification. • NEH requires percent time in the notes or budget justification. • Calculation for person-months is based on percent time. • Conversion of percentage of effort to person-months is straightforward. To calculate person-months, multiply the percentage of your effort associated with the project by the number of months of your appointment. For example: <ul style="list-style-type: none"> ○ 25% of a 9-month academic year appointment equals 2.25 academic year (AY) person-months (9 x 25%= 2.25 person months) ○ 10% of a 12-month calendar appointment equals 1.2 calendar year (CY) person-months (12 x 10% = 1.2) ○ 35% of a 3 month summer-term appointment equals 1.05 summer months (SM) person-months (3 x 35% = 1.05 person-months) ○ Another example: If the regular pay schedule of an institution is a 9-month academic year, and the PI will devote 9 months at 30% time/effort and 3 months summer term at 30% time/effort to the project, then 2.7 academic months and 0.9 summer months should be listed in the academic and summer term blocks of the application (9 x 30% = 2.7 person-months; 3 x 30%= 0.9 person-months). ○ Online tool for calculating person-months: NIH Person Month Calculator Percent of Time & Effort to Person Months Calculator.
<p>Fringe Benefits</p>	<p>Estimated as a percentage of the salary requested in budget:</p> <ul style="list-style-type: none"> • 30% for faculty and research staff paid from grant • 30% for graduate students • 10% for undergraduate students <p>Include this statement in the budget justification (modify as needed): "Fringe benefits have been calculated at 30% of the PI salary and Graduate Research Assistant’s salary, and 10% of Undergraduate Research Assistants’ salaries. Sponsored awards are responsible for the actual fringe benefits incurred by each employee. Fringe benefits costs have been estimated based on historical data. However, actual costs for fringe benefits are charged (billed) to the sponsored project at the time the cost is incurred, based on salary, selected benefits package, and other variables applicable to the individual."</p> <p>UT Austin fringe benefit information: https://www.utexas.edu/payroll/fringe.html</p>

<p>Tuition— Graduate Students</p>	<ul style="list-style-type: none"> • Grants are required to cover tuition for Graduate Research Assistants (GRAs). The policy and other information regarding this requirement is located at https://research.utexas.edu/osp/prepare-submit-proposal/proposal-administration/proposal-guidance-documents/. • GRAs must be enrolled full-time for nine hours during the long semesters and for three hours during the summer. Reference: https://hr.utexas.edu/documents/student_enrollment_requirements.pdf <ul style="list-style-type: none"> ○ GRAs assigned for a minimum of 20 hours per week get full tuition coverage. ○ GRAs assigned for less than 20 hours per week get tuition coverage in proportion to the number of hours they are assigned to the grant. ○ If the sponsor does not cover tuition, the department must address how the tuition will be paid and provide an account number. • Summer Tuition for Graduate Students: <ul style="list-style-type: none"> ○ Students engaged in full-time academic employment, either as a GRA or as a TA/Al, must enroll for three hours of coursework. The tuition for these hours should be included in the grant budget. If the nature of the student's work is non-academic, the supervisor can request a non-academic title and waiver of the tuition requirement per the Office of Graduate Studies' instructions: http://www.utexas.edu/ogs/employment/summer-employment.html ○ Students conducting independent research abroad may enroll for Independent Study and Research (ISR). Tuition for ISR is minimal. Information about how to apply and the conditions of ISR enrollment are available through the International Office at http://world.utexas.edu/abroad/programs/isr.
<p>Travel</p>	<ul style="list-style-type: none"> • Discuss travel authorization and reimbursement specifics with the administrative support person who arranges and reimburses travel for your department. • Go to http://travel.utexas.edu/ to access current travel information and https://austin-utexas.custhelp.com/app/answers/list/search/1/kw/travel%20reimbursement%20rates/suggested/1 for information about approved UT Austin reimbursement rates, information about booking with UT's contracted travel agencies, and other important travel information. • Determine costs for each trip based on the number of travelers. You may include: <ul style="list-style-type: none"> ○ Airfare: You may book airfare with an online reservation tool or through Anthony Travel or Corporate Travel Planners (the two university travel contractors). You may also book your airfare using Internet services (Kayak, Orbitz, etc.). Grants will reimburse coach airfare and you must use airlines allowed by the Fly America Act. See the U. S. General Services Commission site at http://www.gsa.gov/portal/content/103191 for information about the Fly America Act. ○ Hotel costs: Include the number of nights multiplied by the cost per night. ○ Ground transportation: Include taxi fares, personal car mileage based on the current allowed mileage rate, rental car costs, fuel for rental cars, bus fares, train fares, etc. ○ Conference registration fees ○ Visa fees, if the sponsor allows this cost ○ Per diem: <ul style="list-style-type: none"> • UT Austin's rate is \$41/day, or you may use rates on the GSA website. You will be reimbursed according to UT and COLA travel policies, regardless of the amounts you include in the grant budget. • Include the day of return trip in per diem estimates.
<p>Materials & Supplies (Consumables)</p>	<ul style="list-style-type: none"> • Materials and supplies must be used exclusively for the specific grant project that pays for them. • Perform a cost analysis to get reasonable prices. • Office supplies are considered indirect cost items and are not allowable as direct costs in grant budgets. • Materials and supplies may include items of equipment that cost less than \$5,000 per unit price. • Computers, software, and other computerized and digital equipment are considered indirect cost items and are not allowable as direct costs in grant budgets, unless they will be used primarily for your project and you can justify the need (OMB Uniform Guidance §200.453) <ul style="list-style-type: none"> ○ Strong justification is needed for computer equipment requested in the grant budget and should address these questions:

	<ul style="list-style-type: none"> ▪ How will the computer be used for the project work? ▪ Why is the computer equipment currently available to the PI insufficient?
Publication Costs	<p>Calculate the anticipated cost for documenting, preparing, publishing, sharing, and disseminating your research results. Do a cost analysis by checking costs for various publishers and journals in your discipline. Publication charges are usually posted on the publishers' web sites. They may include:</p> <ul style="list-style-type: none"> • Page charges • Cost of color illustrations • Submission and review fees • Reprint charges • Other publication costs
Equipment	<ul style="list-style-type: none"> • \$5,000+ per unit price; expected lifetime of 1 year or more • Include price quotation for each item • Justify the need for the equipment, addressing these questions: <ul style="list-style-type: none"> ○ How will the equipment be used for the project? ○ Why is the equipment already available on campus or in the department insufficient? • Follow UT Austin's purchasing procedures when buying equipment, which may require bids.
Other (Direct) Costs	<p>Use this category for items not normally considered to be Materials and Supplies, for items that you want to track separately, and for items that do not fit well into other budget categories. For example:</p> <ul style="list-style-type: none"> • Human subjects payments • Core facilities fees • Animal Resource Center fees • Visa fees (these fees may also be included under the travel cost category) • Fees to foreign entities for access to parks, reservations, preserves, archives, etc.
Computer Services/Time	<p>This budget category is reserved for computer-based retrieval of educational, technical, or scientific data:</p> <ul style="list-style-type: none"> • Computer time costs should be included as a budget item, if appropriate. • If non-sponsor funded computer time is needed, arrangements must be made in advance with your academic department or research unit. • Overhead applies to all types of computer time, and to all computer supply budgets. • See the OSP Handbook for more information https://research.utexas.edu/osp/prepare-submit-proposal/budgets/ • Examples of UT Austin facilities that charge for time on computer equipment: <ul style="list-style-type: none"> ○ Texas Advanced Computing Center (TACC) ○ Imaging Resource Center
Consultant Services— Outside Consultants	<ul style="list-style-type: none"> • Consultants are recognized experts in their field whose consultation is needed to complete the project but who can be replaced by someone else, if necessary. • Consultants will not work for extended periods of time on the grant, generally considered less than two weeks per grant year. • Whenever possible, identify the proposed consultant by name, indicate the number of days of work and daily rate, and provide a curriculum vitae or the sponsor's required biographical sketch and a letter of commitment from the consultant in the proposal. • Allowable consultant costs: <ul style="list-style-type: none"> ○ Consulting fees ○ Travel expenses ○ Subsistence – lodging and meals • Some sponsors do not allow consultants or limit their involvement and fees.
Consultant Services— UT Faculty	<ul style="list-style-type: none"> • "Normally, fees for consulting, lecturing, or other professional services, in addition to full-time salaries, will not be paid to faculty, professional, or other similar staff in the same department or administrative unit." Please visit http://policies.utexas.edu/policies/faculty-consulting-and-other-professional-activities-including-outside-employment for details about this policy and the procedures for approval (UT Austin's Handbook of Operating Procedures HOP 2-2220 Faculty Consulting and Other Professional Activities)

	<ul style="list-style-type: none"> Some sponsors do not allow consultants or limit their involvement and fees. See the sponsor's solicitation for details.
<p>Subawards (subcontracts)</p>	<p>Subawards, sometimes called subcontracts or subrecipient agreements, are agreements made with other organizations whose personnel and resources will be integral to the completion of the project work. Generally, subawards are contractual agreements with other colleges or universities. "Yes" answers to these questions usually indicate that the entity should be treated as a subrecipient:</p> <ul style="list-style-type: none"> Will the entity have the authority to determine who is eligible to receive federal financial assistance? Is the entity's performance measured against whether the objectives of the federal program are met? Does the entity have responsibility for programmatic decision-making? Does the entity have responsibility for adherence to applicable federal program compliance requirements? Will the entity use the federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity?" See OMB Uniform Guidance (§200.330): https://www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards#h-142 Budget items for subawards may include the same categories as the lead institution's budget. Indirect costs must be included based on the federally negotiated indirect cost rate of the subrecipient organization and the appropriate sponsoring agency rules. When the subrecipient does not have a federally negotiated indirect cost rate, 10% indirect costs should be included in the subaward budget. Provide a copy of the organization's federally negotiated indirect cost rate agreement to Liberal Arts Grants Services. <p>UT's Office of Sponsored Projects (OSP) will assist with processing subawards that are part of an awarded grant project. Subawards that are pre-approved by OSP at the time the grant is submitted to the sponsor require less processing time after the grant has been awarded. Information about OSP's subaward processing may be found at https://research.utexas.edu/osp/negotiate-and-set-up-awards-subawards/subawards/ Examples of solicitations with subawards include some NSF and NIH collaborative submissions, as well as submissions to other federal and foundation sponsors that include substantial programmatic or project work being performed by other colleges, universities, or private and industry partners.</p> <p>The COLA Subaward Preparation Tool Kit is available at: http://www.utexas.edu/cola/research/files/pdf/grants-contracts/Subaward Preparation Tool Kit 1-20-2016.pdf. This document contains instructions for preparing subawards for your grant application.</p> <p>International Subawards</p> <ul style="list-style-type: none"> Some international contracts require Board of Regents approval. Information about the process can be found at: http://www.utexas.edu/business/vp/contracts_agreements/contract_special_handling.html International subawards negotiated by OSP do not need Board of Regents approval. <p>Required documents for a complete subaward package:</p> <ul style="list-style-type: none"> Budget Budget Justification Statement of Work (Scope of Work) Letter of Commitment from PI Letter of Intent signed by the institution's authorized organizational representative <p>Tips for subaward preparation:</p> <ul style="list-style-type: none"> Start early. Subaward documents will be due to the lead institution prior to the sponsor's deadline. The lead institution should provide you with a deadline for receipt of the

	<p>approved subaward documents.</p> <ul style="list-style-type: none"> • Subaward should start about 1 month after the lead institution's project start date. • Subaward should end about 1 month before the lead institution's end date. • Lead institution should provide the subaward PI with a total amount allowed.
<p>Contracts</p>	<p>Contracts are legal agreements with an entity providing goods or services needed to complete your proposed project work. "Yes" answers to these questions usually indicate that the entity should be treated as a contractor instead of a subrecipient:</p> <ul style="list-style-type: none"> • Does the entity provide goods and services within its normal business operations? • Does the entity provide similar goods and services to many different purchasers? • Does the entity operate in a competitive environment? • Does the entity provide goods or services that are ancillary to the operation of the federal program? • Is the entity exempt from the compliance requirements of the program as a result of the agreement? <p>See OMB Uniform Guidance (§200.330): https://www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards#h-142</p> <p>Contracts may be negotiated by OSP, the Business Contracts Office, or Purchasing.</p> <p>International Contracts</p> <ul style="list-style-type: none"> • Some international contracts require Board of Regents approval. Information about the process can be found at: https://businesscontracts.utexas.edu/special-handling • International contracts negotiated by OSP do not need Board of Regents approval. For assistance with international contracts that are not negotiated by OSP please see the information available from COLA Business Affairs at: https://liberalarts.utexas.edu/business-affairs/manual/international-contracts/
<p>Participant Support Costs</p>	<p>Participant support costs are direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with meetings, conferences, symposia, or training projects. These costs are allowable with the prior approval of the awarding agency.</p> <p>See OMB Uniform Guidance (§200.75): https://www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards#sec-200-75</p> <ul style="list-style-type: none"> • UT Austin's guidance on participant support Costs: https://research.utexas.edu/osp/prepare-submit-proposal/proposal-administration/proposal-guidance-documents/ • Allowable participant support costs: <ul style="list-style-type: none"> ○ Stipend ○ Travel Expenses ○ Registration Fees ○ Subsistence Costs – lodging and meals. ○ Others Costs – on a case-by-case basis
<p>Exchange Rates</p>	<p>International grants, agreements, and contracts are subject to the exchange rate between U.S. Dollars (USD) and the appropriate foreign currency. Exchange rates fluctuate daily. Your account will reflect the negative or positive impact of the exchange rate current at the time of each transaction. Accounts should be monitored carefully, because if the account has a negative balance due to exchange rate fluctuations, the department will have to make up the difference.</p>

INDIRECT COSTS (Facilities & Administrative Costs; Overhead)

“F&A costs are those costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, instructional activity, or any other institutional activity.” These include—but are not limited to—utilities, building maintenance, library costs, general administrative costs, and office supply costs (copiers, printer, faxes, telephones, paper, pens and pencils, etc.).

See OMB Uniform Guidance (§200.414): <https://www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards#h-142>

Application of Indirect Costs	
UT Austin’s Current Indirect Cost Rates	<ul style="list-style-type: none"> • Research Projects: 9/1/2016 – 8/31/2018 = 56.5% • Other Sponsored Projects Rate: 38% • Off-Campus Research Rate: 26% • Training Rate: 50% • State, City, County Rate: 15% <ul style="list-style-type: none"> ○ Effective 12/26/2014, projects funded through non-federal entities including State, Local, and City agencies with federal pass-through funds must use the federal negotiated rate. • Proposals to not-for-profit agencies without published rates: 15% • The above-referenced rates are effective until 8/31/2018. <p>References:</p> <ul style="list-style-type: none"> • UT Austin F&A Memo: https://research.utexas.edu/osp/resources/fa-memo/ • UT Austin’s Current F&A Rate Agreement: https://research.utexas.edu/wp-content/uploads/sites/5/2015/10/Revised_FAmemo_9oct2014.pdf
Indirect Costs Calculations	<ul style="list-style-type: none"> • Total Direct Costs (TDC) – The indirect cost percentage is calculated based on the total direct costs included in the budget. • Modified Total Direct Costs (MTDC) – The indirect cost percentage is calculated based on the total direct costs (TDC) minus: <ul style="list-style-type: none"> ○ Tuition ○ Equipment (\$5,000+) ○ Amount of subcontract/subaward over \$25,000 ○ Participant support costs, in some cases (check with your research administrator or OSP for the appropriate calculation) ○ Rental costs of off-site facilities ○ Fellowships ○ Scholarships ○ Patient care costs
Indirect Costs Waivers or Reduction Requests	<ul style="list-style-type: none"> • To use an indirect cost rate other than the research rate, or to request a waiver of indirect costs: <ul style="list-style-type: none"> ○ Prepare the budget and budget justification using the indirect cost rate you are requesting. ○ Prepare an abstract. ○ Send the request for waiver or reduction with the budget, budget justification, and abstract attached to Associate Dean Esther Raizen (raizen@austin.utexas.edu), cc: to Vanesa Lopez (volopez@austin.utexas.edu). ○ Associate Dean Esther Raizen will review the request. ○ Upon approval by Associate Dean Raizen the request will be forwarded to the appropriate person in the Vice President for Research’s Office for final approval. • Send an email message Vanessa Lopez (volopez@austin.utexas.edu) to request a copy of "Requesting Reductions or Waivers of IDC 1-6-16." Instructions and a form are available in this document.
Foundation or non-profit special information	<ul style="list-style-type: none"> • UT Austin will honor any indirect cost rate stated in writing by the sponsor. • Provide the URL, a letter, or email message from an authorized official at the organization explaining the organization’s indirect cost rate policy. • If no documentation is available, the 15% indirect cost rate will be applied to your budget. Approval from Associate Dean Esther Raizen is required.

	<ul style="list-style-type: none"> Indirect costs are calculated on TDC (no budget categories are exempt) with no exceptions when the sponsor does not allow UT to collect its full indirect cost rate in the proposal. This often happens with foundations that limit the amount of indirect costs allowed to be included in the budget.
--	--

COST SHARING (Matching, Leveraging)

“Cost sharing is that portion of a total sponsored project’s costs that are paid from sources other than the funds provided by the sponsor. Cost sharing can either be required by a sponsor as a condition of the award (Mandatory Committed) or it can be voluntarily pledged (Voluntary Committed) when it is not a sponsor requirement.

Some agencies make a distinction between “Cost Sharing, “In-kind” and “Matching.” Generally, all these terms refer to costs not charged to the sponsor. These terms can refer to cash contributions, contributed time, and in-kind services whether from The University or third-party sources.

Cost sharing has a significant financial impact on the department providing the funds and on The University as a whole. Commitments should be held to a minimum. The University procedure is to provide cost sharing only when required by agency guidelines, delineated in specific program announcements, or necessary due to the competitive nature of the proposal.”

See UT’s Cost Sharing Procedures at

<https://research.utexas.edu/osp/prepare-submit-proposal/cost-sharing/cost-sharing-faqs/>

Types of Cost Sharing	
Contributed Effort	Time contributed by the PI to the project for which he/she is not paid. A PI may contribute up to 25% time during the academic year without prior approval. Percentages above that amount have to be approved by the Chair, Dean, or appropriate administrator.
Mandatory Committed	Required by the sponsor as a condition of obtaining an award. Cost sharing must be included or a proposal will receive no consideration by the sponsor.
Voluntary Committed	Represents resources offered by The University when it is not a specific sponsor requirement.
In-Kind	Contributions represent the value of non-cash contributions provided by The University or non-Federal third parties. When such contributions benefit a sponsored project, they generally may be counted as Cost Sharing. Examples include department funds used to cover travel, tuition, supplies, equipment, and PI and Co-PI salaries.
Matching	Involves a University contribution of hard dollars or funds specifically appropriated for and allocated to the project.
Cost Share Form	<p>https://research.utexas.edu/wp-content/uploads/sites/5/2016/03/OSP_Cost_Share_Form03292016.pdf</p> <p>By returning this form with the account numbers included, the PI/PD is certifying that each authorized account owner for the corresponding cost share amounts has agreed to the cost sharing included in the budget.</p>
Letter of Commitment	<ul style="list-style-type: none"> Required for all cost sharing included in grants. Includes confirmation that, should the grant be awarded, the organization agrees to provide the services and work stated in the project proposal. Must quantify the amount of cost sharing committed. The Chair and the appropriate Dean should sign UT letters of commitment. Letters of commitment from sources outside UT must be signed by someone at that organization who is authorized to make the commitment for the organization.

Additional References:

- OSP Handbook: <https://research.utexas.edu/osp/resources/osp-handbook/>
- OMB Uniform Guidance, CFR Part 200, effective 12/26/2014, <http://www.maximus.com/higher-education/omb-uniform-guidance>

Liberal Arts Grants Services Contact Information:

Vanessa Lopez, CRA

Phone: 512-232-0716

Email: volopez@austin.utexas.edu

Brook Davis

Phone: 512-232-0760

Email: davis@austin.utexas.edu

Visit the Liberal Arts Grants Services website at <https://liberalarts.utexas.edu/research/grants-contracts/>