

### Key Concepts & Categories in Building Your Budget

Category	Possible components	Considerations
Personnel Costs (MSU)	<ul style="list-style-type: none"> <li>Educators, program instructors, principal investigators, coordinators, staff, presenters, etc.</li> <li>Annual appointments (12 mo.), academic appointments (9 mo.) &amp; summer salary</li> <li>Graduate students (G.A. or R.A.) -- ¼, ½, ¾, or full time</li> <li>Undergrad, temp</li> <li>Salary and fringes for non-MSU personnel are not included</li> </ul>	<ul style="list-style-type: none"> <li>Who all will be involved on the grant?</li> <li>What percentage of their time will they work on the grant? Will it vary by grant period?</li> <li>For hourly positions, what is the number of hours and rate?</li> <li>Can these people <i>actually</i> get paid from the grant funds, or is all of their time already spoken for (effort reporting)?</li> <li>Does the agency have a maximum limit on salary?</li> </ul> <p>MSU employees' <u>current salaries</u>, as of that day, are pulled into the budget version in Kual Research (KR). KR automatically calculates the fringe and applies inflation at appropriate intervals.</p>
Fringe	<ul style="list-style-type: none"> <li>Fringe benefits for employees 50% - 100%</li> <li>Affordable Care Act (ACA) fringe</li> <li>Healthcare for Grad Assistants</li> </ul>	<ul style="list-style-type: none"> <li>Fringe is split into four categories: 1) retirement; 2) FICA (Federal Insurance Contributions Act); 3) other/miscellaneous; &amp; 4) health, dental &amp; prescription.</li> <li>Each personnel type will have slightly different rates. For example, a temp person may only have FICA, but a staff person working the same hours may be eligible for all four categories.</li> <li>KR will get you the most accurate fringe rate based on today's salary and employment status.</li> <li>If you know your employee will need ACA, this is entered manually into KC.</li> <li>Grad Assistantship benefits are charged in flat dollar amounts based upon the cost of health care and the average number of credits waived.</li> </ul>
Equipment	<ul style="list-style-type: none"> <li>Useful life span &gt; 1 year</li> <li>Total cost &gt; \$5,000</li> </ul>	<p>To be considered "Equipment", an item must have a useful life span of over one year, be a stand-alone item, and cost over \$5,000.</p>
Travel	<ul style="list-style-type: none"> <li>In-state mileage</li> <li>Conferences (local, state, international)</li> <li>Meals for meetings</li> <li>Vehicle rental</li> </ul>	<p>Consider the different types of costs included on a travel expense report and what type of travel you will have to do for this grant. This could include programming travel; travel required by the solicitation; trips to meet collaborators, participants, farms, etc.; travel to conferences directly related to grant disseminate knowledge.</p>

		<p>Travel detail includes: mileage on personal vehicle or vehicle rental costs including fuel expense; taxi to/from hotel/airport, bus rental for field trips, flights, baggage, hotels, per diems, and conference registration fees.</p> <p>Include in the justification: who is traveling, the travel date(s), the number of trips, the destination, and the purpose of the trip.</p>
<p><b>Participant support costs</b></p>	<ul style="list-style-type: none"> <li>• Non-MSU people</li> <li>• Direct costs paid on behalf of participants or trainees in connection with a conference or training projects</li> <li>• By paying a participant, nothing is gained by MSU; the benefit is by the participant only</li> </ul>	<p>Include participant support costs when there is conference or event that you want people (farmers, students, teachers, parents) to attend and benefit from the information, but you don't want to charge a fee. You can support participants with 1) a stipend for their time, 2) per diem for their meals while traveling, 3) mileage for their travel, and 4) other items like registration fees, lodging, and/or conference-provided meals.</p> <p><i>*Not to be confused with Participant Incentives. An example of this is providing an incentive (such as a gift card) to individuals who complete a program evaluation survey.</i></p>
<p><b>Other Direct Costs</b></p>	<p>Examples include:</p> <ul style="list-style-type: none"> <li>• Materials</li> <li>• Publication costs/Documentation/Dissemination</li> <li>• Postage</li> <li>• Consultant services</li> <li>• Computer services</li> <li>• Subcontracts</li> <li>• Equipment or facility rental</li> <li>• Software</li> <li>• Other</li> </ul>	<p>Smaller items such as pens and paper are normally covered by the F&amp;A costs. Unless the amount of such items are above normal for this specific grant, you cannot "double dip" (cost line and F&amp;A line).</p> <p>Most of these items are self-explanatory, but some will need more justification: Explain why you need a new laptop (field work, larger processor, etc.). Explain why you need a lot of paper (large printing jobs for curriculum hand-outs; marketing flyers, etc.)</p>
	<p><b>Materials</b></p>	<p>This includes all project-specific, tangible items, such as: field computers, handouts, camera, flip charts, etc.</p>
	<p><b>Publication Costs</b></p>	<p>These costs support documenting, preparing, and publishing the findings of your project; storage, preservation, documentation, indexing, etc. of collections or fabricated items.</p>
	<p><b>Consultant Services</b></p>	<p>This covers anyone who will perform part of the project but aren't responsible for the actual deliverable(s). This could be an individual hired to do evaluations or analyses with a specific skill set and experience. Information required for a consultant includes a statement of work, justification of experience and daily cost rate. Travel for a consultant is also included, if necessary.</p>
	<p><b>Computer Services</b></p>	<p>This category may include items such as computer-based retrieval of scientific, technical and educational information following institutional rates, and leasing of computer equipment. <b>We rarely see this used in Extension Budgets.</b> The budget justification should state that the budgeted amounts are based on the established computer service</p>

Other Direct Costs, Continued		rates or documented computer leasing analysis. <b>General purpose (such as word processing, spreadsheets, communication) computer equipment should not be requested.</b>
	<b>Subcontracts/Subawards</b>	<p>A subcontract, or subaward, provides pass-through funds to a secondary entity under MSU. The contract is with MSU, so the sub-awardee does not communicate directly with the sponsor.</p> <p>MSU requires a scope of work, detailed budget, detailed budget justification, copy of approved IDC rate agreement, and signed commitment form for subawards. Once awarded, MSU central office will request additional information to access/monitor risk (tax returns/audits).</p> <p>The sponsor may also require a signed Letter of Commitment, biographical sketch/CV, Current and Pending form, Conflict of Interest list, description of facilities, resources and equipment. (MSUE Grant Services will provide a list of needed documents).</p> <p>Be sure to correctly determine if this person/entity should be a consultant or vendor or subcontractor. See the course module on <a href="#">Subaward, Contractor, or Consultant</a>.</p>
	<b>Equipment Rental, Facility Rental, User Fees</b>	<p>An example of this cost would be if you needed a specific building that was set up for a specific type of work. It would be more cost efficient to rent this facility than it would to buy/build each component.</p> <p>Similarly, if you can find your equipment, depending on your long-term needs, renting may be the best option.</p> <p>User fees are like rental fees for a certain type of service.</p>
	<b>Alterations &amp; Renovations</b>	This line is used when space must be altered/renovated to accommodate the program.
Other Direct Costs, continued	<b>Graduate Assistantship Tuition</b>	Graduate tuition remission is a contractual cost for a graduate assistant (GA) appointed on a project and is calculated using a flat dollar determined by the university. Please see <a href="https://osp.msu.edu/PL/Portal/386/OtherDirectCosts">https://osp.msu.edu/PL/Portal/386/OtherDirectCosts</a>
	<b>Other</b>	<p>Any other direct cost that does not fit into an existing category can go in an "Other" line.</p> <p>Examples include: postage, photocopying, service/maintenance contracts, conference costs (room/AV rental), speaker/trainer fees, participant incentives, and fee-for-service (lab analysis, translation or dictation services, etc.).</p>

		<p>Justification information requested for this category includes: payment per participant, cost estimates, published service fees, description of services and relevance to the project.</p>
<p>Facilities and Administration (F &amp; A)</p>	<p>Sometimes referred to:</p> <ul style="list-style-type: none"> <li>• Indirect Costs</li> <li>• Overhead</li> </ul> <p>MTDC base:            55% - Research            36% - Other Sponsored Activity            26% - Off-campus</p> <p>TDC base:            26% - Testing            26% - Fee-for-service</p>	<p>These costs are incurred for common or joint objectives and, therefore, cannot be readily identified with a particular sponsored project. Think of these costs as the university's expenses such as electricity, pencils, pens, paper, office computers, HVAC, and depreciation.</p> <p>These are not things that we can justifiably charge to a grant as we would need to determine, for example, how many units of electricity your laptop will use over the length of the grant.</p> <p>These cost rates are automatically included in the budget based on the activity type. We have negotiated and received an approved rate list from the Department of Health and Human Services.</p> <p>If a proposal must use a rate that is different than our approved rates, we must provide justification for this change. The allowable indirect rate is usually stated in the solicitation. We can also reach out to the sponsor for them to confirm the indirect rate. If you want to use a lower rate without justification, an approval from VPRGS is required. MSUE also has an indirect waiver for foundation grants under \$10,000.</p>
<p>Facilities and Administration (F &amp; A)</p>	<p>TFFA base:            30% - USDA funding</p> <ul style="list-style-type: none"> <li>• Indirect costs that are not recovered by a grant will be covered by other means</li> </ul>	<p>Along with the rate <i>type</i> comes the <i>base</i> for each type. <u>MTDC</u> = Modified Total Direct Costs. This means we can charge the rate on everything except a few items*.  <u>TDC</u> = Total Direct Costs. This means we can charge the rate on all of the costs in the budget, without modifying the total.  <u>TFFA</u> = Total Federal Funds Awarded. This also means "Total project Costs" (aka Direct and Indirect, together).            To convert TFFA to TDC, you must use a formula.</p> <p>The base is the amount in the budget from which indirect cost is calculated. Total direct costs are multiplied by the F&amp;A rate to determine the F&amp;A costs. For more information, please see <a href="https://osp.msu.edu/PL/Portal/165/FacilitiesAdministrativeCostRates">https://osp.msu.edu/PL/Portal/165/FacilitiesAdministrativeCostRates</a></p> <p>Example:            Step 1: <math>100\% - 30\% = 70\%</math>.            Step 2: <math>30\% / 70\% = 42.857\%</math> TDC            So, 30% TFFA = 42.857% TDC.            See more about the formula to convert TFFA to TDC <a href="#">here</a>.</p>

		<p>*The MTDC base <i>modifies</i> the TDC base by subtracting costs that cannot have F&amp;A applied to them. They are Equipment, Participant Support Costs, Tuition, Fellowships, the cost of each subaward over \$25,000, rental space fees, as well as patient care charges and capital expenditures.</p> <p>Please read your solicitation carefully.</p>
<p><b>Cost Share</b></p>	<ul style="list-style-type: none"> <li>Some funders require a certain amount of cost share. The best item to cost share is salary. This would be when MSU is paying for someone's time while they are working on the grant, instead of their time being charged the grant.</li> <li>Cost share is a way for MSU to show that they are committed and invested in the project. Other types of cost share (mileage, other costs) are hard to prove and track; therefore they are not usually allowed.</li> <li>Connect with your fiscal officer early in the budgeting process to ensure cost share is available for your project.</li> </ul>	<p><u>Cost sharing</u> is that portion of total project costs that are paid from sources other than the sponsor. Cost sharing is typically in the form of actual cash expenditures and/or commitment of effort.</p> <p><u>Matching</u> is a similar concept where the university is required to proportionally match funds that are provided by the sponsor.</p> <p><u>Mandatory cost share</u> is required by the sponsor as a condition of receiving an award and is usually included in the proposal. This type of cost share is a condition of eligibility and a proposal review criterion. It is required to be tracked and reported to the sponsor.</p> <p><u>Voluntary committed cost share</u> is not required by the sponsor as a condition of receiving an award. It is a quantifiable commitment of costs included in the proposal to be contributed by the university and it becomes a binding commitment to the university upon award. <i>For example</i>, if Professor Jones included in his proposal that he would be working 50% of his time on the project, but only requested the sponsor pay 20% in the proposed budget, the excess, 30% (50% - 20%) is considered voluntary committed cost sharing.</p> <p><u>Voluntary uncommitted cost share</u> is not required by the sponsor as a condition of receiving an award. It is incidental to the project and it is not budgeted or pledged in the proposal nor legally obligated. This type of cost share does not have to be documented, tracked or reported to the funding agency, and it is not subject to effort reporting requirements.</p>