

MSU Extension Grant Services – Budgeting for Grants and Service Agreements

Supporting MSU Extension staff pursuing sponsored funding opportunities and fee-for-service activities.

Tyler Tulloch

Grants Services Manager

517-432-7687 (office)

tullocht@msu.edu

Mary Mahoney

Research Administrator II

517-432-4553

zackmar1@msu.edu

Deb Richardson

Research Administrator

517-884-8874

richar55@anr.msu.edu



What is a budget?

- A budget reflects the Principal Investigator's/Project Director's best estimate of the costs for conducting a project within a defined time period.
- A budget is the spending plan for implementation and execution of your scope/statement of work.



Budget-Driven Project vs. Project-Driven Budget

- Budget-driven project involves an RFP/RFA that caps the proposal budget to a maximum amount
 - Your Scope of Work should be limited to the maximum available budget
- Project-driven budgets involves an RFP/RFA that does not cap the proposal budget.
 - As your Scope of Work evolves, the budget grows to cover the cost.



What's the purpose of a budget justification/narrative?

A budget justification explains:

1. The types of costs planned
2. The details related to the quantity or quality of those costs
3. The rationale for why the costs are needed for the project.

While the budget alone may seem self-explanatory and obvious to us, the sponsor's proposal reviewers may or may not have an accounting background. Therefore, having a well written budget justification will enhance the likelihood of a positive review outcome which may tilt the funding decision to our favor.

Tip: Connect
budget items to
specific grant
goal/objectives



Primary Budgeting Categories

- Salary and Fringe
- Equipment
- Travel
- Participant Support Costs
- Other Direct Costs
- Facilities and Administrative Costs (Indirect)



Salary - Considerations

For service agreements, we just need number of estimated hours to complete the service per person involved.

- Who all will be involved on the grant?
- What percentage of their time will they work on the grant?
 - Estimate based on 40 hour work week. For example, 10% time would be 4 hours per week.
- For those who are paid hourly, how many hours will they work on the grant and at what rate? How many weeks?
- Will the same people be working the same level of effort during the entire project period? Or will people be working at varying capacities at different periods?
- Can the individuals commit time to the project or are they overcommitted on sponsored projects? Check with Fiscal Officer.
- Does the agency have a maximum limit on salary (NIH/SAMHSA)?
- If including a graduate research assistant, what is the bi-weekly stipend and are they $\frac{1}{4}$, $\frac{1}{2}$, or $\frac{3}{4}$ time? 9 month or 12 month?



Fringe - Considerations

- To allocate the cost of fringe benefits more realistically, a new system referred to as Specific Identification (SI), went into effect on July 1, 2004. Under this system, costs are specifically identified into four categories and accounts will be charged only to the extent that an employee receives, or in the case of health care is eligible to receive, those benefits. The categories are: Retirement; FICA; Other/Miscellaneous; and Health/Dental.
- Hourly employees (including students) should include 7.65% FICA.
- If employing a temporary/hourly employee for more than 29 hours a week on average, ACA fees should be budgeted (about \$475 a month).
- Grad Assistantships benefits are charged in flat dollar amount based upon the cost of health care and the average number of credits waived.
- Research associates become eligible for retirement benefits after 36 months of employment which can increase the fringe rate.



Equipment - Considerations

- 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.
- If including equipment, get quotes to include with submission.
- Must be able to explain why the equipment is needed to deliver project goals and confirm the equipment will be dedicated solely to the project. If equipment is to be shared you must provide detailed rationale for how the allocation of charges was determined.



Travel - Considerations

- Consider the different types of costs that go on a Travel Expense Report, and what type of travel you will have to do for this grant during the time period of the 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 to disseminate knowledge.
- Travel detail includes: mileage on personal vehicle or vehicle rental costs which include fuel expense; taxi to/from hotel/airport, bus rental for field trips, flights, baggage, hotels, per diems, and conference registration fees.
- Justification information requested includes: Who is traveling, when are the travel date(s), how many trips, what is the destination, how many days/nights, and purpose of trip.



Participant Support Costs - Considerations

- What may be included as participant support costs? Some examples include:
 - Event registration fees.
 - Event support costs for lodging and meal expenses paid directly to the event facility, only if the payment is made on behalf of, or reimbursed directly to the participant.
 - Tuition if required to participate in project.
 - Laboratory or training materials if required.
 - Stipend – predetermined amount to be paid directly to participant.
 - Subsistence allowance – predetermined amount to assist with costs (such as lodging, meals, and laundry) necessary to participate in the project. Note that local area participants are exempt from having these costs covered.
 - Travel costs when the sole purpose of the trip is to participate in the project activity.
 - Meals and incidentals when on travel status.



Participant Support Costs - Considerations

- What costs are not considered participant support costs? Some examples are:
 - Room rental and related expenses (e.g. presentation technology support).
 - Payments made to research subjects as an incentive for recruitment or participation in a research project. (This is a common budgeting mistake.)
 - Guest speaker consultant costs (includes consultant fees and related expenses such as travel, etc.).
 - Expenses for the PI, project staff or collaborators to attend meetings, conferences or seminars.
 - Payments to Graduate Research Assistants.
 - Payments to trainees who are receiving compensation, either directly or indirectly, from other Federal government sources while participating in the project.



Other: Materials & Supplies - Considerations

- This includes all project-specific, tangible items, such as: field computers, handouts, camera, flip charts, etc. It includes anything that can be used for your specific project that doesn't fall into the other categories.
- If possible, include itemization of materials and supplies to include quantity and unit cost.
- General office supplies should not be included.



Other: Publication Costs - Considerations

- Publication costs are those costs that make available the findings and products of the project and include activities such as documenting, preparing and publishing (e.g. reports, reprints, page charges or other journal costs (except costs for prior or early publication); necessary illustrations; cleanup, documentation, storage and indexing of data and databases; development, documentation and debugging of software; and storage, preservation, documentation, indexing, etc., of physical specimens, collections or fabricated items).



Other: Contractual Services - Considerations

- If including a specific consultant/contractor:
 - Should include statement as to:
 - Why the consultant is the only qualified individual/entity to perform the work in question
 - How the consultant's selection will benefit the sponsor
 - The following information must be included in the consultant's letter of commitment
 - Period of Performance
 - Total number of hours
 - Fully burdened rate per hour
 - Brief description of service
- If not naming a specific consultant/contractor, describe service that will be contracted, why it is necessary for the project, and that all applicable procurement policies will be adhered to in procuring services.



Other: Computer Services - Considerations

- Computer services category may include items such as computer-based retrieval of scientific, technical and educational information following institutional rates, and the leasing of computer equipment. We rarely see this used in Extension Budgets.
- The budget justification should state that the budgeted amounts are based on the established computer service rates or documented computer leasing analysis. General purpose (such as word processing, spreadsheets, communication) computer equipment should not be requested.



Other: Subawards - Considerations

- A subcontract, or subaward, provides pass-through funds to a secondary entity under MSU. This means the subaward does not communicate directly with the agency.
- MSU requires a scope of work, detailed budget, detailed budget justification, copy of their approved IDC rate agreement, and signed [subrecipient commitment form](#). Once awarded, MSU central office will request additional information to access/monitor risk (tax returns/audits).
- The agency 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.
- Be sure to correctly determine if this person/entity should be a consultant or vendor or subcontractor. See the table [here](#).



Other: Equipment/Facility Rental Fees - Considerations

- 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/built each component.
- The same with equipment; if you can find your equipment, depending on your long-term needs, renting may be the best option.



Other: Alterations/Renovations - Considerations

- Used when space must be altered/renovated to accommodate the program.



Other Direct Cost - Considerations

- Examples of Other include: postage, long distance charges, photocopying, service/maintenance contracts, conference costs (room/AV rental), speaker/trainer fees, participant incentives, and MSU-based fee-for-service (ANR Event Services, MSU Office of Survey Research, MSU RS&GIS, MSU CSTAT, lab analysis, translation or dictation services, etc.)
- Justification information requested: payment per participant, cost estimates, published service fees, description of services and relevance to the project.



Other Direct Cost: Participant Incentives

- Payments to volunteers participating in a grant-supported project or program (e.g. \$50 compensation to run on a treadmill or \$10 for completing a survey). These costs are not considered Participant Support Costs, because they are not included as part of a workshop, conference or training. When budgeting participant incentives please keep in mind that compensation to subjects should never be so high as to constitute an undue influence to participate in the project.



Indirect / Facilities & Administration - Considerations

- MTDC = Modified Total Direct Costs. This means we can charge the rate on everything except Equipment, Participant Support Costs, Tuition, Fellowships, cost of subawards in excess of \$25,000 (for entire project period), and rental space fees.
 - Research = 56.5% | Other Sponsored Activities = 36% | Off-Campus = 26%
- TDC = Total Direct Costs. This means we can charge the rate on all of the costs in the budget, without modifying the total.
- TFFA = 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.
 - Example:
 - Step 1: $100\% - 30\% = 70\%$.
 - Step 2: $30\% / 70\% = 42.857\%$ TDC
 - So, 30% TFFA = 42.857% TDC.

TFFA includes all indirect, including subaward indirects. In other words, all indirect cannot exceed 30% of TFFA



Budgeting Tips - Questions for Equity and Inclusion

1. What local community partners can we engage?
2. Are you ensuring your grant goals/objectives are inclusive of all populations in the service area?
3. What barriers to accessing services might be faced by different groups? Have you accounted for these barriers in your plan? In your budget?
4. Have you considered if the curriculum or materials need to be translated?
5. Are your videos going to need to be transcribed? Translated?
6. Do your videos/materials need to be reviewed for cultural competency?
7. How are you selecting vendors to provide services/supplies? Don't just go with who you know. Can you identify a service provider locally? Contact your Fiscal Officer and MSU Purchasing for assistance.
8. If you need to hire staff, does your hiring plan involve broad dissemination to ensure a diverse applicant pool? Work with MSUE HR.



Cost Share / Matching

- 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.
- Mandatory cost share 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.
- Voluntary committed cost share 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. For example, 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.
- Voluntary uncommitted cost share 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.



Budget Justification Checklist

- Does the budget justification follow the same order as the budget?
- Does it give additional details to explain the costs included in the budget?
- Does it include only items that are allowable, reasonable, & allocable?
- Is it easy to read (short paragraphs, headings to separate different budget categories, etc.)?
- Is it concise?
- Do the numbers in the budget justification match those in the budget?



Additional Resources

- Sponsor specific guidelines:
 - <https://www.osp.msu.edu/PL/Portal/361/SponsorInformation>
- Budget Worksheets (planning/estimate purposes only)
 - <https://osp.msu.edu/PL/Portal/Forms.aspx>
 - Final numbers should always be input and confirmed via the MSU KC System. Work with MSUE Grant Services who will handle the KC proposal document and budget creation.
- [MSUE Hot Topics Webinar Recordings and Slides](#)



Questions?



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mail:
U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410; or

fax:
(833) 256-1665 or (202) 690-7442;

email:
program.intake@usda.gov.

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correo postal:
U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410; o

fax:
(833) 256-1665 o (202) 690-7442;

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