Developing a Budget

Step-by-Step Guide
Portions of this presentation are adapted from materials developed by the University of Florida International Center, the University of Michigan School of Education and the UMass Amherst Office of Grants and Contracts
What is the budget?

- The budget is the translation of your work plan into dollars & cents.

- Expenses are presented in two major categories:
  - **Direct Costs** (personnel salaries & fringe, travel, consultants, supplies, equipment, etc.)
  - **Indirect Costs** (Facilities and Administrative Costs)
Budget Categories: Personnel

- Personnel - salaries
  - List all staff positions by categories and title: Faculty, project manager, graduate students and postdocs
  - Provide the annual salary rate and the percentage of time to be devoted to the project.

- Personnel – Fringe Benefits
  - Fringe benefits vary with position and period (academic year or summer)

- See OGCA Fact Sheet
- See Budget Spreadsheet
- See OGCA Graduate Assistant Cost Calculator
- See sample budgets
Budget Categories: Contractual Costs

- Contractual costs are those services carried out by an individual or organization, other than UMass Amherst, in the form of a procurement relationship.

- Include the costs of a contractor, including an individual consultant (though some sponsors cap the cost/day). The consultant’s travel is typically included in the contractual line item of the budget.
Budget Categories: Sub-contracts and Sub-awards

- If collaborators at another institution will perform work on the grant, notify the College of Education Business Office as soon as possible. That institution must provide an authorized budget (signed by their sponsored research office) and a letter of intent to enter into an agreement in the event of an award.

- Note: when calculating indirect costs, only the first $25,000 of the subcontract award amount will be subject to indirect costs.
Budget Categories: Travel

- Provide information used in estimating the cost such as: the destination if known, purpose, number of travelers, and estimated cost per trip.
- Are there conference registration fees?
- Do you need to send students for research?
- Travel for trainees, members of work groups, or other individuals who are not UMass employees may fall under participant support cost.
Budget Categories: Administrative Costs

- Supplies are tangible personal property other than equipment. This includes things such as books, software, and other materials necessary to complete the project.

- Other items in this category include:
  - Telecommunications
  - Duplicating and printing

*Often funders will not support typical administrative costs, expecting them to be covered out of the Indirect Cost line. See sponsor guidelines and consult with ORE if you have questions.*
Budget Categories: Equipment

- Definition:
  - Non-expendable tangible property
  - Useful life of 2 years or more
  - Costs $5000 or more
- Details such as the type of equipment, cost, and a brief narrative on the intended use of the equipment for project objectives are required.
- Purchases of less than $5,000 may be listed under “Supplies”.
Indirect Costs

Also known as Overhead or Research Trust Fund (RTF) costs:

- Calculated as a percentage of Direct Costs
- Rates vary depending on type of project, sponsor type, and project location (on-campus, off-campus)
- See OGCA Fact Sheet for specific rates. Consult with the College of Education Business Office before budgeting either the “Off-campus” or “Other Sponsored Activities” or “Instruction” rates
- The following are exempt from overhead: Equipment, capital expenditures, student tuition remission, rental costs of off-site facilities, scholarships/fellowships, and the portion of each sub-grant and subcontract in excess of $25,000. See Indirect Cost Policy for more information
Indirect Costs

- If the sponsor’s mandated indirect costs rate differs from the University’s, defer to sponsor-mandated rates.

- Exceptions to indirect cost rates established by OGCA must be approved in advance of submitting a proposal to the College of Education Business Office, see Procedure for Indirect Cost Waivers/Reductions. Waivers usually require that the PI and College of Education share the burden of reducing overhead revenues (e.g. giving up some or all of their own share of overhead/RTF).
Prepare a budget justification

- The budget justification explains all project expenses in a thorough and clear manner. This is important because financial operations and sponsors use your budget justification to determine if an expense is allowable or not. Justifications that are not clear and detailed run the risk of being denied either by the university or the sponsor.
- See sample budget narratives