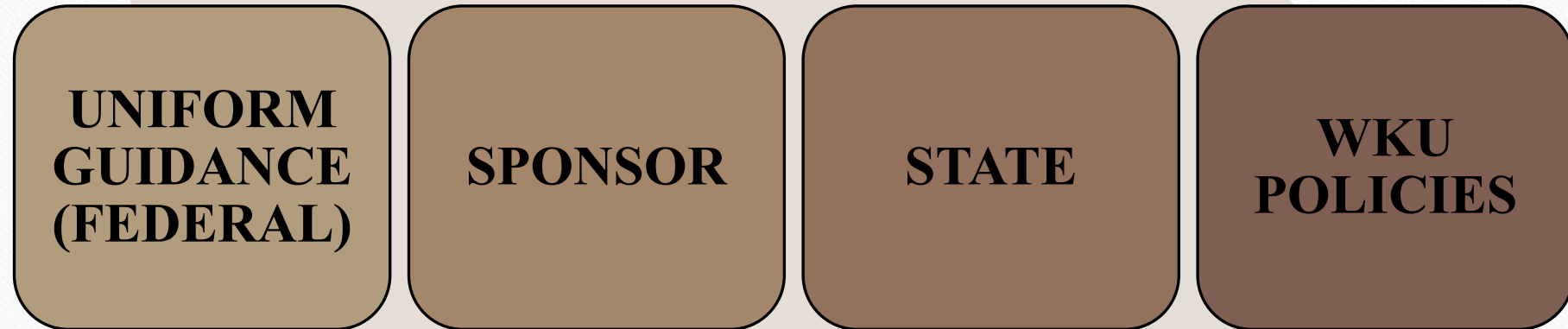


Friday, October 18, 2024

Quick Overview of Budgets

REGULATING AUTHORITIES



Uniform Guidance - Federal Cost Principles

Per Uniform Guidance Cost Principles 2 CFR 200.400, all costs included in a budget must be allowable, allocable, reasonable, and can be applied consistently and in accordance with WKU policy and guidance.

Allowable

An allowable cost is one that is eligible for reimbursement. Generally, costs are considered allowable when they are necessary, reasonable, and allocable to the project/program; are accounted for consistently and in accordance with generally accepted accounting principles.

Allocable

An allocable cost can be directly tied to a project activity, purpose, task, or deliverable. If a direct cost benefits two or more projects or activities, it must be distributed based on proportional benefit.

Reasonable

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.

Consistently Applied

Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost. Also, like costs at the institution need to be treated similarly.

UNDERSTANDING MAIN BUDGET SECTIONS



Direct Costs are costs that can be specifically and easily identified as necessary for a particular project activity, task, supply, or deliverable, and are allowable under the sponsoring organization's guidelines.



Indirect Costs (also known as Facilities and Administration (F&A)) are real costs that the Institution incurs in support of extramural activities, but which cannot be readily identified with a particular sponsored project or institutional activity. Facilities are defined as depreciation on buildings and equipment, operations, and maintenance. Administration is general administrative personnel costs, i.e. centralized units, accounting, maintenance, department/unit staff, etc.

Types of Direct Costs

Personnel

Travel

Equipment

Subawards

Fringe

Material
&
Supplies

Tuition

Consultants

DIRECT COSTS: PERSONNEL

Senior Key

- Personnel = PI/PD, Co-PI/I are common categories and can be in 9-, 10-, 11-, or 12-month terms.
- Provide a significant contribution to the proposed project.

Other Personnel

- Research Scientists/Associates, Post Docs, Graduate Assistants, Student or Non-Student hourlies, etc. are common categories for personnel budgeted on sponsored projects.
- Common categories for personnel budgeted on sponsored projects.

Base Salary

- In a detailed budget version, the current fiscal year institutional base salary for each named person will be used as the base for budgeting.

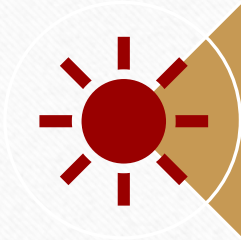
Salary Inflation

- Unless specifically prohibited by written sponsor policy, all salaries should be escalated in future years with a 3% inflation.

INSTITUTIONAL BASE SALARY – DURATION



Academic Year = 9-month appointments



Summer Year = 3-months available



Calendar Year = 12-month appointments

PERSONNEL CLASSIFICATIONS

Faculty

Contract Year Reassigned (Academic Year)
Off-Contract Disbursement (Summer Months)

Non-Faculty

Professional Non-Faculty (inc. Post docs)
Contract year Reassigned (Calendar Year)

Support Staff

Contract Year Reassigned (Calendar Year)

Graduate Assistant

100% effort = .50 FTE (Academic Year)

Part-Time Staff/Student (Hourly rate)

Part-Time Personnel
Undergraduate Students
Graduate Students

Average Student Pay Rates @ WKU

Average	Description	Undergraduate Students (including Gatton)	Graduate Students
# of Weeks	Academic Year: Hourly Effort	30-35	30-35
	Summer Hourly: Effort	12-13	12-13
	Academic Year: Graduate Assistantship	N/A	calculated by semester (15 weeks per semester)
Typical Rate Hours per Week	Academic Year: Hourly Effort	up to 20	up to 20
	Summer Hourly: Effort	up to 35-40	up to 35-40
	Academic Year: Graduate Assistantship	N/A	up to 20
Typical Rate of Pay	Academic Year: Hourly Effort	\$9-\$12/hr	\$12-\$15/hr
	Summer Hourly: Effort	\$9-\$12/hr	\$12-\$15/hr
	Academic Year: Graduate Assistantship	N/A	\$5000-\$7500/semester
Fringe Benefits	Academic Year: Hourly Effort	8.15%	8.15%
	Summer Hourly: Effort	8.15%	8.15%
	Academic Year: Graduate Assistantship	N/A	0.50%

SUBAWARD -VS- CONSULTANT

Subaward

- Performance measured in relation to objectives
- Programmatic decision making
- Performs substantial programmatic work
- May incl. Senior and Other Personnel
- May publish results
- May have to incl. cost share
- May be involved in project design

Consultant

- Provides goods or services
- Provide goods or services to general public
- Provides a quote for goods
- Provides a rate of pay and duration
- Does not participate in project design
- Does not have decision making authority
- May be included as Sr. Personnel with biosketch
- Not employed by WKU

INDIRECT COSTS – WHAT DOES THAT EVEN MEAN?

*Indirect Costs- aka- IDC, F&A, Indirects, Overhead



Facilities: buildings, equipment/capital improvements, and operations and maintenance expenses.



Administration: general administration (director's office, OSP), accounting, and support personnel, and general expenses (printer, paper, office supplies)

INDIRECT COSTS – ORGANIZATIONAL RATES

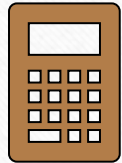
Negotiated Indirect Cost Rate Agreement (NICRA): A negotiated rate with the federal government that is typically in place for 3-5 years. (Institutes of Higher Education)

- Must be accepted by all federal awarding agencies.
- Federal agency can deviate from NICRA, must publicly post deviations
- Federal agency must include policies regarding reimbursement of indirect costs

15% De Minimis Rate: A rate non-profits use to calculate Indirect Costs in place of a NICRA.

- No proof needed to charge 15% de minimis rate

INDIRECT COSTS – HOW ARE THEY CALCULATED IN A BUDGET?



Indirect Costs are calculated by first determining the calculation for the Direct Cost Base.



The Direct Cost Base will depend on the type of IDC rate set in the solicitation.



The sponsor/solicitation can also include exclusions of Direct Costs in a Direct Costs Base calculation.

TYPES OF INDIRECT COST RATES: MTDC

Modified Total Direct Costs (MTDC) – excludes equipment (over \$5,000), capital expenditures, tuition, participant support costs, and the portion of each subaward budgets in excess of \$25,000 from the Direct Cost Base. A sponsor may have additional exclusions and will note those in the solicitation.

Included in DC Base

- Personnel
- Fringe
- Travel
- Materials Supplies
- Other Direct Costs (not on excluded list)
- First \$25,000 of Subaward Budget

Excluded from DC Base

- Equipment over \$5,000
- Capital Expenditures
- Tuition
- Participant Support Costs
- Subaward Budget in excess of the \$25,000

ADDITIONAL BUDGET IMPLICATIONS

Cost Share & Institutional Letters



Cost Share

Voluntary Cost Share
Mandatory Cost Share



Institutional Letters

Letter of Support
Letter of Commitment

Types Of Cost Share

Cost Share: Project Costs not provided by the sponsor, quantified to the sponsor in the budget and budget justification. Upon acceptance of award, all proposed cost share becomes committed and auditable.

Voluntary

Not required by the sponsor

Must be allowable cost

Most federal sponsors discourage or prohibit

Mandatory

Required by sponsor

Defined amount

Requires Index