



# Course 3: Proposal Budget Preparation

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UNIVERSITY OF CALIFORNIA  
SANTA BARBARA

# STAR Course Announcements

- STAR Certificate consists of 11 courses. To obtain a certificate, you normally must complete all 11 courses within two years.
- During this pandemic, the two-year period has been extended. Please reach out to **training@research.ucsb.edu** for any exceptions
- Zoom classes will not be recorded for this 2021 series.
- Reminder to complete the STAR Evaluation (this will be emailed to registered participants).
- For any STAR Program questions, please contact Hilda Vasquez and/or Clarissa Cabrera at **training@research.ucsb.edu**

# Life Cycle of a Proposal/Award

PRE-AWARD		POST-AWARD				
DEVELOPMENT	SPONSOR REVIEW ~6 months	PROJECT PERIOD				CLOSEOUT
		1st Budget Period	2nd Budget Period	3rd Budget Period	No Cost Extension	
Submit proposal	Revised budget	Award	Supplement	Submit renewal		Final technical report
	Pre-award costs	Technical report	Technical report			

# Budget Basics

The budget is the financial representation of the proposal

All items must be:

- Allowable
- Allocable
- Reasonable

All budgets must be prepared in accordance with:

- Office of Management and Budget (OMB) Uniform Guidance
- UCSB Departmental Costing Guidelines

# Budget Categories

**DIRECT COSTS**

**+**

**INDIRECT COSTS (IDC)**

**=**

**TOTAL COSTS**

# Direct Costs

Directly allocable to the project

- Salaries and wages
- Fringe benefits
- Equipment
- Travel
- Participant support
- Supplies and expenses
- Consultant costs
- Subawards
- Other direct costs

# Salaries and Wages

## For whom?

- Faculty
- Researchers
- Postdoctoral Scholars
- Graduate Student Researchers (GSR)
- Lab or Computer Technicians
- Research or Lab Assistants
- Undergraduate Students
- Other staff working directly on the project

# Salaries and Wages

But NOT for

Clerical or administrative staff



# Salaries and Wages

Information needed:

- Name (or TBN)
- Payroll title
- Actual salary rate (or salary rate based on UCSB salary scales – [ap.ucsb.edu](http://ap.ucsb.edu))
- Duration
- Percent time
- Escalation rate

# Salaries and Wages

<b>PI: Tony Stark</b>								
<b>AGENCY: National Science Foundation</b>								
						<b>YEAR 1</b>	<b>YEAR 2</b>	<b>TOTAL</b>
						<b>7/1/2020</b>	<b>7/1/2021</b>	<b>7/1/2020</b>
						<b>6/30/2021</b>	<b>6/30/2022</b>	<b>6/30/2022</b>
<b>SALARIES:</b>								
Tony Stark, Professor III (Actual)								
2.0	smr mos @	100%	\$156,700	/annually		34,822		
2.0	smr mos @	100%	\$161,401	/annually			35,867	70,689
Jarvis, Researcher I (Actual)								
12.0	mos @	50%	\$134,900	/annually		67,450		
12.0	mos @	50%	\$138,947	/annually			69,474	136,924
TBN, Postdoctoral Scholar - Level 1								
12.0	mos @	100%	\$52,896	/annually		52,896		
12.0	mos @	100%	\$54,483	/annually			54,483	107,379
Peter Parker, Graduate Student Researcher, Step IV								
3.0	smr mos @	100%	\$4,463	/monthly		13,389		
9.0	acad mos @	49%	\$4,597	/monthly		20,272		
3.0	smr mos @	100%	\$4,597	/monthly			13,791	
9.0	acad mos @	49%	\$4,735	/monthly			20,880	68,332
<b>SALARIES TOTAL:</b>						<b>188,830</b>	<b>194,494</b>	<b>383,324</b>

# Fringe Benefits

## Composite Benefit Rates (CBR)

- First implemented Sept. 2018; current rates effective 7/1/2019
- Pending approval from Department of Health and Human Services (DHHS)
- Directly associated with salary
- General information:  
<http://bap.ucsb.edu/budget/composite.benefit.rates/>
- Chart found at:  
<http://bap.ucsb.edu/budget/composite.benefit.rates/rate.tables/>

# Fringe Benefits

## Composite Benefit Rates (CBR)

	Approved Effective 7/1/2019	Pending Approval from DHHS Effective 7/1/2020
<b>Fiscal Year</b>	<b>2020</b>	<b>2021</b>
Faculty	35.9%	36.2%
Faculty Summer Salary	10.0%	8.9%
No Eligibility	4.3%	3.5%
Other Academic	42.4%	43.5%
Partial Benefit Eligibility	12.6%	10.3%
Police & Fire	33.8%	34.0%
Post Doc	23.6%	18.1%
Staff Exempt	45.8%	46.0%
Staff Non-Exempt	59.5%	59.3%
Student	1.9%	1.1%

# Fringe Benefits

## GSR Tuition/Fees and Graduate Student Health Insurance (GSHIP)

- 1-24% employment = no fee remission
- 25-34% employment = partial fee remission
- 35-49% employment = full fee remission
- Tuition/fees escalate by 3%/year
- GSHIP escalates by 13% through 2022-2023, 8% thereafter
- *Tuition/GSHIP are exempt from IDC base calculation*
- Current tuition/fees/GSHIP - [registrar.sa.ucsb.edu](https://registrar.sa.ucsb.edu)
- Sponsored Projects Office reference sheet:  
[https://live-research-ucsb-edu-v01.pantheonsite.io/sites/default/files/SPO/Budget%20Preparation/Copy%20of%20GSR%20Tuition%20%26%20Fee%20and%20GSHIP%20Projections\\_Aug%2020%20-%20Sheet1%20\(3\).pdf](https://live-research-ucsb-edu-v01.pantheonsite.io/sites/default/files/SPO/Budget%20Preparation/Copy%20of%20GSR%20Tuition%20%26%20Fee%20and%20GSHIP%20Projections_Aug%2020%20-%20Sheet1%20(3).pdf)

# Equipment

- Non-expendable
- Tangible personal property
- Useful life of more than one year

AND

- Acquisition cost of \$5,000 or more per unit
- *Exempt from IDC base calculation*
- [bfs.ucsb.edu/equipment](https://bfs.ucsb.edu/equipment)

# Equipment

## Fabrication

- Items constructed by a University activity that results in the definition of equipment above
- A product resulting from simple assembly or connection of various parts is NOT a fabrication
- *If fabrication item is shipped off campus, IDC will be assessed*

# Equipment

Information needed (include vendor quote):

- Net price
- Cost of components/labor to build, if applicable
- Tax at 8.75%, shipping/freight, installation, insurance, customs if purchased abroad
- Who will own it?
  - University, or unsure until end of project – sales tax
  - Federal Government – NO sales tax



# Travel

- Domestic and international conferences, workshops, meetings with collaborators, etc.
- Check guidelines for requirements and allowability.
- Must be in accordance with UCSB travel policy.

# Travel

Information needed:

- Purpose of the trip
- Location
- Duration of stay
- Number of travelers
- Breakdown of costs – airfare, registration, lodging, per diem (meals/lodging), etc.

# Participant Support

- Used for **participants** or **trainees** attending workshops, conferences, or meetings supported by a grant (examples: stipends/subsistence allowances, travel allowances, registration fees)
- UCSB employees do not typically qualify.
- Make sure sponsor's requirements are met. (*We often see items under Participant Support that should actually be listed under "Other Direct Costs"*)
- NSF Participant Support definition & guidance -
  - [https://www.nsf.gov/pubs/policydocs/pappguide/nsf08\\_1/aag\\_5.jsp](https://www.nsf.gov/pubs/policydocs/pappguide/nsf08_1/aag_5.jsp)
  - [https://www.nsf.gov/bfa/dias/policy/newsletter/may\\_2017.pdf](https://www.nsf.gov/bfa/dias/policy/newsletter/may_2017.pdf)

# Supplies

- Expendables – lab supplies, specialty supplies, etc.
- NOT office supplies

Information needed:

- Itemized list, unit price, quantity
- The more detail, the better. The higher the amount, or the less obvious the cost for the work that will be performed, the more detail the breakdown should be.

# Supplies

<b>PI: Tony Stark</b>						
<b>AGENCY: National Science Foundation</b>						

# Sub-Agreements

- The transfer of substantive programmatic effort, or significant research expected to be conducted under the project
- Need a detailed budget from the proposed subrecipient, including their indirect costs
- Final total from sub should be included on UCSB budget

# Sub-Agreements

PI: Tony Stark										
AGENCY: National Science Foundation										
								YEAR 1	YEAR 2	TOTAL
								7/1/2020	7/1/2021	7/1/2020
								6/30/2021	6/30/2022	6/30/2022
SUBCONTRACT:										
Avengers, Inc.								70,000	70,000	
SUBCONTRACT TOTAL:								70,000	70,000	140,000

# Consultants

- Individuals or organizations with particular expertise who provide advice, analysis, or recommendations
- Cannot be UCSB employees or emeriti
- Cannot be co-authors on publications resulting from research

Information needed:

- Hourly or daily rate, number of hours or days

This type of cost goes in the Other Direct Cost section of the budget.



# Other Direct Costs (ODC)

- Costs that do not fit in the other categories, such as:
  - Human Subjects payments
  - Off-campus space rental
  - Recharge rates
  - Specialized software
  - Publication Costs
    - Tip: Faculty are expected to publish so it's good practice to ask PIs if they want this included, even if they don't initially request it.

# Other Direct Costs (ODC)

<b>PI: Tony Stark</b>									
<b>AGENCY: National Science Foundation</b>									
							<b>YEAR 1</b>	<b>YEAR 2</b>	<b>TOTAL</b>
							<b>7/1/2020</b>	<b>7/1/2021</b>	<b>7/1/2020</b>
							<b>6/30/2021</b>	<b>6/30/2022</b>	<b>6/30/2022</b>
<b>OTHER DIRECT COSTS:</b>									
PSA: Consulting fees - (Ant Man, Workshop Speaker, \$1500/day, 2 days)								3,000	
Body armor spare parts							1,400	1,400	
Publication costs							1,000	1,000	
Computer (essential and allocable to the project)							1,500	-	
Research supplies (data recording and storage devices; consumables)							6,500	6,500	
Human subjects research participants:									
Behavioral testing: \$12/hour; 25 participants							300		
Brain scan session: \$60/participant; 55 participants/year								3,300	
									-
<b>OTHER DIRECT COSTS TOTAL:</b>							<b>10,700</b>	<b>12,200</b>	<b>22,900</b>

# Indirect Costs (IDC)

**a.k.a.: Facilities and Administrative (F&A) Costs,  
Overhead Costs**

# Indirect Costs

- A.K.A. Facilities and Administrative (F&A) Costs / “Overhead”
- Mechanism used to reimburse the University for infrastructure support costs associated with sponsored research.
- IDC represents expenses that cannot be easily assigned to a specific project, but are incurred for common or joint objectives

# Indirect Cost (IDC) Rate/Base

- **IDC Base** = Portion of costs that IDC rate is applied to
- **IDC Rate** = Percentage applied to IDC base

*(One way to think of IDC is as something like a “tax”)*

$$\text{Indirect Costs Base} \times \text{Indirect Cost Rate} = \text{Total IDC}$$

# Indirect Cost (IDC) Rate/Base

“Grocery Sales Tax” Example 1:

- IDC Base ~ total of \$200 worth of groceries
- IDC Rate ~ 5% “sales tax”

<b>Indirect Costs Base</b>	<b>x</b>	<b>Indirect Cost Rate</b>	<b>=</b>	<b>Total IDC</b>
(Total amount - \$200 groceries)		(Percentage, e.g. 5%)		(\$10)

# UCSB's Negotiated Rate Agreement

UCSB's IDC rates set forth in our F&A Agreement must be used for all proposal budgets (exceptions to the F&A rates require special approval).

Per the F&A Agreement:

1. **IDC Base** = Portion of costs that IDC rate is applied to  
→ “modified total direct costs”, i.e. MTDC
2. **IDC Rate** = Percentage applied to IDC base  
→ rate is variable (depends on the type of project)

<b>Indirect Costs Base</b> (per F&A Agreement, MTDC)	<b>x</b>	<b>Indirect Cost Rate</b> (Percentage, e.g. 55.5%)	<b>=</b>	<b>Total IDC</b>
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# Indirect Cost (IDC) Rate/Base

“Grocery Sales Tax” Example 2 (F&A Agreement):

- **Modified IDC Base** ~ total of \$200 worth of groceries minus \$100 fruit (excluded from sales tax) = Base of \$100
  - Under F&A Agreement, excluding equipment, tuition, etc. from total direct costs (MTDC) is similar to excluding fruit from the total taxable groceries
- **Variable IDC Rate** ~ 10% “city sales tax” instead of 5% “rural” sales tax
  - Under F&A Agreement, variable on-campus vs off-campus rates is similar to city vs rural tax rates

<b>Indirect Costs Base</b>	<b>x</b>	<b>Indirect Cost Rate</b>	<b>=</b>	<b>Total IDC</b>
(Modified amount -- \$100 groceries)		(Percentage -- 10%)		(\$10)



# COLLEGES AND UNIVERSITIES RATE AGREEMENT

EIN: 95-6006145

DATE:11/05/2018

ORGANIZATION:

FILING REF.: The preceding

University of California (UCSB)

agreement was dated

Santa Barbara Campus

09/01/2017

Santa Barbara, CA

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

## SECTION I: INDIRECT COST RATES

RATE TYPES:      FIXED              FINAL              PROV. (PROVISIONAL)      PRED. (PREDETERMINED)

### EFFECTIVE PERIOD

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE (%)</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
PRED.	07/01/2015	06/30/2017	53.50	On-Campus	Organized Research
PRED.	07/01/2017	06/30/2018	54.00	On-Campus	Organized Research
PRED.	07/01/2018	06/30/2020	55.00	On-Campus	Organized Research
PRED.	07/01/2020	06/30/2021	55.50	On-Campus	Organized Research
PRED.	07/01/2015	06/30/2021	26.00	Off-Campus	Organized Research
PRED.	07/01/2015	06/30/2017	54.50	On-Campus	Instruction
PRED.	07/01/2017	06/30/2021	52.70	On-Campus	Instruction
PRED.	07/01/2015	06/30/2021	26.00	Off-Campus	Instruction
PRED.	07/01/2015	06/30/2021	51.30	On-Campus	Other Spon Act.



ORGANIZATION: University of California (UCSB) Santa Barbara  
Campus

AGREEMENT DATE: 11/5/2018

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE (%)</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
PRED.	07/01/2018	06/30/2020	45.00	On-Campus	UARC (B)
PRED.	07/01/2020	06/30/2021	45.50	On-Campus	UARC (B)
PROV.	07/01/2021	Until Amended		(C)	

\*BASE

Modified total direct costs, consisting of all salaries and wages, fringe benefits, materials, supplies, services, travel and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Modified total direct costs shall exclude equipment, capital expenditures, charges for patient care, participant support costs, student tuition remission, rental costs of off-site facilities, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of \$25,000.



# Indirect Costs

PI: Tony Stark								
AGENCY: National Science Foundation								
					YEAR 1	YEAR 2	TOTAL	COST SHARE
					7/1/2020	7/1/2021	7/1/2020	
					6/30/2021	6/30/2022	6/30/2022	
TOTAL DIRECT COSTS:					355,394	348,876	704,270	3,000
MODIFIED TOTAL DIRECT COSTS:					278,413	266,326	544,739	3,000
*** INDIRECT COSTS @ 55.5% OF MTDC:								
	278,413	@	55.50%		154,519			
	266,326	@	55.50%			147,811		
	544,739							
TOTAL INDIRECT COSTS:					154,519	147,811	302,330	1,665
TOTAL PROJECT COSTS to NSF:					509,913	496,687	1,006,600	4,665
					TOTAL REQUESTED:		1,006,600	
					TOTAL COST SHARE:		4,665	

\* This is the DHHS negotiated, fixed composite benefit rate for the period 10/1/18 to 6/30/20. The rate thereafter is provisional.

\*\* Provided to all Graduate Student Researchers employed at 25% time or more.

\*\*\* This is the DHHS negotiated, predetermined, on-campus rate for organized research projects covering the period 7/1/20 to 6/30/21. The rate thereafter is provisional.

# Sponsor-Specific IDC Rate/Base

- Typically, if a sponsor has an IDC restriction, it will be found within the sponsor's guidelines.
- SPO and UCOP require approval of these exceptions.
  - Type of approval needed will depend on the sponsor (e.g., state, federal).

# Project Contributions (Cost Share)

- Resources that are contributed to a project over and above the support provided by the sponsor

	Mandatory (required)	Voluntary (not required)
Committed (quantified)		
Uncommitted (not quantified)		

# Budget with Project Contributions

<b>PI: Tony Stark</b>									
<b>AGENCY: National Science Foundation</b>									
						<b>YEAR 1</b>	<b>YEAR 2</b>	<b>TOTAL</b>	<b>COST SHARE</b>
						7/1/2020 6/30/2021	7/1/2021 6/30/2022	7/1/2020 6/30/2022	
<b>OTHER DIRECT COSTS:</b>									
PSA: Consulting fees - (Ant Man, Workshop Speaker, \$1500/day, 2 days)									3,000
Body armor spare parts						1,400	1,400		
Publication costs						1,000	1,000		
Computer (essential and allocable to the project)						1,500	-		
Research supplies (data recording and storage devices; consumables)						6,500	6,500		
Human subjects research participants:									
Behavioral testing: \$12/hour; 25 participants						300			
Brain scan session: \$60/participant; 55 participants/year							3,300		
								-	
<b>OTHER DIRECT COSTS TOTAL:</b>						<b>10,700</b>	<b>12,200</b>	<b>22,900</b>	<b>3,000</b>

# Parting Thoughts

- Remember:
  - Allowable
  - Allocable
  - Reasonable
- Document the basis used for calculating the cost.
- Provide sufficient detail.



# Resources

- [OMB Uniform Guidance](https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)

[https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)

- [UC Business and Finance Bulletin A-47](https://policy.ucop.edu/doc/3420326/BFB-A-47)

<https://policy.ucop.edu/doc/3420326/BFB-A-47>

- [UC Business and Finance Bulletin G-28 Travel Regulations](https://policy.ucop.edu/doc/3420365/BFB-G-28)

<https://policy.ucop.edu/doc/3420365/BFB-G-28>

- [UCSB Departmental Costing Guidelines](https://www.bfs.ucsb.edu/sites/www.bfs.ucsb.edu/files/docs/Guide%20to%20Allowable%20Costs%20%28final%29.pdf)

<https://www.bfs.ucsb.edu/sites/www.bfs.ucsb.edu/files/docs/Guide%20to%20Allowable%20Costs%20%28final%29.pdf>

- [Office of Research Budget Preparation Page](https://www.research.ucsb.edu/spo/proposal-prep/budget-preparation)

<https://www.research.ucsb.edu/spo/proposal-prep/budget-preparation>

- [Your Sponsored Projects Team](https://www.research.ucsb.edu/sponsored-projects-teams)

<https://www.research.ucsb.edu/sponsored-projects-teams>



# Questions?