

Grant and Proposal Budget Guidelines

Director of Foundation and Government Support

Revise 02/12/10

This document is intended as an introduction to the policies governing the composition of grant budgets at Millersville University. Budget regulations differ significantly from one granting institution to another and these guidelines cover only those rules and practices necessary to meeting Millersville University requirements. Following the guidelines presented here as closely as possible will result in a relatively quick University approval process once the grant is completed. If you have any questions about the topics discussed below, please do not hesitate to contact the Director of Foundation and Government Support.

The Role of Budgets in Grant Applications

A budget is an estimate of expenditures to be incurred in the course of executing the research or other activities described in the proposal. As such, a well-planned budget is the backbone of a successful grant application and should reflect the emphases and intent of the grant or request for proposals (RFP).

Budgets are usually fairly formulaic – almost all require estimates for personnel costs, equipment, materials and supplies, travel publication and dissemination costs, and indirect costs. However, there is considerable variation within what is allowable within each category and how costs are calculated, particularly with regard to personnel, which may often include some often-overlooked costs as well as other costs that may be difficult to calculate. [The Director of Foundation and Government Support](#) is the primary contact for any questions regarding faculty, undergraduate or graduate student compensation.

Sub-grant Budgets

A sub-grant budget is employed when Millersville University will be a recipient of funds generated by a successful proposal submitted by another institution. This is not unusual arrangement and there are specific University policies for dealing with this situation. For example, faculty at Millersville are part of a team lead by a researcher at another institution. The team writes a grant that will be awarded to the other institution, though some of the research is expected to take place at Millersville. In this case, the Millersville faculty are required to prepare a separate budget, identical to that of the regular grant budget, but specifying only that portion of the funds to be awarded to Millersville. This budget should be amended to the complete grant and the whole packet – proposal, total budget and Millersville budget, should be circulated for signatures as part of the University Proposal Approval process. The approval process will concentrate on that portion of the funds to be utilized at Millersville.

Allowable Costs

In general, costs allowed by a grant are determined by the funding agency's requirements and/or University Policy. In addition to agency or program specific guidelines, allowable costs for federally funded projects are also described in the Office of Management and Budget Circular A-21. A copy can be found at http://www.whitehouse.gov/omb/circulars_a021_2004/.

In all cases, the costs must be:

1. Reasonable
2. Allocable to the Project
3. Treated consistently through the use of generally accepted accounting principles, and
4. Conform with the Sponsored Agreement or OMB Circular A-12

The basic costs of conducting research are referred to as **Direct Costs** – these are costs that can be attributed to the conduct of a particular project and are specified in the proposal budget. These costs can include, for example, supplies, equipment, labor, transportation to/from a research site, specialized analyses or consultant costs, duplicating expenses, facility or equipment rental fees, animal and animal care costs, or other items directly related to the conduct of research.

Indirect Costs, otherwise known as **Facilities and Administrative** or **Overhead Costs** are the actual costs incurred to the conduct normal business of an organization that are not readily identified with, or directly charged to, a specific project or activity (see <http://www.ed.gov/about/offices/list/ocfo/index.html> for more information). Millersville's federally negotiated rate is 45% of salaries, wages, and fringes. If this rate is unacceptable to the funding agency, then an alternative rate of 8% of the total budget request may be applied.

Most funding agencies require a **Budget Justification** – a narrative account of how the project director calculated the budget line item requests. Frequently funders require a justification in addition to the actual numeric breakdown of the budget numbers, which are often presented in the form of a spreadsheet.

Accurately Projecting Costs

Millersville University has established a number of guidelines to help grant writers adequately project costs. Some of these standards are based on federal guidelines, while others were established by the PASSHE system. Personnel costs vary from person to person depending on qualifications and status and responsibilities and can be difficult to calculate.

Per Diem

Per diem rates take into account the average costs of room and board for a given area. A table listing per diem rates (lodging + meals and incidental expenses) for most major U.S. cities within the continental United States, including high cost areas such as San Francisco and New York City can be found at: http://www.millersville.edu/purchasing/files/per-diem_domestic.pdf. If you are traveling outside the continental United States to Alaska, Hawaii or Puerto Rico, or traveling internationally, relevant per diem rates can be found at:

http://www.millersville.edu/purchasing/files/per-diem_alaska.pdf

http://www.millersville.edu/purchasing/files/per-diem_hawaii.pdf

http://www.millersville.edu/purchasing/files/per-diem_puerto.pdf

http://www.millersville.edu/purchasing/files/per-diem_foreign.pdf

The per diem estimates found at these two sites are based on federal rates are appropriate for use when composing federal grants. Further information can be found here:

http://www.gsa.gov/Portal/gsa/ep/contentView.do?contentId=17943&contentType=GSA_BASIC

Mileage Reimbursement

If you intend to use your own vehicle to travel to a research site or for some other grant-funded activity you can be reimbursed for mileage. Effective February 1, 2007 Millersville reimburses mileage at a rate of \$.485/mile. The Federal Government has recently revised its mileage reimbursement policy. When private cars are used for official business because no government owned vehicle is available, the mileage reimbursement is calculated at \$.505/mile. This rate may be more appropriate when authoring federally funded grants. More information can be found at: www.gsa.gov/mileage.

Other Travel Costs

Some travel costs, such as taxi fares are covered by the incidental expenses included as part of per diem calculations. Other expenses, particularly airfares, have no calculating standard. In these cases the most common practice is to use common travel websites such as www.expedia.com. Some sites, such as www.kayak.com, can speed the search for airfare by accessing numerous travel sites at one time. Grants will typically cover the cost of round-trip, **economy-class** fares. When justifying this portion of the budget it is always wise to include a reference to the travel site from which the airfare was derived and the date on which that site was accessed.

Equipment, Instrumentation, Materials and Supplies

The best source for information concerning project specific equipment or supplies are on-line or paper catalogs, or quotes directly from suppliers. Importantly, if you receive a grant for the purchase of

equipment, the purchase of that equipment will be, in most cases, handled by the University. Before purchasing any equipment, the University will seek bids to insure that it is receiving the best price possible. This can significantly delay the acquisition of any equipment. This process may be accelerated if the grantor specifies that the provided funds are to be used solely for the purchase of a specific make and model of equipment. This is something that must be negotiated by the grantee and grantor.

Consultants, Consultant Rates and Honoraria

In most cases grantors prefer that consultants responsible for outcome assessments or evaluations of sponsored projects come from external (non-Millersville) institutions. The regulations for determining consultant rates or honoraria, in general, are fairly undefined and require that the rates must be reasonable. Some agencies, such as the Department of Justice stipulate a maximum of \$450/day plus travel and per diem as reasonable. The National Science Foundation eliminated maximum is 2006, but the most recent rate was \$537/day plus travel and per diem.

Indirect Costs

Facilities and Administration Costs and/or Overhead Charges can all be considered Indirect Costs (see above). At Millersville’s indirect costs should be calculated at a rate of 41% of salaries, wages, and fringe benefits (including stipends and release time) requested in budgets. Most federal agencies will fund indirect costs request at this rate. Grantors that do not allow indirect cost request at this rate will typically specify an acceptable rate, or will state that they do not fund indirect costs. At a minimum, it is appropriate to request at least 8% of the total budget.

Personnel Costs

The calculation of personnel costs is an often difficult and always arcane task involving a range of variables such as an individual’s step and grad, salary or hourly wage, fringe benefits, teaching or administrative responsibilities, and grant job description among others. It is also important to determine the appropriate mechanism for faculty and staff compensation. These include, in the case of faculty, released time, dual compensation, overload and summer salary. In the case staff, these mechanisms may include the creation of a grant-funded position, or dual compensation for current employees. Mechanisms for compensation further vary if undergraduate or graduate students will be employed.

Millersville has specific policies for dealing with the most issues related to personnel costs. The following definitions are provided to help you with the initial structuring of your grant proposal and budget. For detailed and accurate information, however, you **MUST** contact the [Director of Foundation and Government Support](#). Once you provide the Director with a description of your staffing and compensation requirements and questions, he will work with the appropriate staff in the Accounting and Human Resources offices to develop the materials necessary for your grant proposal and budget.

Mechanisms of Faculty Compensation	
Released Time	The number of credits that a faculty member is released from teaching to allow adequate time to fulfill grant duties. Faculty members typically teach 12 semester hours per semester. Therefore, a 3 semester hour release per semester is equivalent to .25 time. Compensation for this time must be calculated at the actual cost of the released faculty member’s salaries (e.g. salary/semester hour multiplied by a specific percentage equaling benefits and other costs including retirement, medical, FICA, etc.). Exceptions to the compensation policy can be made at the Provost’s discretion, but requests must be made prior to application submission (please contact the Director of Foundation and Government Support). The University Policy regarding faculty released time can be found by here . In all cases, these figures MUST be calculated by personnel in the accounting office working in conjunction with the Director of Foundation and Government Support .
Dual	Dual compensation enables compensation to faculty and staff for grant-related duties

Compensation Dual Comp. (Cont.)	performed in addition to regular university duties. Dual compensation is usually budgeted as a stipend and should include funds for salary as well as other benefits and expenses (e.g. medical, retirement, FICA).
Overload	Overload enables payment to faculty already carrying the normal 12-24 credit load for assuming additional teaching or other duties associated with a grant-funded project. Budget request for overload must cover salary as well as other benefits and expenses (e.g. medical, retirement, FICA).
Summer Salary	Requests for summer salary may be made in terms of credits or in terms of academic year equivalents, depending on the granting agency. For example, the National Science Foundation allows summer salaries no greater than 2/9 of academic year salary (academic year salary $\div 9 \times 2$). Salaries calculated in terms academic credit can be determined by dividing academic year salary by the number of credit hours to arrive at a per credit hour estimate. In both cases budget requests for summer salary must cover salary as well as other benefits and expenses (e.g. medical, retirement, FICA). Furthermore, in both cases the Director of Foundation and Government Support should be contacted before submitting the grant proposal.

Mechanisms of Staff Compensation

Creation of a grant-funded position	The first step in creating a grant-funded staff is to compose a job description that reflects, as accurately as possible, all of the responsibilities of that position. This description must be submitted to human resources where the appropriate classification for that position is determined. Classification is used by Accounting Office personnel to determine salary and benefits for that position. Please contact the Director of Foundation and Government Support about your staffing needs prior to contacting Human Resources.
Dual Compensation	Dual compensation for staff must include duties to be performed in addition to normal daily job requirements. These additional responsibilities must be completed outside of normal work hours. Furthermore, this must involve duties that would otherwise not be performed. Budget requests for summer salary must cover salary as well as other benefits and expenses (e.g. medical, retirement, FICA).

Student Compensation

Graduate Assistants	Graduate assistant may work up to twenty hours a week during the academic year. During the 2007-2008 academic year, graduate assistants were awarded a stipend (\$5000/academic year for a 1 st year grad. assistant, \$5400/academic year for a 2 nd year grad. assistant), a 24-credit hour tuition waiver (\$6369), and worker's compensation. Summer stipends and hours must be negotiated separately.
Undergraduate Students	Undergraduate students are generally paid minimum wage (\$7.25/hour), though there are important exceptions. Wages higher than this may require justification. In all cases, you should contact the Director of Foundation and Government Support early in the budget process for assistance in identifying appropriate wages. Importantly, during the academic year, budgets should request worker's compensation (1.25%) as well as wages. Budgets for summer employment should include worker's compensation (1.25%) and FICA (7.65%).

To reiterate, correctly estimating personnel costs can be a difficult and arcane process, but it is not one that you are expected to perform yourself. To ensure that your estimates are as accurate as possible, you should contact the [Director of Foundation and Government Support](#) early in the budget preparation process for assistance in obtaining appropriate personnel quotes. You should have the following information available when you call:

1. Semester and year (e.g. Spring 2008) and a number of semester hours for released time or overload.
2. Stipend amount of applying for dual compensation.
3. If requesting a summer salary, provide year and calculation method (number of credit hours or 2/9 academic year equivalent).
4. Notification of expected promotions.
5. If you are creating a new staff position, please provide a job description.

To reiterate, the [Director of Foundation and Government Support](#) serves as a liaison between faculty preparing grants and the accounting department . If you have questions concerning personnel costs, salary issues, or other questions related to budgeting, please contact the Director first. Doing this will save time and effort later during the grant approval process.

Summary

To conclude, it is important that you begin working in the budget as early as possible in the grant application process. The budget should reflect key goals of the project which, in turn, should reflect key aspects of the request for proposals. It is important that you start with the most integral elements of the budget – often these are personnel and indirect costs – and build around them. Finally, let Foundation and Government Support help you with the budget, particularly with personnel cost quotations. An incorrectly prepared or documented budget will cause SUBSTANTIAL delays during the budget proposal approval process if Foundation and Government and/or Accounting personnel are required to invest significant energy in deciphering your budget. If you are pressed for time when you begin the approval process, this could result in missing submission or other critical deadlines.

Sample Budget and Justification

The following sample budget presents lines items for a number of expenses, as well as a justification and some guidelines on where this information can be found.

	Year 1		Year 2		Year 3		Totals
	Expenses	Indirect Cost	Expenses	Indirect Cost	Expenses	Indirect Cost	
Graduate Student Victim Advocate (see detailed breakdown in justification)							
Grad. Advocate Training	1,200.00				1,200.00		2,400.00
Airfare	368.00				368.00		736.00
Per diem	1,065.00				1,065.00		2,130.00
Stipends	5,000.00	2,050.00	10,000.00	4,100.00	10,000.00	4,100.00	35,250.00
Tuition Waivers	3,144.00		7,230.00		8,316.00		18,690.00
						Subtotal	59,206.00
Undergrad. Student On-call Advocates							
Training	1,200.00		1,200.00		1,200.00		3,600.00
Training Materials	600.00						600.00
Fall Advocates			4,374.00	1,793.34	4,374.00	1,793.34	12,334.68
Winter Advocates	656.10	269.00	656.10	269.00	656.10	269.00	2,775.30
Spring Advocates	4,374.00	1,793.34	4,374.00	1,793.34	4,374.00	1,793.34	18,502.02
Summer Advocates	2,822.40	1,157.02	2,822.00	1,157.18	2,822.40	1,157.18	11,937.06
						Subtotal	49,750.56
Equipment (telephones, etc. sufficient for four advocates, see justification)							
Speakerphones	427.44						427.44
Headset	55.64						55.64
Call Center Desks	689.40						689.40
						Subtotal	1,172.48
Misc. Office Supplies							
Subtotal	150.00		150.00		150.00		450.00
Faculty Mentor (.25 release, Fall & Spring, 6 semesters, 3 years)							
Subtotal	14,100.52	5,781.21	15,791.44	6,474.49	17,689.12	7,252.54	67,089.32
Assessment Specialist							
Subtotal (see detailed breakdown in justification)					1,646.80		1,646.80
Administrative Assistant (see detailed breakdown in justification)							
Fall	4,353.00		4,353.00		4,353.00		13,059.00
Spring	4,353.00		4,353.00		4,353.00		13,059.00
Summer	3,482.40		3,482.40		3,482.40		10,447.20
Subtotals	12,188.40		12,188.40		12,188.40		36,565.20
Annual Subtotals	\$48,039.98	\$11,050.36	\$58,785.94	\$15,587.19	\$66,049.42	\$16,365.24	
	Expenses	Indirect Cost	Expenses	Indirect Cost	Expenses	Indirect Cost	
Annual Total	\$59,090.34		\$74,317.73		\$82,414.66		
	Year 1		Year 2		Year 3		

GRAND TOTAL 215,878.13

Budget Justification

Faculty mentor salary is calculated on the basis of .25 released time for 2 semesters/year for three years. Summer salary was calculated for 2 credit hours. Undergraduate student wages were calculated following university standards based on a classification derived from the job description. Graduate student wages were calculated following University standards, summer rates reflect a negotiated rate based on long semester costs. Indirect costs were figured at 41% of labor, including fringes. Travel and training costs for the graduate student training are based on roundtrip airfare to/from Chicago and federal per diem rates. The salary of the grant-funded administrative assistant position was determined after a review of the position description by Millersville human resources.

Expenses relating to the assessment consultant were determined from the per diem costs for Millersville, travel costs to/from Chicago, and a reasonable honorarium. This individual was chosen as an assessment specialist because of their experience with this kind of program and on the recommendation of colleagues familiar with this individual’s reputation and expertise. The figures listed for the Administrative Assistant position reflect this salary plus the additional 18% charged by the temporary agency contracted by Millersville to supply the administrative assistant. Equipment costs were derived from prices posted online at officemax.com.

Faculty Mentor Salary	Salary/semester	Fringes	Total	Indirect Costs
Year 1	\$6253.00	\$797.26	\$14,100.52	\$5781.21
Year 2	\$7003.36	\$892.93	\$15,791.44	\$6474.49
Year 3	\$7843.76	\$1000.08	\$17,689.12	\$7,252.54
SUBTOTALS			\$47,581.08	\$19,508.24
TOTAL				67,089.32

Undergraduate Salaries (Years 1-3)							
	Salary	Workers Comp.	FICA	Hourly Wage	No. Hours	Total	Indirect Costs
Fall (4 students working 10 hrs/wk for 15 weeks)							
	\$7.15/hr	2%	--	\$7.29	600	\$4374.00	\$1,793.34
Winter (3 students working 10 hrs/wk for 3 weeks)							
	\$7.15/hr	2%	--	\$7.29	90	\$656.10	\$269.00
Spring (4 students working 10 hrs/wk for 15 weeks)							
	\$7.15/hr	2%	--	\$7.29	600	\$4374.00	\$1,793.34
Summer (3 students working 10 hrs/wk for 12 weeks)							
	\$7.15/hr	2%	7.65%	\$7.84	360	\$2822.40	\$1,157.18
Year 1 Subtotals						\$7,852.50	\$3,219.34
Year 2 Subtotals						\$12,226.50	\$5,012.86
Year 3 Subtotals						\$12,226.50	\$5,012.86

Grand Total 45,550.56

Budget Justification, cont.

Graduate Salaries

Year 1	Stipend	Tuition Waiver^{††}	Total	Indirect Costs
Fall	---	\$3,144	\$5,644	\$2,314.04
Spring	\$2,500	\$3,144	\$5,644	\$2,314.04
Summer	\$2,500	---	\$2,500	\$1,025.00
Year 2				
Fall	\$2,700	\$3,615	\$6,315	\$2,589.15
Spring	\$2,700	\$3,615	\$6,315	\$2,589.15
Summer	\$2,700	---	\$2,700	\$1,107.00
Year 3				
Fall	\$2,500	\$4,158	\$6,658	\$2,729.78
Spring	\$2,500	\$4,158	\$6,658	\$2,729.78
Summer	\$2,500	---	\$2,500	\$1,025.00
TOTAL			\$15,816.00	\$6,484.56

Equipment

	No.	Cost Each	Total
Speakerphones	4	\$106.86	427.44
Headsets	4	\$13.91	55.64
Call Centre Desks	4	\$172.35	689.40
Total			\$1,172.48

Grad. Student Travel (per year, for travel in years 1 and 3)

R/T Airfare¹	Per Diem² 5 days@ \$213.88/day	Total
\$368.00	\$1,065.00	\$1,433.00

Assessment Specialist Visit

R/T Airfare¹	Per Diem² 3 days@ \$138.88/day	Honorarium³	Rental Car⁴	Total
\$323.00	\$555.52	\$400.00	\$368.28	\$1,646.80

Administrative Assistant

	Hourly Wage	Fees	Total/hr	Hrs/Wk (20 hrs)	Indirect Costs/wk	No. Weeks	Total
Fall	11.00	3.51	\$14.51/hr	\$290.20	\$114.98	15	4,353.00
Spring	11.00	3.51	\$14.51/hr	\$290.20	\$114.98	15	4,353.00
Summer	11.00	3.51	\$14.51/hr	\$290.20	\$114.98	12	3,482.00
Annual Total							\$13,188.00

¹Airfare is based on the cost of a roundtrip tickets between Chicago and Harrisburg. Price as of 4/3/08.

²Per diem is based on federal rates for Chicago and Lancaster, respectively

³Honorarium was negotiated and reflects rates paid for previous, similar services.

⁴Rental car rate quoted by Enterprise for a standard size sedan and includes estimated gas for three days.