

EDUCATION: Drafting the Budget

Section 1: Planning the Budget (slides 2 - 5)

Section 2: Line-item Budget (slides 6 - 14)

Section 3: Budget Justification (slides 15 - 20)

Office of University Initiatives

Gil Harootunian, PhD, Executive Director

Angelica Lopez, Administrative Analyst Specialist

Planning the Budget

Before you begin the line item budget, think about--

- What is the purpose of the budget from the agency's perspective?
- What are the roles and responsibilities when working with the university to review and approve your budget?
- What is the scope envisioned by the sponsor?

What is a budget?

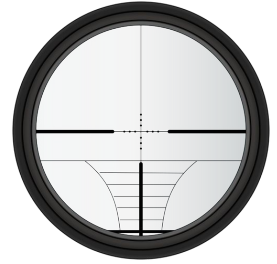
The agency wants your budget to be no less than the financial expression of your proposed work. A good budget shows program officers and reviewers that you have planned a financially viable project, you will be able to track and manage project expenses efficiently and transparently, and you will be able to make course corrections as needed. Program officers and reviewers study in detail the budget because they will be awarding you taxpayers' monies.

FINAL PILOT BUDGET			
Concept	Amount Euros	Dollars	Detail
Grants for Kernel of the project	15.300,00 €	\$ 16.830,00	
Belen Bosalle			\$ 5.610,00
Joaco Alegre			\$ 5.610,00
Jorge Vicedo			\$ 5.610,00
Travel Spending:		\$ 1.050,00	
Trips Sacedon - Madrid			\$ 192,00
Trips Villena - Madrid			\$ 804,00
Public transportation			\$ 54,00
Subsistence allowance		\$ 420,00	
total budget		\$ 18.300,00	



Creating a budget that is competitive for national grant programs requires meticulous planning and compliance with federal regulations, encompassing two essential elements:

1. **What You Do** - Think about the roles and responsibilities of all personnel; where you need to travel and why; what internal supports you need (such as equipment) and what external support you need (such as an independent evaluator).
2. **What We Do** - We support all technical aspects of the line item budget and Budget Justification. Reach out to us early. We will help you, and then begin the institutional review and approval process.



Scope

The budget ceiling (\$100,000 or \$5,000,000?) reflects the scope of work (SOW) that the sponsor wants.

What can you accomplish within that scope? Sketch out your budget to align with the SOW. If the draft of your budget is under or over the sponsor's budget ceiling, ask us for help to align your budget with the sponsor's SOW.

Line-Item Budget



Calculating the Costs: Total Direct Costs and Total Indirect Costs

How much money do you have for direct costs? That depends on the indirect cost rate....



Step 1: Calculating Direct Costs vs. Indirect Costs

The university's Indirect Cost Rate is 40%. If you are applying for a federal award with a budget ceiling of \$500,000, divide $\$500,000 / 1.4 = \$357,142$.

Totals Available:

Direct Costs = \$357,142

Indirect Costs (remaining) = \$142,858

Step 2: Calculating Modified Total Direct Costs

Certain categories, such as Equipment, Participant Support, and Subawards in excess of \$50,000, are exempt from indirect costs. Subtract these from Direct Costs, and then calculate the Indirect Costs.

Example: \$500,000 budget ceiling

1. Direct Costs include \$25,000 in Equipment + \$75,000 in Participant Support.
2. Direct Costs eligible for Indirect Costs: \$400,000 ($\$500,000 - \text{Equipment } (\$25,000) + \text{Participant Support } (\$75,000)$).
3. Direct Costs eligible for charging Indirect Costs: \$285,714 ($\$400,000 / 1.4$)
4. Indirect Costs: \$114,286 (remaining funds)
5. Total Direct Costs available: \$385,714

Modified Total Direct Costs: Exempt Thresholds

The Code of Federal Regulations increased the thresholds for certain categories that are exempt from indirect cost charging. As of October 1, 2024:

1. Equipment = \$10,000 and above
2. Materials and Supplies = up to \$10,000
3. Subawards = in excess of \$50,000

Federal Programs with reduced ICRA's

Please note that Educational Grants do not always permit an applicant to use their university's full Indirect Cost Rate, which is calculated for Research Grants.

- Institutional Capacity Grants typically do not allow charging of IDC: 0%.
- Major Training Grants usually have a reduced IDC: 8%.

Final Advice: Make sure budget reflects technical aspects of award.

For example, what is the start date of the Grant. The federal fiscal year starts October 1st and end September 30th. This may impact your award's start and end dates. If so, when planning the budget for the fall semester in the first year, faculty will not be eligible for Release Time because the grant start date would have had to be in the summer.

Solution: Use October, November, December as a planning period for your major award.

The first thing University Initiatives does is ask who will be involved in the proposal? Once we are notified we will run salary reports on all Faculty and Staff involved:

FACULTY NAME	
Salary Calculations	
Academic Year ("AY") Base Salary = monthly salary x 9 (months). Example: \$9,984 monthly salary	\$89,856
One course buy out = 10% (3 Weighted Teaching Units/WTUs out of 30 WTU load for AY)	\$8,986
One month salary = AY base salary divided by 9 (months). One month salary can be used for summer months or weeks. <i>Also see final entry</i>	\$9,984
Overload (during AY) may be based on percentage of AY base salary, for example 5%. <i>Also see final entry below.</i>	\$4,493
Hourly Rate = AY base salary divided by 1360 hours. This can be used for both summer work and overload work.	\$66
Fringe Benefit Rate Calculations	
Monthly fringe benefit (FB) amount divided by monthly salary amount. Example: \$4,361 in fringe benefits on monthly report divided by \$9,984 monthly salary	43.68%
The full FB rate is applied against all buy out (for example one course release)	\$3,925
The all -university rate of 10% is applied against all additional work (e.g., summer or overload)	\$998



The following budget categories outlined below must be accounted for during each year of the grant.

Section B - Budget Categories:					
	Grant Program, Function or Activity				
	(1)	(2)	(3)	(4)	Total (5)
6. Object Class Categories					
a. Personnel	\$ *	\$ *	\$ *	\$ *	\$
b. Fringe Benefits	*	*	*	*	
c. Travel	*	*	*	*	
d. Equipment	*	*	*	*	
e. Supplies	*	*	*	*	
f. Contractual	*	*	*	*	
g. Construction	*	*	*	*	
h. Other	*	*	*	*	
i. Total Direct Charges (sum of 6a-6h)					\$
j. Indirect Charges	*	*	*	*	\$
k. TOTALS (sum of 6i and 6j)	\$	\$	\$	\$	\$
7. Program Income	\$ *	\$ *	\$ *	\$ *	\$

Budget Justification



A good budget justification explains and justifies each cost in the grant budget, ensuring all expenses are reasonable, necessary, and allowable under the funding guidelines. A strong justification should be clear, concise, and aligned with the project's goals. Below you will find information extracted from sponsored guidance for various grant applications as well as examples obtained from grant submissions prepared by University Initiatives:

Key Elements of a Strong Budget Justification:

1. Personnel Justification

- List each position, the person's role in the project, and percentage of effort (FTE or hours).
- Justify why each position is necessary.
- Example: *The Project Director (3 WTUs) will oversee program implementation, ensuring compliance with grant objectives and reporting requirements.*

Here is how to calculate your release time



Faculty Release Time, CSU Regulations, and Anticipated Annual Salary Increase

Faculty release time in the CSU system is equivalent to three WTUs (Weighted Teaching Units) per course. Faculty usually carry 15 WTUs per semester (four courses, plus service equivalent to one course), for 30 WTUs total per academic year. Three WTUs therefore equals 10% of the faculty member's base academic year salary. All faculty salaries are based on their current academic year salary, with annual anticipated increases (3% - 4%) in out years.

How To Calculate Person-Months in the Academic Year:

Faculty teach on 9-month contract (approximately). Faculty workload is based on 30 WTUs, allocated in 10% units (for example, 3 WTUs equals one course). 10% of 9 months is 0.9 person months per course release (during the academic year).

Summer months: One month equals...one month.



2. Fringe Benefits Explanation

Fringe benefits include all mandated federal and state/local payroll taxes, such as FICA, Workers' Compensation, Unemployment Insurance, and Medicare. Additional benefits for salaried employees include health, vision, dental, and life insurance, and may include optional 401K contributions. Fringe benefits are billed at the actual current rate for the California State University, Fresno employees, plus any anticipated increases. Rates for new hires are billed at the CSUF Foundation's current rates for employees in similar positions. Actual fringe benefit rates for this grant will be provided.

University Initiatives will print out your salary and fringe benefit reports, and then calculate your fringe benefit rate by dividing monthly salary amount by the fringe benefit amount. Example: \$5,451 in fringe benefits on monthly report divided by \$9,201 monthly salary = 59.24% fringe benefit rate. **Faculty enroll themselves and/or dependents in different health care plans, so the fringe benefit rate for individual faculty will vary.**

If a faculty member participates in summer or overload effort, the FB rate is approximately 10%.

Students who are employed to do work during the duration of the grant have a standard 3% FB rate charged against their salary.



3. Travel Justification

- Specify the purpose of travel (e.g., conferences, site visits).
- Include estimated costs for airfare or mileage, lodging, per diem, transportation, with destination.
- Example: *The Project Director will attend the annual Department of Education conference in D.C. to present findings: \$1,200 airfare, \$150/night lodging, \$50/day per diem.*

4. Equipment Justification

- List each item, its cost, and why it's necessary for the project.
- Distinguish between capital equipment (\$10,000+) and minor equipment and supplies (\$9,999 and below).
- Example: *One laptop (\$2,000) is required for the Data Analyst to manage program evaluation and reporting.* You can combine all computer components together into one line item in the budget.

5. Supplies Justification

- Detail project-specific office supplies and any project-specific materials.
- Provide cost estimates and explain necessity.
- Example: *Instructional materials (\$500) will support professional development workshops for educators.*



6. Contractual Services Justification

- Identify contractors or consultants, their roles, and justification for their inclusion.
- Break down hourly rates and total expected costs.
- Example: *An external evaluator (\$150/hour, 100 hours) will conduct an independent assessment of project outcomes.*

7. Construction: Not Applicable

8. Other-Participant Support Justification

- Describe how funds will be used to support participants (scholarships, stipends, workshop, materials).
- Example: *\$10,000 scholarships per year per undergraduate Scholar will be provided x four years.*

Reach out to us anytime

Office of University Initiatives

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