BUDGETING 101 FOR RESEARCHERS

1. Work with SPS Pre-Award to prepare a budget.

►► Sponsored Program Pre-Award Services will assure that the budget is fully costed and sponsor guidelines have been met.
►► Pre-Award also will assure that proper salaries, fringe rates, F&A rates and the like are used.
►► Visit www.purdue.edu/business/sps/ preaward/contact/index.html to see which Pre-Award group services your area.

3. Prepare the budget justification.

►► Review and follow sponsor guidelines with SPS to avoid issues that could affect successful submission and potential awards.
►► This is your opportunity to explain why all budgeted items are necessary.
►► Keep in mind which expenses may be charged to a sponsored programs cost center. Pre-Award has compiled a list of typical expenses: www.purdue.edu/business/sps/doc/budget_check_list.docx

5. Document notable circumstances.

►► The salaries of administrative and clerical staff, for example, should normally be treated as indirect (F&A) costs and should not be direct-charged in most cases. In order to direct-charge these costs, the following conditions must be met:
>> Services are *integral* to a project or activity.
>> A person is specifically identified with the project or activity.
>> The cost is explicitly budgeted or has prior written approval.
>> Costs are not also recovered as indirect.
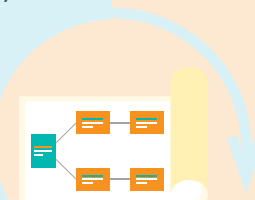
7. Don't over-commit key personnel.

►► If an investigator's effort has already been committed to current projects, then it cannot be committed to proposed projects falling within the same time frame.

9. Solicit and secure all cost share and related partnership commitments.

►► Cost sharing refers to the portion of a sponsored project's costs that are not borne by the funding agency.
►► Even when not required, sometimes cost sharing by a university is taken into account when making funding decisions.
►► Typically documentation of the cost-sharing source is needed, such as a letter from a company providing equipment or committing an in-kind contribution.

11. Stay in communication with your dean, director, department head and business office.

►► These individuals are administratively responsible to ensure all programs are managed in accordance with the various rules, regulations and policies and they are fiscally responsible for the cost assignments and any budgetary implications arising from these assignments including disallowed costs.

2. Pre-Award will ensure these requirements are met:

►► Specific sponsor requirements, such as the National Institutes for Health's salary cap
►► Department requirements, such as budgeting graduate students at specific rates.
►► University requirements, such as summer salaries for AY (academic year) appointments.

4. Keep in mind that a budget is not "just a budget."

►► A budget also is the university's best faith estimate on the costs it would take to complete the work.
►► The proposed budget also significantly impacts funding decisions.
►► If the budget is too high, the sponsor could say they do not have the funds to support the project even though the science is what they are looking for.
►► If the funding agency believes the budget is not sufficient enough to complete the work proposed, it may also reject the proposal.

6. Don't budget 100% CUL.

►► Capacity Utilization Level (CUL) is also known as Full Time Equivalent (FTE). Generally, a full time position is 100% CUL.
►► Teaching, writing new proposals, advising students, or working on committees would not be considered part of the time spent on the project unless the position is a dedicated research position.

8. Account for F&A (Facilities and Administration) costs.

►► F&A costs are real costs to the university of doing research, such as utility costs and administrative staff and systems needed to manage the project. Information on current F&A rates is available at www.purdue.edu/business/sps/postaward/bs/accountmgmt/fahome.html.

10. Approve subcontract statements of work, budget and budget justification.

►► Subcontractors need to submit to Purdue University a statement of work and proposed budget for their portion of the project, signed by their institution's authorized representative.
►► When reviewing subcontracting proposals, be sure to verify the work and budget make sense.
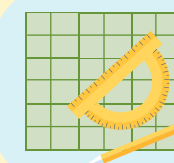
12. If a rebudget is requested, be sure to evaluate the scope of your project.

►► If the sponsor is cutting the budget, then there may need to be a reduction in scope. Rebudgets greater than 20% necessitate a scope change.
►► Additionally, if the new budget is higher than originally proposed, then document how those funds will be used.
►► Just-in-Time (JIT) or other post submission requests often require submission of revised budgets or additional budget detail.