

Constructing a Budget

or: "I need lots of money"

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Budget Development

- What do you plan to accomplish with your project?
- You should know the answer to this question before you start your search for a funding agency

Budget Development

- When you know what you want to accomplish, you can find an agency that matches your goals as well as your budget requirements!

Budget Development

- Type of funding agency:
 - Federal/State/Local Municipality
 - Flow-through funds
 - Private Money (Foundations)
 - Gifts/Grants

Budget Development

- Review the Rules and Regulations for the budget, as provided in the agency's guidelines

For example: Do they pay for?

- Equipment: yes/no
- Salaries: yes/no

Do they require cost-share?

- Mandatory Cost Share?

Budget Development

Now that you have found your funding source, keep your budget in mind as you develop your proposal

- Budgets are composed of at least two categories:
 - Direct Costs
 - Directly attributable to the project
 - Facilities and Administrative Costs
 - University Overhead, Indirect Costs

Budget Development

- Direct Costs

- I. Personnel

- Calculate the amount of time that you and other professionals involved in the project will have to contribute
 - Summer work? Academic year? Both?
 - *Don't forget:* Students, consultants, honorariums, additional clerical needs

Budget Development

- Direct Costs

- I. Personnel (faculty and staff)

There are two ways to pay faculty and staff:

- 1. Extra Compensation:
(Needs Documentation)

(You can earn extra compensation during the Academic year and in the summer)

- Academic Year (9 months)
 - Summer (up to 3 months)

Budget Development

- Direct Costs

I. Personnel (faculty)

2. Re-Assign/Release time

- NKU: 4 course teaching load
- 1 course release = 25% of 9 mo. Salary

So: @ \$50,000/academic year

- ❖ 1 course released (spring and Fall)

- ❖ Cost is: \$12,500

-Don't forget the benefits! The true cost of a \$50,000 faculty member is \$63,364 due to the cost of the benefits!

So: @ \$50,000/academic year a 25% release cost will be \$15,841

-That is the amount you request!

Budget Development

- Direct Costs

- I. Personnel (faculty)

- 9 month faculty **monthly** rate:
 - Salary / 9 months
 - 9 month faculty **daily** rate:
 - 1 month / 16 work days (4 day work week)
 - 9 month faculty **hourly** rate
 - Daily rate / 7.5

Budget Development

- Direct Costs

- I. Personnel (other)

- Students
 - Hourly rate \$6-10, plus FICA (7.65%)
 - Consultants
 - Service Contracts, no benefits
 - Honorariums
 - One time guest fee, no benefits
 - Additional Administrative needs
 - Talk to RGC!

Budget Development

- Direct Costs

II. Fringe Benefits

- Faculty

- Academic year: $19\% \times \text{Salary} + 4000$

- Faculty

- Summer: $7.65\% \times \text{Summer pay}$

- Staff

- $15\% \times \text{Salary} + 4000$

- Students

- $7.65\% \times \text{Hourly rate}$

Budget Development

Important to Remember:

- Documentation of your time is a requirement of getting paid!
- The amount of your compensation will depend on the amount of your “documented time” spent directly on the project
 - Especially important for “extra-compensation” above your full work load.
 - This applies to all personnel on your project

Budget Development

- Direct Costs

III. Equipment

“Equipment” is a single item that costs \$5,000 or more. Everything else is considered “supplies”

- Research the actual cost of the piece of equipment.
- Pay attention to: **Maintenance costs!**

Budget Development

- Direct Costs

IV. Materials and Supplies

- List any specific materials and/or supplies with prices where applicable
- Approximate typical office supplies, copies, postage etc.
- Unusually large printing or publication costs should be listed in “Other” category below.

Budget Development

- Direct Costs

 - V.Travel

 - Adhere to Institutional Policies and Agency Guidelines

 - Distinguish between Domestic and Foreign travel

 - If foreign travel is sponsored by the Federal Government, use Federal international per diem rates.

Budget Development

- Direct Costs

VI. Subcontracts and Consultants

The Associate Provost for Outreach and Dean of Graduate Studies and the Office of Research Grants and Contracts are the "Authorized Representative" on all proposals, contracts, and awards . No other signature will be considered valid or binding on any contract, award, MOA etc.

All contracts/subcontracts/MOAs etc. binding NKU and/or its employees to: work/funds/time etc. should originate from the RGC Office.

Authorized sub-contract representative/consultant must sign a sub-proposal or supply a confirmation "letter of intent" before your proposal is submitted

Budget Development

- Direct Costs

VII. Other Direct Costs

Communications, Publications, Animal Care Costs, Human Subject Costs, Shop Charges, Maintenance, Computer Costs, Graphic Arts/Photographic Services, Rental/Lease Facilities,

*Note: Construction/Renovation/Remodeling Costs
These will need prior approval from NKU
authority before submittal*

Budget Development

- Facilities and Administration
 - aka: Indirect Costs, Overhead

Costs that are incurred for common objectives of the university and the sponsored program and which, therefore, cannot be identified specifically in reference to a particular project.

Examples: building operation and maintenance, laboratory space, library services, utilities, and administrative services.

NKU has a F & A rate of 29.8%
(Federal negotiated rate)

Budget Development

- Cost Sharing (Matching)

(Again: What are the sponsor's requirements?)

- RGC will work with you to identify matching funds as required in the guidelines

- *Remember! Once cost share is identified and submitted on a proposal it is now considered "mandatory" and must be documented*

Budget Development

- Cost Sharing Continued...

Where will this money come from?

Some examples:

- Other funding sources for same work*
- Faculty Start-Up funds*
- Departments*
- Salary for release time*
- F &A costs if not paid by funding source*
- NKU cash matching account*
(mandatory only)
(or compelling evidence)

Budget Development

- The End?
- Questions?