

# Grant Budgets

Office of Research and Scholarship  
AY 2021-2022

The University of Texas at  
**TYLER**

# Contact Information

- For information about grant budgets, contact the Office of Research and Scholarship
- Carla Reichard, [creichard@uttyler.edu](mailto:creichard@uttyler.edu), 903-565-5670
- We have budget spreadsheet 'shells' that you can use to build your budget with the correct indirect cost rate, benefit rates, etc.



# Grant Budget Elements

- A grant budget is a blueprint – when the budget is created, we do not know what your exact salary and benefits will be, nor do we know the actual travel costs, etc. Most grant agencies know this and will allow for some shifting of costs between categories as needed.
- Salaries
- Fringe Benefits
- Equipment
- Travel
- Participant Support
- Other Direct Costs: Materials and Supplies; Publications; Consultant Fees; Subcontracts; and Other (including graduate tuition remission)
- Indirect Costs



# Salaries

- Most faculty salaries are based on a 9-month appointment, even though the payments are spaced out over 12 months. (Exception: Pharmacy.)
- If you request summer salary from your grant, then this is added to your academic appointment.
- Example: if your 9-month academic salary is \$90,000, then your monthly salary for grant purposes is  $\$90,000/9 = \$10,000$ .
- If you request academic year salary from your grant, then for most faculty it must be based on course releases – the standard academic term contains 8 courses (4 each semester).



# Fringe Benefits

- Currently we budget up to 35% for full time faculty and staff; and 11% for part time staff and student employees.
- The actual percentage of fringe benefits varies with the base salary and individual medical elections. Faculty with higher base salaries may have fringe percentages less than 35%.



# Equipment

- The equipment line in most grants (including all federal grants) is to be used **ONLY** for equipment over \$5,000 per item.
- Example: buying 5 computers, each worth \$1,500, does not qualify as equipment (put those under Materials and Supplies).
- If you buy one computer for \$4,000 along with an accompanying sensor for \$1,500, and your project requires that the computer and sensor work together as one unit, then that expense should be put as \$5,500 under Equipment.
- Any funds on the equipment line **DO NOT** accrue indirect costs.



# Travel

- This must be estimated at the time of application. When you take a grant-sponsored trip we will bill for actual expenses.
- Federal applications will have separate lines for domestic and international.



# Participant Support

- This is designed for people attending workshops and conferences and applies to expenses that are tracked per person.
- This category DOES NOT accrue indirect costs.
- This category is NOT used for incentives for subjects (e.g. gift cards for people filling out surveys) – those expenses go in the 'Other – Other' category.



# Other Expenses

- **Materials and Supplies:** this should include purchases that you may think of as 'equipment' but individual items are under \$5,000.
- **Consultant Services:** this is a specialized contract with someone who provides expertise for your grant. Usually this would result in a contract with your consultant as an individual.
- **Subawards and Subcontracts:** If people at another institution will be completing part of the grant, then you may need a subaward or subcontract. We receive indirect costs on the first \$25,000 of each separate subaward.
- **Other:** this category can include graduate tuition remission (does NOT accrue indirect costs) and research participant incentives (DOES accrue indirect costs) as well as things like equipment rentals, etc.



# Indirect Cost Rates

- UT Tyler has a federally negotiated indirect cost (IDC) rate that applies to most federal grants. Currently our on-campus IDC rate is 47.0% of Modified Total Direct Costs (MTDC); our off-campus IDC rate is 13.0% of MTDC. These represent the maximum amount we can take for IDC. This rate is effective for grant with a start date after 9-1-2020.
- Some federal grant solicitations have different applicable rates. Any grant that is considered a 'training grant' will be limited by law to 8% indirect costs. Some USDA grants are limited by law to 30% of Total Costs, which works out to 42.85% of Direct Costs.



# Indirect Cost Rates, Continued

- Most non-Federal grants have reduced indirect cost rates.
- Many Texas state agencies have IDC rates of 10% (TxDOT; DSHS) or 15%. TEA rates for most grants are 5% or lower.
- Grants from non-profit foundations are generally low and often are 0%. The foundation sets the rules for what they will allow. Many foundation grants also require cost sharing.
- Some faculty negotiate contracts with private companies that are administered through UT Tyler. The IDC rates for these are part of the negotiation process but usually run between 10-15%.



# Indirect Cost Returns

- Indirect costs represent monies for administrative costs (personnel, physical plant, etc.) that cannot be charged directly to a grant but nevertheless represent costs that the university must support.
- As an incentive, UT Tyler returns a portion of indirect costs back to faculty, their departments and their colleges.
- Faculty who serve as the Principal Investigator for a grant will receive 10% of the grant's indirect costs – this will be placed in a cost center that the PI can use for other research projects. The PI's academic department will receive 5% and the PI's college will also receive 5%. (Exception: Pharmacy faculty receive 20%.)



# Indirect Cost Returns, Continued

- Note that indirect costs are only received from the granting agency based on grant expenses, not on the grant budget.
- Example: A PI has a grant with a 45.0% indirect cost rate on the modified total direct cost.
- In the first quarter of the grant, one month of the faculty member's salary and fringe benefits are charged to the grant for a total of \$10,000. When the granting agency approves this charge and disburses the funds, they also disburse \$4,500 in IDC. The PI's IDC account will then receive \$450; her department will receive \$225 and her college will receive \$225.
- If the same grant charges \$10,000 in equipment, no IDC will be disbursed.



# Cost Sharing

- Some grants require cost sharing. Cost sharing means that we contribute something toward the costs of completing the grant, and that we document our contribution.
- Cost sharing requires that at least two separate cost centers are set up: one to document the cost sharing expenses; and the other to document the grant-paid expenses.
- Do NOT specify any cost sharing in your grant application unless (1) it is required; or (2) it is a factor in the grant review (i.e. including cost sharing can help your chances of getting funded).



# Passive Cost Sharing

- Passive cost sharing includes things like faculty salaries + fringe benefits; unrecovered indirect costs; and space rental of university facilities.
- Example: a Texas Parks and Wildlife grant application requires 35% cost sharing. The faculty member estimates that completing the grant will require at least one month of his time, as well as the time of a graduate research assistant. He puts the graduate research assistant's salary + benefits in the grant budget, and puts his own 1 month salary as cost share. He puts 15% indirect costs in the grant budget, and puts 30% unrecovered indirect costs (UT Tyler's IDC rate = 45% - 15% = 30%) as cost share.
- Always check the grant directions to see what is allowed for cost sharing.

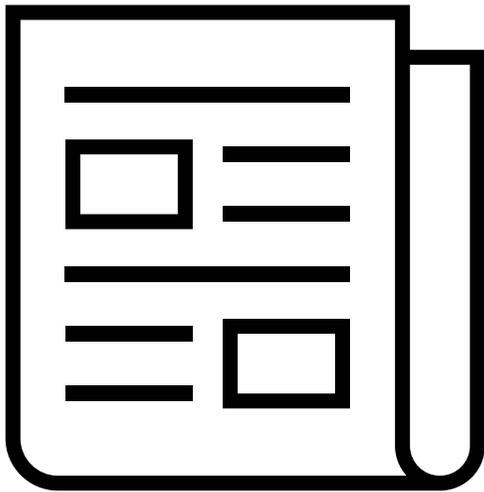


# Active Cost Sharing

- This is cost sharing that requires UT Tyler to contribute funds.
- This type of cost sharing must be well documented and must be approved by the department head and dean.
- Example: a faculty member has \$15,000 in start-up funds. A USDA equipment grant requires a 1:1 cost share match. The grant application asks for USDA to supply \$15,000 together with the start-up funds in order to purchase a \$30,000 piece of laboratory equipment.



# Budget Narratives/Justifications



Information

vs.



Persuasion



# Budget Narratives/Justifications

Does anybody even read them?

Yes, here are some examples of comments provided on rejected proposals:

- Inconsistencies between proposal narrative and budget narrative.
- One budget category is excessive and not justified.
- Insufficient information provided in the budget narrative to determine reasonableness.
- Applicant seems to be asking for things that the university already has.



Source: NCURA webinar entitled, "Developing Compelling Budget Justifications"



# Budget Narratives/Justifications

Information typically required:

Senior Personnel

Other Personnel

Fringe Benefits

Equipment

Travel

Participant Support

Other Direct Costs

Indirect Costs



# Budget Narratives/Justifications

## Senior Personnel

Example sourced from: NCURA webinar entitled, "Developing Compelling Budget Justifications"

The PI will be responsible for the overall management and direction of the project, including serving as a mentor for the undergraduate student researchers. The PI has a nine-month appointment and requests 1.35 months salary for each summer of the three years of the project. Calculations use an assistant professor base salary and include a projected four percent yearly cost of living adjustment.

Year 1 activities include supervising undergraduate students performing the initial work on Truffula complexes. Year 2 activities center on mentoring undergraduate students and continued work to characterize Zummers. Year 3 activities focus on completing syntheses of Snuvs and guiding undergraduate students in the preparation of manuscripts to be submitted to peer reviewed journals such as Diffendoofer International and Kwigger.



# Budget Narratives/Justifications

## Other Personnel

Example sourced from: NCURA webinar entitled, "Developing Compelling Budget Justifications"

Each year the PI will collaborate with a research group of four undergraduate students on project activities. All undergraduate researchers will be paid the standard university rate of \$10 per hour. Expected commitments of undergraduate students for each project year is to work 40 hours per week during a 10-week period during the summer.

Students play a major role in data collection and analysis and the number of undergraduate researchers aligns with the scope of project. At ARUCN University, we have over 50 years of experience recruiting and preparing undergraduate students for this type of work. The objectives are designed so that undergraduate researchers will each have their own set of production targets and will be responsible for one characterization technique to gain expertise on the instrumentation. In Year 1 they will focus on branch Jibboo. In Year 2 they will amalgamate Squitsch. In Year 3 they will complete Grickity Gruckus.



# Budget Narratives/Justifications

## Supply Costs

Example sourced from: NCURA webinar entitled, "Developing Compelling Budget Justifications"

Supply costs are budgeted at \$5,600 per year and include specimen containers, labels, disposable gloves, chemicals, reagents, and glassware.

Supply costs are budgeted at \$5,600 per year and include **field expenses (\$1,600) for data collection, such as** specimen containers, labels, disposable gloves, **and field notebooks, and laboratory expenses (\$4,000) for data analysis, such as** chemicals, reagents, and glassware. These costs are reasonable based on the PI's experience with prior research projects that have a comparable scope and number of undergraduate students.



# Budget Narratives/Justifications

## Cost Principles Narrated

### **Necessary and Reasonable**

- Is it essential to the conduct of the project?
- Would any prudent person purchase this item at this price?

### **Allocable**

- Is there a direct relationship between the item and the project?

### **Allowable**

- Does the item/cost follow sponsor terms and conditions?

### **Consistently Treated**

- Are costs, at the institutional level, treated the same in like circumstances?



Source: NCURA webinar entitled, "Developing Compelling Budget Justifications"



# Budget Narratives/Justifications

## Indirect Cost

In general, proposers should always request the maximum amount of indirect costs allowed by a sponsor.

The federally negotiated indirect cost rate for both the UT Tyler main campus and the HSC campus is 47% of the modified total direct costs.

Modified total direct cost is calculated by taking total direct costs and subtracting the amount on the equipment line and the amount on the participant support line, as well as amounts for tuition remissions and rental costs, and the amount of each contract over \$25,000.

An explanation of how the indirect cost was generated should be included in the budget narrative.



# Let's look at UT Tyler's Budget Shell

