Initial Proposal Development

Budget Development

Budget Justification

INITIAL PROPOSAL DEVELOPMENT

A request to an external funding agency is generally made in the form of a formal proposal. The faculty or staff member who will serve as the PI is responsible for preparing the proposal narrative and project budget. Assistance in proposal preparation and budget development is available from OSRP. Faculty are requested to consult with the Sponsored Research staff early in the project planning stages.

The first steps for the PI are to develop preliminary ideas and identify agencies with interests and priorities similar or consistent with research or project goals of the PI. The PI must consider the need for the project (contribution to the field and uniqueness), experience in the proposed research area (collaboration may be necessary), and needed funding, facilities, equipment and personnel to accomplish the research or project.

In identifying funding sources, it is important to retrieve current information from granting agencies, as there are changes from year to year. Southeastern’s Sponsored Research site has numerous Internet links for funding information. Explore the SPIN (Sponsored Programs Information Network) /SMARTS database and specific agencies or foundations. For the selected agencies, obtain the program description, forms and guidelines. Read and reread the guidelines and any related information about the grant. Highlight critical information such as award amounts, project duration and submission deadlines. (If proposing to a foundation, contact OSRP for information prior to beginning a proposal.)

Read the program announcement carefully to determine what type of proposal or projects will be funded. Proposals are evaluated in terms of how well they match the purpose of the program as stated in the announcement. Tailor your proposal narrative to the award criteria stated in the announcement.

Most funding agencies encourage the PI to contact program officers to obtain specific information about the types of projects to be funded, target populations, etc. Information from these contacts can increase the chances of proposal award.

As the proposal is being developed, the PI is encouraged to consult with the department chair or director, dean, and colleagues to ensure that the project is technically and financially sound (can the project be completed with the time allowed and with the proposed funding). It is particularly important to discuss the need for course release time or buy out and matching or cost-sharing requirements with the department chair and the dean. The Office of the Provost must clear

July 2014
requests for reassigned time or course load reduction, whether paid by grant or University funds. Additionally, if your idea involves a partnership with colleagues, other universities, or the private sector, early contact with OSRP is beneficial and necessary.

Early in the proposal process, contact OSRP regarding access to the PS Financial Grants module. This electronic routing will be used to track the proposal and obtain necessary signatures and assurances for the University and granting agency, facilitate accommodation of the project, and verify matching University commitments.

---

**BUDGET DEVELOPMENT**

Budget development should parallel project development and should reflect the cost of implementing the project. Budgets should be prepared according to the sponsoring agency's guidelines and University policies and should sufficiently cover all anticipated direct and indirect costs to be incurred under the proposed work. Except when a sponsor requires cost sharing or a matching commitment from the University, the principal investigator is expected to request sufficient funds from the sponsor to cover all the direct costs. Direct costs include salaries and wages, including the proportionate share of fringe benefits for all personnel involved, and equipment, travel, supplies and operating expenses, consultant services, other contractual services, participant support costs, and subcontract costs.

The budget represents the PI’s best estimate of the costs to be incurred by the proposed project. It should be as detailed as the sponsoring agency guidelines require. Often, drafting the budget first will facilitate writing the proposal. Several aspects of budget preparation are addressed in the following paragraphs.

The PS Financials Grants module includes a budget summary page that matches proposed cost to the University budget categories. These categories may differ slightly from the agency budget forms. The routing form categories will aid in setting up the budget when a project is funded and assists in accounting for matching funds.

**- Salaries and Wages**

Salaries and wages must be estimated consistently, regardless of the funding source and in accordance with the approved University pay plan, rate or schedule. Proposed University personnel salaries should be based on the current academic or staff salary schedules for each particular job classification. Projected cost of living or merit increases (an average of 5% per year) should be included for each year of the project if appropriate (check with OSRP). University policies on compensation conform to OMB Circular A-21, Cost Principles for Educational Institutions. In no instance should external funding be used as a means to increase the regular academic salary of a University faculty member. It is appropriate to seek funding for summer and/or interim sessions.
- **Guidelines for Approval of Supplemental Compensation**
  The Faculty Handbook addresses the policy relevant to Extended Workload and Supplemental Compensation in Part IV:3 and 4 of “Responsibilities and Duties of Faculty.” Employees contracted on a 12-month basis may receive supplemental compensation not greater than 25% of the annual salary rate as stated in their contract for that fiscal year. Such supplemental compensation may be earned only for an additional workload undertaken entirely outside of regularly scheduled work hours unless annual leave is taken.

  For example, a 12-month employee with an annual salary of $40,000 will have a supplemental compensation limitation of $10,000.

Employees contracted on a 9-month basis may receive supplemental compensation not greater than 25% of the salary rate as stated in their 9-month contract, plus 25% of full-time summer compensation whether or not the employee was employed in the summer (this summer compensation is calculated as 2/9 of salary rate stated in the previous 9-month contract). It is understood that the additional workload for supplemental compensation will be undertaken only when the additional duties will not interfere with regular university duties.

  For example, a 9-month employee with a current academic salary of $40,000 will have a supplemental compensation limitation of $12,167 (25% of $40,000 + $8667 [2/9 of $39,000 = summer salary for preceding academic year]).

- **Fringe Benefits**
  For the purpose of estimating fringe benefits on salaries either included in the grant funds requested or as matching funds, 38% is used for full-time (employed at least 75% time) faculty and staff. Fringe benefits are not included for graduate or undergraduate students, or subcontractors, for the majority of proposals. For part-time employees, use 7.65%.

- **Travel**
  Estimates of travel costs for in-state and out-of-state field and conference travel must comply with University and state regulations. This includes transportation, mileage, meals, lodging, etc. See Louisiana Travel Guide for regulations.

- **Operating Services, Supplies, and Miscellaneous Budget Items**
  Estimates of costs of services and miscellaneous items should be made based on past experience and telephone or written quotations. Included are printing, copying, postage, telephone, advertising, etc. for Operating Services and consumable supplies (paper, printer cartridges), software and equipment items under $1,000 for Supplies.

- **Professional Services**
  Fees included for compensation paid to persons not employed by the University such as outside consultants and contractors.

July 2014
- **Other Charges**
Included here are participant support costs, subcontracts, tuition and stipends from the agency, and other items not included elsewhere.

- **Acquisitions**
Equipment costing over $1,000, furniture, and library acquisitions are included here. Estimates of the cost of each item or piece of equipment should be based on a catalogue, telephone, or written quotation. The estimate should include shipping and assembly costs, if applicable.

- **Cost-Sharing and/or Matching Funds**
Some sponsors require institutional cost sharing or matching funds from the University to indicate the University’s commitment to the project. In general, the principal investigator should provide as much of the cost-share as possible as “in-kind” (e.g., contributions to the project that have a quantifiable value but do not require the University to commit additional cash). Do not include a match from Southeastern unless it is required. If there is a need to document salient efforts on the part of faculty and/or staff, do so in the proposal narrative and refrain from including such in the match budget. A contribution of personnel time for which the faculty is released from teaching assignments (with no salary funding from the granting agency) and the related share of fringe benefits are considered a cash match. When a cash match is required, the principal investigator must first consult with the department chair and the dean to identify departmental, school, and/or college sources of funds to meet the matching requirement. Amount of required or suggested cost sharing varies with agencies and types of proposals.

| **Cash Match:** | In general, this refers to items that require clearly identifiable and reportable cash outlay by the University, including the value of wages and salaries (i.e. % of secretary's time spent with project), supplies, travel, Xeroxing, equipment, printing, postage, etc. The use of faculty time spent teaching a course that supports or is relevant to the grant is sometimes used as a cash match. In this case, there is no "new" money as the faculty time for teaching is already accounted for in a departmental budget. Cash match items have a direct impact on the University budgets and must be identified by a source budget account number. Dean and department chairs need to be aware that if the project receives external funding, these amounts will be removed from the source budget and placed in a match budget for the project. |
| **In-kind Match:** | Generally, this refers to providing or absorbing services with no cash commitment such as use of existing equipment or telephone lines, office space, and building space. Salary equivalent for faculty or unclassified time committed with no compensation or release time (gratis) can also be included. The value of indirect costs when no indirect costs are allowed, or the difference in the amount allowed and the University's rate, can also be used for in-kind matching. Some grantors use "in-kind" to mean any kind of match (including cash); therefore, check individual grantor's definition of "in-kind" to be sure the |

*July 2014*
Correct definition of in-kind is used for the grantor's forms. Additionally, be aware that for the purposes of the routing form and process, the University may define these matches differently than that defined by the agency. Please check with the Office of Sponsored Research.

See the Match Checklist in OSRP Forms for sample in-kind and cash match items.

**- Indirect Cost/Facilities and Administration Costs (F & A Costs)**
Facilities and administrative costs (formerly referred to as indirect costs) are costs incurred by the University as related to the grant activity. Examples of such costs are maintenance, depreciation, general and departmental administration, utilities, janitorial services, accounting and purchasing services, research administration, library operations, etc. Agencies recognize these expenses and allow the University to recover these costs through a negotiated F & A rate that is included in the grant expenses.

The PI must include in the project budget the maximum allowable amount of facilities and administration costs that the sponsoring agency will pay according to the program guidelines. Federal agencies will generally allow F & A costs at the University's federally negotiated rate (currently 36% of salaries/wages and fringe benefits). State and private funding sources often set a maximum allowable rate for a specific program. Should F & A costs not be allowed under the terms of the proposal guidelines, the University may include the value of these costs as an in-kind match.

**BUDGET JUSTIFICATION**
The budget justification should explain all requested expenses and matching funds included in the budget. This document should follow the agency budget form. Upon award, it will become part of the contract and will be used to set up the University budget account. This information is vital to budget renegotiations or requested changes.

July 2014