

GRANT BUDGET LINE-ITEM GUIDANCE

Please Note: The information below is intended to provide general guidance to help you plan and develop your budget. Please review this information alongside the specific instructions from the funding agency, as the funder's instructions take precedence over these general guidelines.

This information is current as of October 2010. Please contact the Office of Partnerships & Sponsored Programs if you need any updates or to confirm any information included in this document.

PRINCIPLES RELEVANT FOR ALL GRANT & CONTRACT BUDGETS

UT FISCAL POLICY

Grant and contract budgets should be prepared in accordance with [UT Fiscal Policy](#).

DIRECT COST PRINCIPLES & JUSTIFICATION

Grant budgets must not request direct grant support for expenses recovered through UTC's facilities & administrative cost calculation. Doing so would be considered "double-dipping" of expenses and could result in penalties to the institution. It is critical that all costs charged to a grant are

- ALLOCABLE to the operation of the grant program (not to be used for general departmental purposes)
- ALLOWABLE by UT policy, sponsor policies, and [OMB Circular A-21](#) (federal government regulations on costs which can be charged to grants and contracts);
- REASONABLE and NECESSARY for the performance of the project; and
- CONSISTENTLY TREATED by UT in similar situations.

Please refer to [UT Fiscal Policy #FI0205](#) on sponsored grants and contracts for detailed information on determining allowable direct costs. Direct costs include all expenses that are incurred solely for work on the grant project. Direct costs can be specifically documented by recordkeeping mechanisms such as invoices and timesheets. Also see the section below on Facilities and Administrative Costs. Should you still have questions after you have reviewed UT Fiscal Policy and the Facilities and Administrative Expenses information below, please contact the Office of Partnerships and Sponsored Programs.

DIRECT COSTS

Costs that can be specifically documented by recordkeeping mechanisms and directly attributed to a specific project

PERSONNEL SALARIES AND WAGES

This budget category includes the costs of all salaries and wages that will be paid to UTC personnel (current personnel and those to be hired, including students). **Always check the funding agency's guidelines for requirements about appropriate salary charges!**

Budget Using the Base Salary for UTC Employees

BASE SALARY: Calculate salaries and wages for grant budgets using each person's institutional base salary and time / effort committed to the project. Your OPSP liaison can provide you with base salary information for current employees. (See examples and additional details below for different categories of personnel.)

NEW HIRES: Contact Dan Webb of Human Resources (ext. 4221) for assistance in determining an appropriate salary for new hires / new grant positions prior to submitting a proposal.

RAISES: Depending on the planned start-date and duration of your project, you may need to include pay raise estimates to ensure that your budget will have sufficient funds to cover personnel costs. If project activities will take place after the current fiscal or academic year ends, calculate a 3-5% raise per person for each year of the project. (If next year's raise is known at the time you are developing a budget, include the known raise for next year then budget a 3-5% pay increase for any subsequent years of the project.) While raises have been lower than 3%-5% in recent years, budgeting for that level of increase is prudent so that any unpredicted costs (e.g., promotions, fellowships, etc.) can be covered.

Budgeting for 9-Month Faculty

Many projects will involve the effort of UTC faculty. Most faculty are on 9-month appointments, and their effort and compensation on a grant program can be calculated using the methods below:

ACADEMIC YEAR COURSE RELEASE: With the approval of the Department Head and Dean, faculty can be released from academic year teaching duties to work on grant-funded activities. In these instances, the grant will pay for that portion of the faculty member's time, creating "salary savings" to the institution. For faculty members teaching four courses per semester (8 courses per year), each course equals 12.5% of their total academic year effort. To budget for academic year course release, multiply $12.5\% \times$ the number of courses from which the faculty member will be released during the academic year \times the faculty member's base salary.

- *EXAMPLE: Dr. Z is on a 9-month appointment @ a salary of \$50,000. Dr. Z will be released from one course each semester to work on grant activities during the academic year. $12.5\% \times 2 \text{ courses} = 25\% \times \$50,000 = \$12,500.$*

MONTHLY RATE OF PAY (FOR SUMMER SALARY): Faculty members often use the summer months to conduct research and work on grant activities. To budget for summer effort, divide the 9-month base salary by 9 to calculate the monthly rate of pay, then multiply that figure by the number of summer months (up to 3) that the faculty member will work on the grant project. UT Fiscal policy allows 9-month faculty to earn up to 33% of their salary during the summer. When all summer pay – including teaching and grant pay – is combined, the total cannot exceed 33% of the faculty member’s academic-year salary. Take a faculty member’s summer teaching plans into account when determining how much time to budget for grant activity, to ensure the budget doesn’t exceed the 33% summer pay maximum. Also keep in mind that some funding agencies (including the National Science Foundation) limit summer compensation to 2 months – be sure to check the program guidelines carefully for these restrictions.

- *EXAMPLE: Dr. Y is on a 9-month appointment @ a salary of \$45,000. Dr. Y will spend 2.5 months during the summer conducting grant-funded research. $\$45,000 / 9 = \$5,000$ monthly salary x 2.5 months = \$12,500.*

DAILY RATE OF PAY: In some cases it may be appropriate to budget for faculty effort by the day. To budget for a daily rate of pay, divide the faculty member’s base salary by 168 (the number of duty days in an academic year), then multiply that figure by the number of hours of effort for which the faculty member will be compensated.

- *EXAMPLE: Dr. Y is on a 9-month appointment @ a salary of \$45,000. Dr. Y will spend 8 days during the summer on the grant project. $\$45,000 / 168 = \268 daily salary x 8 days = \$2,144*

HOURLY RATE OF PAY: Sometimes it is appropriate to budget for faculty effort by the hour. To budget for an hourly rate, divide the faculty member’s base salary by 1,344 (the number of duty hours in an academic year), then multiply that figure by the number of hours of effort for which the faculty member will be compensated.

- *EXAMPLE: Dr. X is on a 9-month appointment @ a salary of \$40,000. Dr. X will spend 320 hours during the summer to work on grant activities. $\$40,000 / 1,344 = \29.76 /hour x 320 hours = \$9,524.*

SUMMER COURSE: Sometimes it might be appropriate to pay a faculty member to teach a summer course as part of a grant project. To budget for a summer course, multiply the faculty member’s base salary x 3/32 (one summer course = 3/32 x academic year salary).

- *EXAMPLE: Dr. W is on a 9-month appointment @ a salary of \$62,000. Dr. W will teach a summer course as part of a grant project. $3/32 \times \$62,000 = \$5,813$.*

“PERSON MONTHS” FOR ACADEMIC YEAR (9-MONTH APPOINTMENT) FACULTY: Some funding agencies (including the National Science Foundation) require budgets to reflect effort in terms of “person months” committed to the project. Person months can be calculated in several ways, depending

on the planned effort on the grant, the salary request, and the funding agency's instructions for calculating person months. The simplest way to calculate person months is to follow the guidance provided by the National Science Foundation (see <http://www.nsf.gov/pubs/gpg/faqs.pdf>). Person months are typically divided into categories based on when a faculty member will work on the project (academic year or summer):

- **Academic Year (AY) Person Months:** When requesting academic year release time for a faculty member with a 9 month appointment, multiply the percentage of release time effort x 9 (the number of months in an academic year appointment).
 - *EXAMPLE: Dr. L will be released from one course each semester (2 courses total), the AY effort is 12.5% per course (a total of 25% effort for the AY). 25% AY effort x 9-month appointment = 2.25 person months.*
- **Summer Person Months:** When requesting one month of summer pay for a faculty member on an academic-year appointment, figuring person months is easy: the faculty member is committing one person month. However, if pay is figured on an hourly or other basis, you'll need to convert the amount paid to a percentage of effort (based on the person's base salary).
 - *EXAMPLE: Dr. L is being compensated \$5000 for teaching a workshop and his base pay is \$50,000, the percent effort is 10% (\$50,000 divided by \$5,000) and the faculty member is committing 0.9 person months (10% effort x 9-month appointment = 0.9 person months).*

Budgeting for 12-month Faculty and Exempt Staff

Projects may involve the effort of 12-month faculty and exempt staff. Typically, 12-month faculty and staff will be released from other duties to work on grant-funded activities. The following computation methods provide examples of how to budget for 12-month faculty and exempt staff.

PERCENTAGE OF EFFORT ASSIGNED TO GRANT: With the approval of appropriate administrators, 12-month faculty members and/or exempt staff members can have a portion of their effort reassigned to grant activities. The budget should include the portion of effort that will be assigned to the grant.

- *EXAMPLE: Assistant Director V is an exempt staff member at 100% effort with a base salary of \$35,000. Ms. V will be re-assigned to the grant for 50% of her effort. $\$35,000 \times 50\% = \$17,500$.*

MONTHLY RATE OF PAY: It may be necessary to budget for 12-month faculty and exempt staff at a monthly rate of pay. To determine monthly rate of pay divide the base salary by 12.

- *EXAMPLE: Mr. U is an exempt staff member at 100% effort with a base salary of \$39,000. Mr. U will be re-assigned to spend two months conducting grantfunded activities. $\$39,000 / 12 = \$3,250$ monthly rate of pay x 2 months = \$6,500.*

DAILY RATE OF PAY: Sometimes it may be necessary to budget for 12-month faculty and exempt staff at a daily rate of pay. To determine the daily rate of pay, divide the base salary by 224 duty days (duty days for 12-month employees calculated with allowances for annual leave, official holidays, and administrative closings).

- *EXAMPLE: Dr. T is a 12-month faculty member with a base salary of \$57,000. She will spend 10 days working on grant activities. $\$57,000 / 224$ duty days = \$254 / day x 10 days = \$2,540.*

HOURLY RATE OF PAY: Sometimes it may be appropriate to budget for 12-month faculty and exempt staff at an hourly rate of pay. To determine hourly rate of pay, divide the base salary by 1,792 (duty hours for 12-month employees calculated with allowances for annual leave, official holidays, and administrative closings).

- *EXAMPLE: Ms. S is an exempt staff member at 100% effort with a base salary of \$42,000. Ms. S will work on grant activities a total of 125 hours. $\$42,000 / 1,792$ duty hours = \$23.44 / hr x 125 hours = \$2,930.*

“PERSON MONTHS” FOR 12-MONTH FACULTY AND EXEMPT STAFF: Some funding agencies (including the National Science Foundation) require budgets to reflect effort in terms of “person months” committed to the project. Person months can be calculated in several ways, depending on the planned effort on the grant, the salary request, and the funding agency’s instructions for calculating person months. The simplest way to calculate person months is to follow the guidance provided by the National Science Foundation (see <http://www.nsf.gov/pubs/gpg/faqs.pdf>) Person-months typically are categorized based on the type of appointment a person has and when the work is done: academic year, calendar year, or summer. Use the *calendar year* category to show person months committed by 12-month faculty and exempt staff (the *academic year* and *summer* categories are used only for 9-month faculty).

CALENDAR YEAR (CY) PERSON-MONTHS: To calculate person months for employees on a 12-month appointment, multiply the percentage of effort x 12 (the number of months in a 12-month appointment). For example, someone reassigned 10% time to work on a grant project is committing 1.2 person months (10% effort x 12-month appointment = 1.2 person months).

Budgeting for Non-Exempt Staff

Some projects will require the support of non-exempt staff. Non-exempt staff will either be hired specifically to work on grant projects, or currently-employed staff may be released from other duties to work on grant-funded activities. In rare cases, non-exempt staff may be paid with overtime compensation for extra service duties that go beyond the scope of their regular responsibilities.

Since some clerical assistance is routinely provided to faculty/staff, salaries for departmental administrative and clerical staff are typically included in UTC's Facilities and Administration charge, and should not be charged to grant budgets. (For additional information, see the section on Facilities and Administrative Costs below.) However, direct charging of these costs may be appropriate if the following circumstances apply:

- The sponsored program is a major project or activity. "Major project" is defined as a project that requires an extensive amount of administrative or clerical support, which is significantly greater than the routine level of such services provided by academic departments.
- The individuals performing the administrative / clerical support can be specifically identified with the project or activity.

See [OMB Circular A-21](#) or contact your OGPR liaison who can provide information and guidance regarding the role of non-exempt staff.

Budgeting for Students

Grants often include undergraduate or graduate students as personnel because they represent a cost-effective way to staff a project. Students often are in a unique position to make contributions to a project and benefit from the experience. There are two primary options to budget for students:

STUDENT WORKERS AT AN HOURLY RATE: Undergraduate and graduate students can be paid with grant funds at an hourly rate. Because students have a broad range of skill-levels and can be engaged in a wide variety of duties, there is no set hourly rate for student workers. Generally, undergraduates are paid between \$7.25 and \$10.00 per hour, and graduate students are generally paid between \$8.00 and \$15.00 per hour, depending upon their level of responsibility, the skill involved in their assigned duties, and other factors.

- *EXAMPLE: Three graduate students will be identified to assist with data collection, entry, and analysis for the XYZ project. Each student will work approximately 100 hours per semester during the Fall and Spring semesters of two-year project period and be compensated at an hourly rate of \$12.00/hour. $\$12.00/\text{hour} \times 100 \text{ hours/semester} \times 4 \text{ semesters} \times 3 \text{ students} = \$14,400.$*

GRADUATE STUDENT ASSISTANTSHIPS: Graduate assistantships (GAs) can be included in grant

proposals. To budget for an assistantship, include the in-state maintenance costs as well as a stipend the student will receive each semester. Budget for the current rate of maintenance costs + a 10% increase (unless the actual increase is known) to ensure that sufficient funds will be available to fund the maintenance costs component of the assistantship. For a multi-year project, include a 10% maintenance costs increase for each year of the project. To build these costs into your budget, you will need to determine whether a graduate assistant is needed for 10 hours per week or 20 hours per week. Before budgeting for a graduate assistant, it is critically important to double-check the funding guidelines and make sure there are no restrictions or prohibitions against including maintenance costs in the grant. Please note that the examples below may not reflect current maintenance costs rates; always refer to the [UTC Bursar's Office](#) website for updated maintenance costs information.

- **10 HOURS/WEEK ASSISTANTSHIP:** To budget for a 10 hour/week assistantship (often called a “part-time” assistantship), include the in-state maintenance costs for 3 hours of graduate courses. Go to the [UTC Bursar's Office](#) to access the current fee schedule. Get the current maintenance costs for 3 hours of in-state graduate credit and add 10%. For a multi-year project, include a 10% maintenance costs increase for each year of the project. The stipend for 10hr/wk GAs is \$1,575. If possible, it is advisable to build in a 3% increase to the stipend each year in case the stipend increases.
 - *EXAMPLE: A graduate assistant will be hired @ 10 hours per week to assist the project director with maintaining participant files, developing and distributing the project newsletter, maintaining the program website, and other duties as assigned. The assistant will receive in-state maintenance costs support of \$1,077 per semester x 2 semesters = \$2,154 and a stipend of \$1,575 per semester x 2 semesters = \$3,150.*
- **20 HOURS/WEEK ASSISTANTSHIP:** To budget for a 20 hour/week assistantship (often called “full assistantship”), include the in-state maintenance costs for 9 hours of graduate courses. Go to the [UTC Bursar's Office](#) to access the current fee schedule. Get the current maintenance costs for 9 hours of in-state graduate credit and add 10%. For a multi-year project, include a 10% maintenance costs increase for each year of the project. The stipend for 20hr/wk GAs is \$3,050. If possible, it is advisable to build in a 3% increase to the stipend each year in case the stipend increases.
 - *EXAMPLE: A graduate assistant will be hired @ 20 hours per week to assist project staff in developing recruitment and marketing materials, developing surveys and other evaluation documents, developing and maintaining the program website, and other duties as assigned. The assistant will receive in-maintenance support of \$3,236 per semester x 2 semesters = \$6,472 and a stipend of \$3,050 per semester x 2 semesters = \$6,100.*

NOTES: These stipend figures represent the standard rates paid to UTC Graduate Assistants; in most cases you should budget for the standard amount, but in some situations (e.g. if a student with specialized skills or knowledge is needed) you may wish to budget for a higher stipend in order to attract qualified candidates. In such cases, you should include an explanation for the higher-than-normal stipend in the budget narrative. Be sure to check the funding agency guidelines regarding stipend amounts. If you are planning to recruit an international student for a graduate assistantship, you will need to budget for a larger stipend to comply with federal regulations. Consult [Nancy Amberson](#) in the International Student Office (ext. 2110) for details.

FRINGE BENEFITS

Whenever grant funds are used to pay salaries and wages, associated fringe benefits must also be charged to the grant.

Budgeting for Fringe Benefits for currently employed full-time UTC personnel

- UTC has established an average fringe benefit rate of 48% that should be used as a baseline to calculate fringe benefits for all new, full-time personnel to be hired.
- Each current full-time employee has a unique fringe benefit rate and percentage. This percentage includes social security, unemployment / worker's compensation, retirement, and health insurance. Your grant specialist has access to this information for current UTC employees.
- Personnel working 75% effort or greater are considered full-time.
- As a safeguard against unexpected or rapid changes in a person's fringe benefit rate, for current employees fringe benefits are calculated at 34% or the actual rate, rounded up to the nearest whole number, whichever is higher. Multiply compensation to be paid by the current employee's unique fringe benefit rate (as provided by the OPSP staff) or by 34%, whichever is higher.
 - *EXAMPLE: Dr. M will be paid \$20,000 from the grant for her effort on the project. Dr. M's unique fringe benefit rate is 30% of her salary, so use the 34% rate to calculate her fringe benefits. Budget for associated fringe benefits of \$6,800 ($\$20,000 \times 34\% = \$6,800$).*
 - *EXAMPLE: Dr. B will be paid \$20,000 from the grant for his effort. Dr. B's unique fringe benefit rate is 50% of his salary, so use the 50% rate to calculate his fringe benefits. Budget for associated fringe benefits of \$10,000 ($\$20,000 \times 50\% = \$10,000$).*
- Use a 48% fringe benefit rate for "to be hired" positions.

- *EXAMPLE: A person will be hired to direct a grant project full-time and will be paid \$30,000/yr. Budget for associated fringe benefits of \$14,400 ($\$30,000 \times 48\% = \$14,400$).*

Budgeting for Fringe Benefits for part-time UTC personnel

- UTC has established 21% as the average fringe benefit rate for part-time employees, including term employees. This rate includes Social Security, Worker's Compensation, and Retirement.
 - Personnel working less than 75% effort are considered part-time.
 - Multiply the compensation to be paid with grant funds by 21%.
- *EXAMPLE: A part-time UTC employee will be hired to work on a project 100 hours and paid \$15.25 per hour with grant funds (\$1,525 total). The grant will pay associated fringe benefits of \$320 ($\$1,525 \times 21\% = \320).*

Budgeting for Fringe Benefits for student employees

- UTC has established 9% as the average fringe benefit rate for student workers. This includes social security and worker's compensation.
 - Personnel working less than 75% effort are considered part-time.
 - Fringe benefits for all students should be calculated at 9%. For graduate assistantships, calculate fringe benefits on wages / stipend only (not on the tuition support).
 - Multiply the compensation to be paid with grant funds by 9%
- *EXAMPLE: A student will be hired to work 200 hours and paid \$10/hour with grant funds (\$2,000 total). The grant will pay associated fringe benefits of \$180 ($\$2,000 \times 9\% = \180).*

NOTE: Fringe benefits should not be calculated for consultants and others providing services on a contractual basis.

CONSULTANTS / CONTRACTUAL EXPENSES

Whenever grant funds are used to pay a third party (individual or organization) outside of the university, these costs should be included in the grant budget under the Consultants / Contractual category. The following are some key points to keep in mind when preparing budgets that involve consultants or contractual expenses.

COMPENSATION LIMITS: Many factors will influence the amount of compensation to be budgeted for consultants and contractual expenses. Many funding agencies limit compensation; be sure to check the guidelines carefully. In addition, some funding agencies /programs specify restrictions on

the amount or percentage of grant funds that can be used to pay contractors / consultants (e.g., they may stipulate that no more than X% of grant funds can be “passed through” to a 3rd party). It is important to be aware of these guidelines when planning a project and assembling a budget. Also note that [UT Policy FI0420](#) requires UTC to enter into a contract with an Independent Contractor if payment is expected to exceed \$2,000 per engagement or \$12,000 per year.

SOLE-SOURCE CONTRACTING: Typically, the university collects bids from potential contractors / consultants and awards contracts through a competitive bidding process. However, in some instances where grant funds will be used to pay for the consultant / contractor services, it may not always be possible to utilize the competitive bidding process (e.g., because the grant program requires that you name the proposed consultant / contractor in the application, because there is only one individual / organization who can perform the specified services, etc.). In cases where a consultant or contractor is named in the proposal, keep in mind that you will need to work with [Gayle Barrett](#) (ext. 1705) in Business & Financial Affairs to complete a Justification for Non-Competitive Purchases & Contracts. The form should be completed before a contract is executed. Different forms are used for contracts of less than \$50,000 and for contracts of \$50,000 or more. See details about sole-source contracting and get copies of the Justification forms here:

<http://www.utc.edu/Administration/Purchasing/Guidelines/JustificationMemoOct04.php>.

EXCLUDED PARTIES LIST SYSTEM: If the grant proposal / budget identifies an individual or organization with which UTC will subcontract, it is important to make sure that the individual / organization is not listed on the Excluded Parties List System. It is wise to check the Excluded Parties List System prior to submitting the grant proposal. Go to <https://www.epls.gov/> and click on “Advanced Search” in the upper left-hand corner of your screen. Enter the individual’s or organization’s name and click “search.”

For additional information on budgeting for consultants and contracts in grant proposals, see the [Contracts and Subcontracts](#) section of the Office of Partnerships & Sponsored Programs website, contact your OPSP liaison, or contact [Gayle Barrett](#) in Business and Financial Affairs.

EQUIPMENT

For federal grant programs (and many non-federal programs), equipment is defined as an item of nonexpendable, tangible property that has a useful life of more than one year and an acquisition cost that is equal to or greater than \$5,000. (See the Office of Management & Budget [Circular A-21](#) for details.) All research equipment costing \$5,000 or more and all general-purpose equipment (i.e., equipment that can be readily used other than for research) costing \$5,000 or more should be itemized in detail in the proposal and in the approved grant or contract. Otherwise, written approval may be required from the sponsor before purchasing such equipment.

If a major equipment purchase will be made with grant funds, it is important to make sure that the purchases are completed in accordance with UT Fiscal Policy and purchasing guidelines. See [UT Fiscal Policy FI0205](#) governing sponsored grants & contracts for details. When planning the timeline for implementation of the project, be sure to leave an appropriate amount of time to complete the bidding and purchasing process or the sole-source justification and approval process. Consult UTC's Purchasing Department website (<http://www.utc.edu/Administration/Purchasing/Guidelines/guidelines.php>) for details.

SUPPLIES

As a general rule, operating supplies are considered to be a part of the university facilities and administrative costs. Exceptions can be made should your program require an extensive amount of supplies to implement, operate, and evaluate the project. The types of supplies will vary widely based on the project's nature, scope, duration, and objectives. As you are preparing your program narrative, consider the costs of each activity associated with your project to ensure that your budget is comprehensive and sufficient to operate the project and achieve the objectives you established.

Supplies Commonly Included in Grant Budgets

SUPPLIES FOR PARTICIPANTS: Some projects may include supplies that will be given to participants as part of the project services / activities (e.g., professional development projects may provide resources for participating teachers, youth-serving projects may provide important school supplies such as calculators or planners to participants, etc.). Individually itemize supplies for participants and include information on unit costs as well as the quantity of items to be purchased and describe how each item relates to project activities / objectives.

- **EXAMPLES:**

- *To help prepare participants to succeed in advanced-placement mathematics classes and prepare for college, each participant will be provided with a TX365 Calculator. \$85/calculator x 50 participants = \$4,250*
- *Each teacher who participates in the training will receive \$250 worth of early learning resources for their classrooms. Items will be selected by each participant based on their classroom needs and will be approved by the Project Director. \$250 classroom resources x 80 participants = \$20,000.*
- *The transition from middle school to high school is challenging for many students who attend XYZ Middle School. The project will involve intensive transition support services to help students achieve this critical milestone. Participating students will be engaged in a summer experience to prepare them for high school. Each student will receive a "High School Survival kit" that will include (1) a backpack that meets school regulations @ \$10, (2) a planner to assist with study and organizational skills @ \$8, (3) a set of reference books (dictionary, thesaurus, etc.) @ \$12, (4) a T-shirt with the program and XYZ High*

School logos @ \$5, and (5) a notebook to be assembled by program staff with key information (e.g., map of school, daily camp schedules, resources for college / career planning, etc. @ \$15. Each kit will cost \$50 x 125 participants = \$6,250.

NOTE: The costs of goods or services for personal use by UTC employees are strictly unallowable in all cases.

COMMUNICATION – TELEPHONE / FAX: Some projects may involve communication expenses such as the installation of telephone or fax lines, monthly telephone / fax charges for local service, and long-distance charges. Note: If a grant is charged for phone installation and monthly service, then that phone should be used only for grant activities and not for other departmental / office usage.

- **INSTALLATION:** If a telephone or fax line will be installed for a grant-funded program, include installation fees (\$300/line) and monthly charges for local calls (\$20/month per line) in your budget.
 - *EXAMPLE: A phone line will have to be installed to enable the program manager to conduct project business. Installation fees of \$300 and monthly fees of \$20/month have been budgeted. $\$20 \times 12 = \$240 + \$300 = \540 .*
- **LONG DISTANCE CHARGES:** Consider whether the project will require funds for long-distance charges in your grant budget.
 - *EXAMPLE: The grant will serve participants across the state of Tennessee and in north Georgia. Funds for long-distance calls will be necessary in order to coordinate activities with partners, recruit and communicate with participants, and communicate with funding agency personnel. It is anticipated that project staff will make roughly 5 hours of long distance calls per month at a rate of \$.20/minute. $\$.20 \times 300 \text{ minutes} = \$60/\text{month} \times 12 \text{ months} = \720*
- **CELLULAR PHONES AND OTHER WIRELESS COMMUNICATION DEVICES:** In rare instances, it may be necessary to budget for cellular phones or other wireless communication devices as part of a grant or contract. See [Fiscal Policy # F10730](#) governing Cellular Telephones and Other Wireless Communication Devices for details on related policies and procedures.

COMPUTERS / PRINTERS: Often, particularly in situations when additional staff will be hired as part of a grant program, the purchase of computers and/or printers will be required to implement the project. According to the U.S. Office of Management and Budget (OMB) [Circular A-21](#) which governs cost principles for educational institutions, computers, printers, scanners, and similar items are considered supplies rather than equipment. Identify the items to be purchased and provide an

explanation of the costs. UTC's Information Technology Division (<http://itd.utc.edu/>) website has helpful information about purchasing hardware and software.

- *EXAMPLE: The Project Manager and Recruitment Specialist will need a computer and printer to complete project-related responsibilities. We request grant funds to purchase a computer (estimated @ \$1,200) for the Project Manger and the Recruitment Specialist. These positions will share a printer (estimated @ \$500). $\$1,200 / \text{computer} \times 2 \text{ computers} = \$2,400 + \$500 \text{ printer} = \$2,900$.*

PERIPHERALS AND OTHER TECHNOLOGICAL DEVICES: Some projects may require the purchase of peripherals or other technological devices (e.g., scanners, digital cameras, etc.) in order to conduct the project. These items are considered supplies as long as they do not cost more than \$5,000. These devices should be itemized in the budget, and the calculation should include a cost estimate per unit and the number of units to be purchased. The budget narrative / justification should describe how each item is related to the project activities /objectives.

- *EXAMPLE: A Digital Video Camera will be purchased to support implementation of the web-streaming component of the curriculum. The camera will enable personnel to develop high-quality videos for DVD and webstreaming. The estimated cost is \$550.*

Supplies typically not included in grant budgets/included only under special circumstances

General Office Supplies and **Printing & Duplication** expenses are routinely provided to faculty and staff, and therefore are covered in UTC's Facilities and Administration expenses (see Facilities & Administrative costs, below). These costs should not be included in grant budgets or charged to grant accounts except in circumstances where 1) the costs can be directly attributed to a specific sponsored project and 2) the cost is treated consistently by the institution in similar circumstances.

TRAVEL

Grant projects often include travel for project personnel to attend meetings with funding agency representatives, attend professional conferences and meetings to disseminate information about the project, or for other purposes specific to the project.

UT Travel Policies and Guidelines

When preparing the travel portion of your grant budget, please consult <http://treasurer.tennessee.edu/travel/>. This site provides information on current university travel regulations including reimbursement rates for in-state and out-of-state travel, travel fiscal policy, information on international travel, travel forms, and mileage reimbursement rates.

IN-STATE TRAVEL: UT has established a schedule for reimbursement rates for in-state travel <http://treasurer.tennessee.edu/travel/Reimbursement%20Rates.htm>

OUT-OF-STATE TRAVEL: For out-of-state travel, UT follows the reimbursement rates established by the U.S. General Services Administration for travel in the Continental U.S. (CONUS). The Federally-established CONUS reimbursement rates should be used to budget for out-of-state travel. Visit the [GSA website](#) to view CONUS reimbursement rates.

Costs to Consider When Budgeting for Travel

AIRFARE: Estimate airfare costs based on the current rate of fares to your anticipated destination. It is wise to estimate airfare costs by taking the current rate and adding a reasonable increase to cover future rate increases.

GROUND TRANSPORTATION: Budget for ground transportation (taxis, public transportation, airport / hotel shuttle service, rental cars, etc.).

PER DIEM: The costs of meals and incidental expenses are included in the established per diem rates for in-state and out-of-state travel.

CONFERENCE REGISTRATION FEES: Conferences and professional meetings often include registration fees.

LODGING: Budget for the costs of lodging using in-state UT guidelines or out-of-state CONUS guidelines.

MILEAGE FOR PERSONAL VEHICLE USAGE: Sometimes the operation of a grant program will require that personnel use personal vehicles for grant-related travel (e.g., to recruit participants, conduct site-visits, carry out evaluation strategies, etc.). See [Fiscal Policy FI0705](#) governing travel for details. See the [UT Reimbursement Schedule](#) for reimbursement rates.

SPECIFIC ASSISTANCE TO INDIVIDUALS

Some grant projects may involve providing various forms of assistance to individuals who are not grant personnel. For example, some grants involve providing tuition support, books & materials stipends, participation stipends, etc. Carefully review the funder's requirements as you plan and develop your budget. The following types of specific assistance are the most common:

TUITION SUPPORT: Some grants include tuition support for students enrolling in various educational programs. Typically, tuition support will be included on grant programs where the purpose is to recruit

students / prepare personnel in a particular discipline. Carefully review the funding organization's guidelines and requirements: in some cases, applicants are required to set aside a certain amount or percentage of the grant request to be used exclusively for tuition support; in other cases, tuition support may be specifically forbidden. To budget for tuition, see the [UTC Bursar's Office](#) website for the current tuition & fee rates. Select the rate for the appropriate number of hours and increase it by 10%-15% to cover any possible tuition increases. For a multi-year project, include a 10% – 15% tuition increase for each year of the project. Multiply tuition rates by the number of students to be supported.

- *EXAMPLE: This project will recruit 20 students who will enroll as full-time undergraduate students in the XYZ department. Grant funds are requested to provide scholarship support to these students. \$2,578 full-time undergraduate tuition x 20 students = \$51,568.*

PARTICIPATION STIPENDS: Some grants include stipends for various forms of participation. For example, some research projects include stipends for research subjects; some professional development projects provide stipends for participating professionals; student support projects may include book or educational material stipends for participants.

- *EXAMPLE: 60 regional teachers will be recruited to participate in the two-week (10 day) summer professional development program. Participating teachers will receive a modest stipend of \$20/day for their participation. \$20/day x 10 days x 60 participating teachers = \$12,000.*

OTHER EXPENSES

It is generally advisable to include as few items as possible in the "Other Costs" category; however, in some cases it may be necessary or even required. The following are the types of items that are most often included in the "Other Costs" category.

INSURANCE FOR PARTICIPANTS / "CAMPERS": State agencies, including UT / UTC, are subject to the provisions of the Tennessee Claims Commission Act (TCA 9-8-301-307). UT personnel working on approved grant or contract projects have liability insurance coverage under the Tennessee Claims Commission Act. However, in some cases it may be prudent to use grant funds to purchase additional insurance for project participants (the website refers to participants as "campers"). Visit the UTC Safety and Risk Management website (<http://www.utc.edu/Administration/SafetyAndRiskManagement/insurance.php>) for information about insurance.

COSTS OFTEN BUDGETED AS SUPPLIES: Sometimes funder guidelines specify that certain costs such as communications expenses, refreshment costs (if allowable; these costs are often prohibited), etc. should be included in the "Other Costs" category. Follow the funder's instructions when completing your budget documents.

FACILITIES & ADMINISTRATIVE COSTS (I.E., INDIRECT COSTS OR OVERHEAD)

Costs of necessary administrative and service functions related to the grant project

UT Fiscal policy requires that grants and contracts bear the full cost of rendering the service, which includes the direct costs that can be charged to the grant as well as recovery of the facilities and administrative costs associated with operating the project. Facilities and Administrative costs are broad categories of costs. "Facilities" is defined as depreciation and use allowances, interest on debt associated with certain buildings, equipment and capital improvements, operation and maintenance expenses, and library expenses. "Administration" is defined as general administration and general expenses, departmental administration, sponsored projects administration, student administration and services, etc. Facilities and Administrative Costs must be calculated for all grant and contract projects at UTC's approved, federally-negotiated rate or at an appropriate rate as allowed by the funder. If there is an unusual circumstance where Facilities & Administrative costs are disallowed or allowed at a reduced rate, contact your OPSP liaison to discuss.

Budgeting for Facilities & Administrative Costs at UTC's Federally Negotiated Rate

In most cases, federal granting agencies allow applicants to request the full Facilities & Administrative Cost rate which is 48% of salaries and wages. UT negotiates UTC's Facilities & Administrative Cost rate with the federal government. (See [Facilities & Administrative Cost Agreement](#).)

CHECK WITH THE PARTNERSHIPS & SPONSORED PROGRAMS OFFICE FOR CURRENT FACILITIES & ADMINISTRATIVE COSTS RATE!

- *EXAMPLE: A grant project will include total personnel costs of \$147,000 and total direct costs (costs in all budget categories outlined above—personnel, fringe benefits, contractual, travel, supplies, equipment, & other) of \$230,000. To calculate the Facilities & Administrative Costs, multiply the personnel salaries & wages costs (\$147,000) by UTC's federally negotiated rate of 48%. $\$147,000 \times 48\% = \$70,560$. The Facilities & Administrative Cost (\$70,560) is added to the total direct costs (\$230,000) to calculate the total grant request. $\$230,000 + \$70,560 = \$300,560$.*

Budgeting for Facilities & Administrative Costs at a Reduced Rate

Some funding agencies / grant programs stipulate that applicants must use a reduced Facilities & Administrative Cost rate. For example, the U.S. Department of Education requires that applicants use a reduced rate (8% of direct costs) for training grants. In these cases where a reduced rate is required, the

funder typically requires that Facilities & Administrative Costs be calculated on the “Modified Total Direct Costs” which include all the direct costs EXCLUDING student tuition & fees, equipment purchases, and subcontracts exceeding \$25,000.

- **EXAMPLE:** *A grant project includes personnel costs of \$55,000, fringe benefit costs of \$17,600, travel costs of \$5,000, supply costs of \$12,000, and equipment costs of \$14,000. The funder has limited Facilities & Administrative Costs to 8% of the modified total direct costs. To calculate the total direct costs, add all the direct costs together, excluding costs that are not considered part of the modified direct cost base: \$55,000 personnel costs + \$17,600 fringe benefit costs + \$5,000 travel costs + 12,000 supply costs = \$89,600 (NOTE: equipment costs were excluded because they are not considered part of the modified total direct costs). \$89,600 modified direct costs x 8% facilities & administrative cost rate allowed by funder = \$7,168. Add this to the total direct costs (\$103,600 including ALL costs—even those not included in the modified direct cost base) to get the total request. \$7,168 Facilities & Administrative Cost + \$103,600 total direct costs = \$110,768 total grant request.*

Why not waive or reduce F&A?

Although waiving or reducing F&A (indirect) costs might appear to make a proposal more competitive, in reality sponsors may perceive the practice as a less than responsible use of funds. Why? Linda Mason of the Oklahoma State Regents for Higher Education addressed the topic in an article written for AASCU’s April 23, 2007 issue of Grantweek. Dr. Mason explained that sponsors understand the importance of F&A to an institution’s operations, plan for F&A to be part of their awards, and expect grant recipients to use it appropriately. The Grantweek article pointed out that F&A cost recoveries build the institution’s ability to invest in grant seeking, to sustain pilot projects or grant-initiated projects after the award money is used. F&A monies support or pay for real costs (utilities, labs, equipment maintenance, proposal-development support, etc.) that are prohibited as direct costs in an award. Waiving F&A weakens an institution’s ability to conduct externally-funded projects because the university is not being compensated for the costs of these essential services. Dr. Mason summed up the case against altering the F&A rate as follows: “My feedback indicates that you should never waive or reduce the indirect cost figure. While it may seem to be a gift, it is really just undermining the institutional daily programs. . . . Voluntarily waiving the indirect costs seems to most often set up a situation where the institution cannot sustain future research and creative projects.”