

Building Blocks for Effective Proposal Budgeting, Part 2

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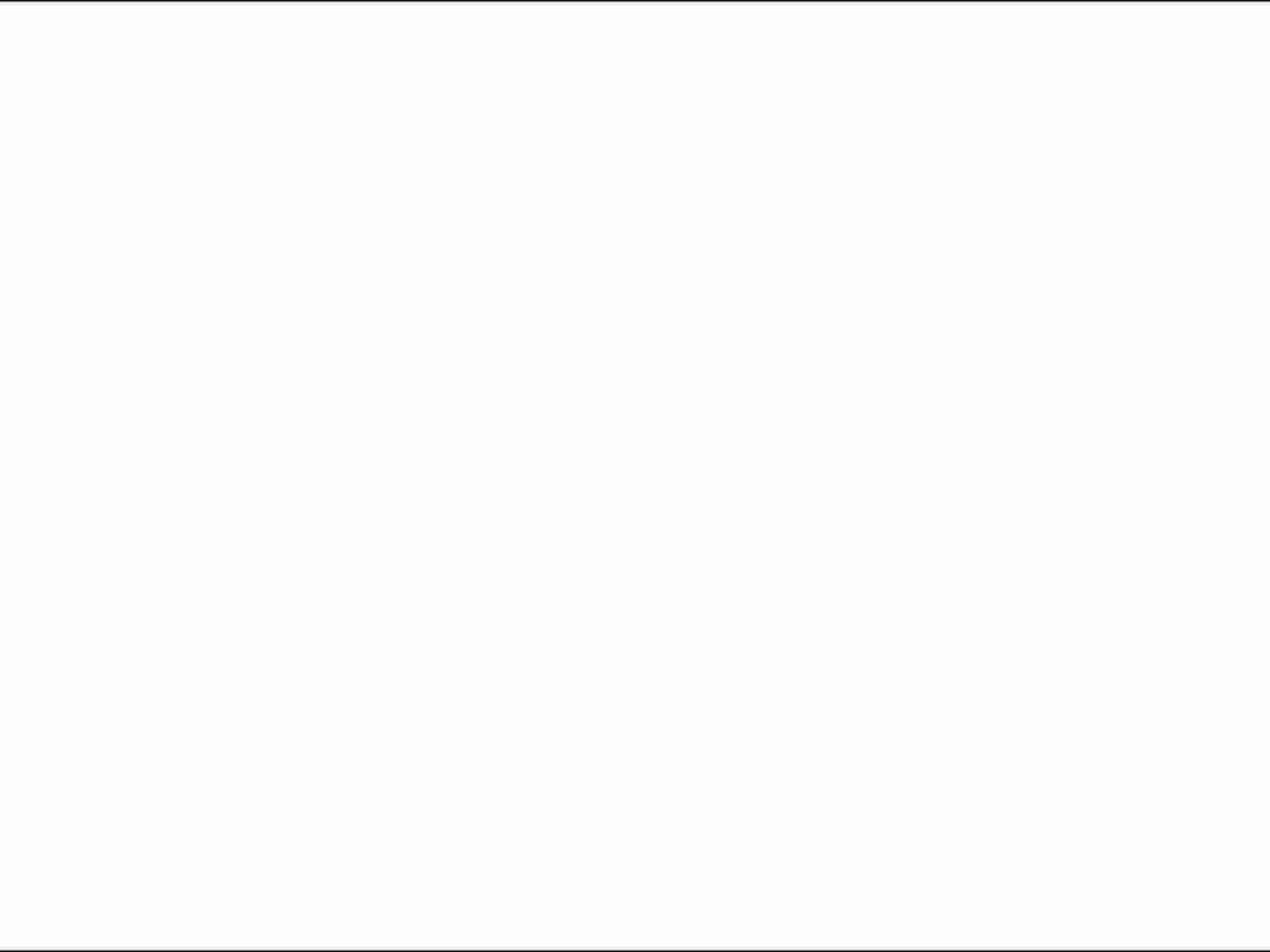
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**Northeastern
University**



Compliance requirements (2-CFR Part 200, FASB, GAAP)

Uniform Guidance / [2 CFR Part 200](#)

- To Streamline guidance for management of federal grant awards and Strengthen oversight of federal funds.
- **Content:**
 - Subpart A: [Acronyms and Definitions](#)
 - Subpart B: [General Provisions](#)
 - Subpart C: [Pre-Award Requirements](#)
 - Subpart D: [Post-Award Requirements](#)
 - Subpart E: [Cost Principles](#)
 - Subpart F: [Audit Requirements](#)



Compliance requirements (2-CFR Part 200, FASB, GAAP), Cont'd

FASB

- To establish and improve standards of financial accounting and reporting for issuers, auditors, and users of financial information.
- Guided by Financial Accounting Standards Advisory Council, (FASAC).
- Authority derived from:
 - Securities and Exchange Commission (SEC)
 - American Institute of Certified Public Accountants (AICPA)



Compliance requirements (2-CFR Part 200, FASB, GAAP)

GAAP

- To ensure that financial reporting is transparent and consistent from one organization to another.
- Collection of commonly accepted accounting rules and standards for financial reporting adopted by the U.S. SEC.
- Definitions of concepts, principles, industry-specific rules.
- Standards based on ten principles



Key Personnel Effort compliance

All Sponsored Research Activities require Senior/Key Personnel to have committed effort that is both allocable & measurable, in order to complete the scope of work as proposed.



Key Personnel Effort compliance

Level of Effort vs. Committed Level of Effort

Person Months

Effort Reporting



Key Personnel Effort compliance

What if a Faculty member's Committed Level of Effort doesn't correspond with an amount of salary support requested on their proposal?

- **Salary Support**
- **Uncommitted Effort**
- **Salary Cap**



DOs and DON'Ts



- **DO:** make sure to charge your effort as appropriate to the grant.
- **DON'T:** inadvertently commit to uncompensated effort in your proposal.



Institutional Base Salary



- **Definition**

Institutional base salary means the annual compensation paid by Northeastern University for an individual's appointment(s), whether that individual's time is spent on research, teaching, administration, or other activities. IBS includes regular salary as well as administrative and endowed supplements for additional appointment(s) such as dean, chair, and/or center or institute director.

- **Institutional Policy**

Effective date of policy is July 1, 2019. NU-RES website link:

[NU IBS POLICY](#)

- IBS Calculator



IBS Calculator Instructions

Instructions:

1. Enter start and end date for the obligation period.
2. Complete white fields in Person Months section.
 - a. Full Time/Part Time field: Select if individual's appointment is full or part time.
 - b. FTE Amt field: Indicate the full time equivalent amount in the field. If full time, FTE is 1.
 - i. Example: If individual has a part time appointment that's 50% FTE, you would enter 0.50 in the FTE Amt field.
 - c. If award is from DHHS, select "Y" from the DHHS Salary Cap drop-down menu.
 - d. Be sure to enter info in either AY+SM **OR** CM sections based on the individual's appointment type.
 - e. # of (AY, SM, CY) Months in Period fields: Based on the obligation period dates, identify how many AY, SM, or CY months there are in the period.
 - i. Example: If you have an individual with an 8 month academic appointment and a period of 01/01/2020 -06/30/2020, AY = 4 (Jan - April) and SM = 2 (May-June).
 - f. Note: Max allowable total earning during summer per University practice is:
8 month appt = 3.2 SM or below
9 month appt = 2.4 SM or below
3. Complete white fields in the IBS section.
4. SSOG section will populate automatically based on the data entered in the Person Months and IBS sections.
5. DHHS Salary Cap section will populate automatically based on the data in the Person Months, IBS and SSOG sections.



IBS Calculator

Objection Period:	Start Date:	7/1/2022	End Date:	6/30/2023										
Title: WYPU Faculty Compensation Policy (2022) - IBS & CVR (01/01/2022) Faculty Salary: 2022 - 2023 (01/01/2022 - 06/30/2023) Map: 11 Percent Month														
Person	Name	Full Time/ Part Time	FTE Job	Health Salary Cat (Y/N)	Academic Months			Summer Months			Summer Months			Total Person Months
					# of AY Months In Period	# of Person Months (\$1800)	AY % Effort	# of Summer Months In Period	Summer Person Months (2023)	Summer % Effort	# of AY Months In Period	CV Person Months	CV % Effort	
1	John Smith	Full Time	1	Y	8		0.00%	4	2.00	50.00%	12		0.00%	2.00
2	John Smith II	Full Time	1	Y	8		0.00%	4	2.00	50.00%	12		0.00%	2.00
3	John Smith III	Full Time	1	Y	8		0.00%	4	2.00	50.00%	12		0.00%	2.00
4	John Smith IV	Full Time	1	Y	8		0.00%	4	2.00	50.00%	12		0.00%	2.00
5	Jack Jones	Part Time	0.25	Y	8		0.00%	4		0.00%	12	4.00	100.00%	4.00
6		Full Time	1	N	8		0.00%	4		0.00%	12		0.00%	
7		Full Time	1	N	8		0.00%	4		0.00%	12		0.00%	
8		Full Time	1	N	8		0.00%	4		0.00%	12		0.00%	
9		Full Time	1	N	8		0.00%	4		0.00%	12		0.00%	
10		Full Time	1	N	8		0.00%	4		0.00%	12		0.00%	

Title: WYPU Faculty Compensation Policy (2022) - IBS & CVR (01/01/2022) Faculty Salary: 2022 - 2023 (01/01/2022 - 06/30/2023) Step 2: Institutional Base Salary (IBS)										
Faculty Salary			Admin Supplement				Total			
Faculty Compensation	Appt Term	Monthly Faculty Rate	Admin Supplement	Admin Supplement Term	Monthly Admin. Supplement Rate	IBS	Monthly IBS Rate	Faculty %	Admin %	Total %
\$ 107,000	B	\$12,500	\$ -	12	\$0	\$107,000	\$12,500	100.00%	0.00%	100.00%
\$ 80,000	B	\$10,000	\$ 20,000	12	\$1,667	\$100,000	\$11,667	80.00%	16.67%	96.67%
\$ 140,000	B	\$17,500	\$ -	12	\$0	\$140,000	\$17,500	100.00%	0.00%	100.00%
\$ 118,000	B	\$14,750	\$ 22,000	12	\$1,833	\$140,000	\$16,583	85.00%	12.29%	97.29%
\$ 28,000	12	\$9,333	\$ -	12	\$0	\$28,000	\$9,333	100.00%	0.00%	100.00%
\$ -	B	\$0	\$ -	12	\$0	\$0	\$0	0.00%	0.00%	0.00%
\$ -	B	\$0	\$ -	12	\$0	\$0	\$0	0.00%	0.00%	0.00%
\$ -	B	\$0	\$ -	12	\$0	\$0	\$0	0.00%	0.00%	0.00%
\$ -	B	\$0	\$ -	12	\$0	\$0	\$0	0.00%	0.00%	0.00%
\$ -	B	\$0	\$ -	12	\$0	\$0	\$0	0.00%	0.00%	0.00%



IBS Calculator (cont'd)

Step 3: Salary Support on Grant (SSOG)						
AY Person Months	AY SSOG	Summer Person Months	SM SSOG	CY Months	CY SSOG	Total SSOG
0.00	\$0	3.00	\$25,000	0.00	\$0	\$25,000
0.00	\$0	2.00	\$23,333	0.00	\$0	\$23,333
0.00	\$0	2.00	\$35,000	0.00	\$0	\$35,000
0.00	\$0	2.00	\$33,167	0.00	\$0	\$33,167
0.00	\$0	0.00	\$0	6.00	\$56,000	\$56,000
0.00	\$0	0.00	\$0	0.00	\$0	\$0
0.00	\$0	0.00	\$0	0.00	\$0	\$0
0.00	\$0	0.00	\$0	0.00	\$0	\$0
0.00	\$0	0.00	\$0	0.00	\$0	\$0
0.00	\$0	0.00	\$0	0.00	\$0	\$0



IBS Calculator (cont'd)

		DHHS Salary Cap					
		Monthly	\$ 16,975.00				
		Annual Amt	\$ 203,700.00				
		CAP Amount	Over the Cap Salary	Over the Cap Fringe	Person	SALARY Amount Requested	DHHS Salary Cap (Y/N)
1	John Smith	\$ 33,950		\$ -	John Smith	\$25,000.00	Y*
2	John Smith Jr.	\$ 33,950		\$ -	John Smith Jr.	\$23,333.33	Y*
3	John Smith III	\$ 33,950	\$ 1,050.00	\$ 267.75	John Smith III	\$33,950.00	Y
4	John Smith IV	\$ 33,950		\$ -	John Smith IV	\$33,166.67	Y*
5	Jack Jones	\$ 101,850		\$ -	Jack Jones	\$56,000.00	Y*
6				\$ -		\$0.00	N
7				\$ -		\$0.00	N
8				\$ -		\$0.00	N
9				\$ -		\$0.00	N
10				\$ -		\$0.00	N
Total			\$ 1,050	\$ 268			

Y*= Yes, DHHS award but monthly IBS does not exceed cap amount



Dos and Don'ts



- DO make sure that you are using **CURRENT** salary rates for the DHHS salary cap and for NU employees.
- DON'T recycle an old budget template with outdated information.
- DO verify salary for non-tenure track faculty and other NU employees with a copy of an appointment letter



Other Personnel

- **Other Sr. Personnel, advisers, uncommitted effort.**
 - Faculty-equivalent researchers who aren't (Co-)PI(s) but are making an important intellectual contribution through their work on this project.
- **Post-Doctoral Researchers/Post Doctoral Fellows**
 - Requires a Ph.D. or equivalent.
 - Postdoctoral participants are considered “other personnel”, not sr. personnel.



Other Personnel, Cont'd

- **Graduate Research Assistants (GRAs):** stipend funding determined by college.
- **Undergraduates:** Usually hired hourly. MA minimum wage is currently \$14.25/hour, as of 01/01/2022
- **Unfunded collaborators**
 - Not funded through the grant/No exchange of financial resources



Tuition in NEU sponsored awards

NEU Colleges FY 2021-2022 GRA Tuition Remission
College of Arts, Media and Design
Not applicable
Bouvé College of Health Sciences:
\$5,000 per 12 months/pro-rated
D'Amore-McKim School of Business:
Not applicable
College of Engineering
NONE for PH.D. students. For Masters students as GRAs, = 18 credits times (CoE credit rate) times 75%. 3% inflation per year applies. This should be a rare situation.
Khoury College (was College of Computer & Information Science)
\$6,600 per year + 3% In out years – Computer Science
\$6,217 per year + 3% In out years – Information Assurance ¹
\$6,860 per year + 3% In out years – Cybersecurity
School of Law
Not applicable
College of Science
\$5,000 per 12 months/pro-rated IF RA less than 12 mos.
College of Social Sciences & Humanities
Not applicable



Materials & Supplies vs Capital Equipment

Materials & Supplies

- useful life of **one year or less**
- a per-unit acquisition cost which is **less than \$5,000**
- **OH is applied**

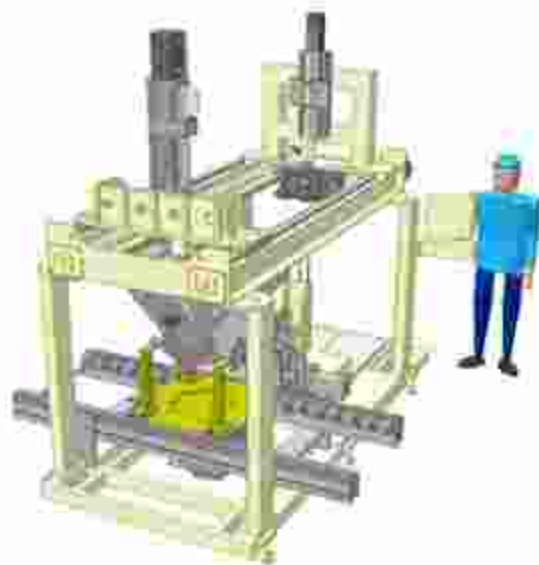
Capital Equipment

- useful life of **more than one year**
- a per-unit acquisition cost which **equals or exceeds \$5,000**
- **OH is NOT applied**



Fabricated equipment

- Scientific or other complex equipment comprised of a number of individual components that are built into a single functional unit.
- Fabricated equipment is capitalized as a single asset for a combined total cost in excess of \$5,000 and a useful life greater than one year.



Important compliance concerns to keep in mind when budgeting for Capital Equipment:

Costs capitalized with the equipment:

- Any initial modifications, attachments, accessories, or auxiliary apparatus that are necessary to make an item of capital equipment useable for its acquired purpose.
- Shipping charges, protective in-transit insurance, freight, and installation costs.

Costs NOT capitalized with the equipment:

- Equipment repair costs.
- Separate warranty costs or maintenance contracts.
- Spare or replacement parts



DOs and DON'Ts



- **DO:** obtain vendor quotes for all capital equipment
- **DON'T:** purchase capital equipment not budgeted for in your proposal
- **DON'T:** purchase capital equipment towards the end of the project



Travel

- **Travel Costs**
- Expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-federal entity. [2 CFR 200.475](#)
- **Fly America Act**
- All air travel and cargo transportation services funded by the federal government are required to use a "U.S. flag" air carrier service. You can find a [complete list of certified U.S. flag air carriers on transportation.gov](#).

NEU Travel Policy: [Policy on Travel and Expense Reimbursement.pdf](#)



Fly America Act



DOs and DON'Ts



- **DO:** review travel policies of the University and the sponsor before booking a trip
- **DO:** itemize your expected travel costs by category in your budget justification: transportation, lodging, meals and incidentals etc.
- **DON'T:** Travel Business or First-Class (coach class, most direct route)
- **DON'T:** Include Travel Costs of Dependents



Participant costs

- **Definition**

Participant support costs are direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects. (2 CFR 200.75)

- **IDC**

NO IDC	IDC
Stipends	Faculty/staff salary & fringe benefits
Travel – transportation & lodging	Room rental
Subsistence – housing, per diems	Supplies
Conference registration costs	AV
	Catering & supplies



Participant Costs Cont'd

A participant is:

An individual who is *receiving* a service or training opportunity from a workshop, conference, seminar, symposium or other short-term instructional or information sharing activity funded by a sponsored award.

A participant is not:

- An employee of Northeastern University
- A student or project staff member receiving compensation directly or indirectly from the grant
- **A research subject receiving incentive payments**



Participant Cost's Cont'd

- Conferences & Workshops
- Training grants
- REUs



Human Subjects

- Human Subject Payments are treated as Other Direct Costs in the budget and the full IDC rate is applicable. The correct cost category is 78010 Subject Money.
- Budget implications
 - Planned enrollment
- Incentives
- General guidance for payments to non-employees
<https://research.northeastern.edu/app/uploads/sites/2/2019/01/Participant-Costs-Cash-Management-Guidance-2-24-17Final.pdf>



Dos and Don'ts



- **DO:** start your IRB application as soon as possible
- **DON'T:** confuse a Human Subject with a Participant
- **DON'T:** begin any Human Subjects research until approvals are in place

Subrecipient, Vendor or Consultant

- Is it Subrecipient?
- Is it a Vendor/Contractor?
- Is it a Consultant?



Characteristics of a Subrecipient

- They participate in designing and/or performing the work.
- They have some element of responsibility for making programmatic decisions.
- Their personnel are identified as having a key role in Northeastern's proposal.
- They may seek to publish or co-author the results.
- The entity has responsibility for compliance with Federal program requirements
- The entity's performance is measured against whether or not the objectives of the sponsored program have been achieved.
- OH is applied to the first \$25,000 of each Subaward.



Characteristics of a Contractor/Vendor

- Provide goods and services within their normal business operations;
- Provide similar goods or services to many different purchasers;
- Operate in a competitive environment;
- They are NOT subject to compliance requirements of the Federal program.
- Overhead is applied



Characteristics of a Consultant

- An individual who is not a Northeastern University employee and whose expertise is needed to perform the project.
- Their services are temporary and special or highly technical.
- They are NOT responsible for the overall outcome of the project
- They are NOT subject to compliance requirements of the Federal program.
- Overhead is applied



DOs and DON'Ts



DO: Obtain an LOI, SOW, Budget and Budget Justification (at a minimum) for each proposed subrecipient.

DO: Obtain a signed quote from a vendor or consultant.

DON'T: Guess. Complete Northeastern University's Subrecipient Determination Form when you're unsure

<https://research.northeastern.edu/app/uploads/sites/2/2019/05/Subrecipient-Determination-Form.pdf>



Cost Share

What is cost share?

- The contribution of resources by an applicant on a sponsored project beyond the amount being funded by the sponsor.
- Cost sharing may be mandatory or voluntary.
- Voluntary cost sharing can be committed or uncommitted.



Types of Cost Share

- Mandatory cost-share
- Voluntary cost-share
- Voluntary committed cost-share
- Voluntary uncommitted cost-share
- Third party in-kind cost-share



Guidelines

- Cost sharing should be necessary
- Cost sharing must occur during the period of performance
- The type of costs contributed as cost share must be considered “allowable” by the sponsor
- The costs must be allocable to the project



Cost Share & Uniform Guidance

- “Cost sharing should meet federal requirements as defined in applicable Uniform Guidance Sections 200.29, 200.96, 200.99 and 200.306” (NU policy rev. 2/25/19)

The first three references concern definitions which we have covered but it is worth sharing 200.306 and I would add this excerpt from 200.430

- **CFR 200.306**
- **CFR 200.430** “Salaries and wages of employees used in meeting cost sharing or matching requirements on Federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from Federal awards.”



Cost Share Process

- Making the commitment
- Documenting the commitment

- **Sources of Cost Share**
 - Faculty time and effort
 - Administrative effort
 - Cash contributions
 - Third party – subrecipients or other collaborating entities



Cost Share Documentation

- **Document cost share by NEU Fiscal Year**
- **Identify Banner Index number and name**
- **Identify approver name and date of approval**

NEU Cost Share Template: [Cost-Share-Template-FINAL-2-20-20.xlsx](#)



Cost Sharing Implications

- **NEU Cost share Policy:** [Policy on Cost Sharing.pdf](#)
- A reduction in the total institutional dollars available for research endeavors.
- A reduction in the University's future F&A cost recovery
- An inability to recover F&A costs associated with cost sharing dollars.
- A legal binding commitment with associated administrative requirements.
- An auditable commitment upon receipt of award.



Dos and Don'ts



- **DO:** Discuss any proposed cost-share with your department Chair and/or Dean and secure approval
- **DON'T:** budget cost share against sponsored funds
- **DON'T:** Unintentionally make a cost-share commitment in your proposal by specifying or quantifying additional effort or resources in the text of your budget justification or narrative that have not been budgeted or approved.





Questions?



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