

Budget Development Guidelines

Directly connected to the success of most research programs is a well thought-out and properly prepared budget. General cost categories found in routine proposal budgets with comments or suggestions are provided herein. A Review of Potential Causes of Audit Disallowances provides examples of common causes for program costs to be disallowed by sponsoring agencies.

Principal Investigators are encouraged to seek assistance from the Office of Sponsored Programs when preparing budgets.

Computing Resources - When the use of computers or the purchase of computer equipment is anticipated, the project director should contact the University's Division of Computer and Information Technology (DCIT) for assistance in providing an estimate of costs. Funds for computing resources or equipment must be requested in the project budget. Identify hours and hour/rate.

Consultants - Sponsors normally require the project director to justify the consultant's necessity and the appropriateness of the fees charged. A written copy of the consultant's fee should be required for documentation. Travel expense reimbursement and the consultant's fee should be budgeted and included as part of the consultant expenses. The University's procurement policies require review and approval for the individual consultant service agreements totaling \$500 or more. Refer to Use of Consultants for additional information on use of consultants.

Cost Sharing and Matching

Direct Costs – Certain federal agencies and non-profit associations may require the University share in the cost of sponsored projects. Sponsoring agencies usually provide policy guidelines within the general administrative brochures or specific program announcements. The term “matching” is used in those cases where the agency has established a required percentage of the total project budget to be funded by the University. For all other cases, the term “cost sharing” is appropriate for the contribution when the University determines the amount offered.

The contribution may normally be met through allocation of any costs, i.e., salaries, fringe benefits, supplies, etc., and indirect costs directly attributable to the project's performance. These contributions are acceptable as long as they can be documented for audit purposes and have not been used for cost sharing/matching requirements on other programs.

Except as stated below, the funding of cost contributions is considered to be the responsibility of the department seeking the sponsored program. The source of the contribution, i.e., department, college, etc., must be specified on the budget page or the budget explanation page. Consequently, coordination with appropriate department officials is essential prior to processing the proposal for review and approval.

Indirect Costs – By institutional policy, the waiving of indirect costs is normally considered inappropriate as a means of cost sharing. Waivers must be approved by the Vice President for Research and routed through the Office of Sponsored Programs. All cost sharing must be formally described and approved through the use of the Cost Sharing Agreement Form.

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Credit Courses – If course credit is to be granted to sponsored project participants, such as for participation in a training program or workshop, the availability of credit must be approved by the appropriate academic dean prior to submission of the proposal.

Whenever credit is awarded, tuition and fees must be paid by the sponsored project, by the project participant, or a University source. The method of payment should be clearly stated in the proposal.

Upon project award, the participating department should submit a roster containing student names, social security number, and amount of tuition and fees and project account number to the Student Financial Aid Office.

Equipment – In general, the University views equipment as an asset costing \$5,000 or more with a useful service life of two years or longer. Proposals should attach documentation showing the need for funded equipment with a clear description and estimated cost. Include associated sales tax, shipping and installation expenses as part of the equipment costs. General-purpose equipment, for example, calculators, typewriters, computers and office furnishings are not allowable purchases on federal projects unless specifically approved by the sponsoring agency in the award document. To ensure compliance with the sponsor's award, and to establish ownership for University records of property purchased, Sponsored Programs Accounting and Administration will review all requisitions for equipment.

In the case of certain federal contracts, (e.g., Department of Defense), equipment must be screened and approved prior to purchase by the funding agency's contracting officer regardless of whether the item was included in the contract award budget. It is recommended sufficient lead time (30-45 days) be anticipated for processing of this approval prior to issuance of a purchase order.

Faculty and Staff Salaries – Charges for personal services by employees to a grant-supported project are allowable to the extent they are reasonable in relation to services rendered to the project and conform to established, consistently-applied salary and wage policy of the grantee institution. Such charges must be based on institutional payrolls documented and approved in accordance with generally accepted institutional practices. Estimation and description of personnel effort to be applied to the project should be undertaken with the following points in mind. Personnel costs should identify: 1) named individuals or position type, e.g., research associate; 2) the percent of effort for a stated period of time; and 3) the amount of salary associated with the percent of effort. The institution's payroll system is based upon the "percent of effort" concept. Periodically, each individual or their supervisor receiving salary support from a sponsored project will be required to sign an after-the-fact certification that the distribution of effort is in compliance with federal guidelines. Salary estimates provided on any other basis (hourly, and/or daily rates), are not supported by University records and are therefore inappropriate.

Summer Salaries – Faculty on a nine-month appointment who are involved in sponsored programs during the summer will be paid the biweekly rate received during the preceding academic term. All federal sponsors allow for a three-month summer term at full pay except the National Science Foundation (NSF), which limits reimbursement for summer work to two months of the nine-month salary.

In-House Consulting – Clemson University's policy is to conform to the Use of Consultants Guidelines. Personnel commitments necessary to perform program

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activities are normally expected to be provided within the individual's officially-assigned job responsibilities.

Temporary Grant Position – If there is to be a Temporary Grant Position (a position that is funded 100% from the grant and only for the duration of the period), it must be identified on the budget page of the proposal with “TGP” by the line item position. For further information, contact Wage and Salary Administration.

Departmental Administrative Staff – In compliance with federal cost principles, an individual's salary (typically secretarial) may not be charged directly to a sponsored program if any portion of that position is funded by department administration funds.

Fringe Benefits – The employer's portion of the costs resulting from FICA taxes, SC retirement, medical insurance, workmen's and unemployment compensation is reimbursed at the rates recommended by University policy. A percentage factor is applied against non-student salaries and wages. Contact the Office of Sponsored Programs for correct rates.

Indirect Costs – Indirect costs are computed as a percentage of a program's direct costs and are calculated by excluding the following cost categories:

- equipment (includes capital leases)
- subcontract cost exceeding \$25,000 (per subcontractor)
- fellowships
- participant cost (stipends, tuition and fees, room and board, books)

Clemson University's indirect cost rates for each fiscal year are determined through annual negotiations with the Department of Health and Human Services – DHHS (our cognizant funding agency). The type of project (research, instruction, or public service) determines which of the rates should be used. The federally negotiated rate is to be used for budget estimation purposes regardless of whether the funding is from a federal agency or a private foundation.

Reference: F&A Rates

In-Kind Contributions – Contributions from outside the University, i.e., third-party in-kind contributions, may also be used as cost sharing when allowed by the funding agency. Examples may include the waiver of a consultant's normal fee, the free-use of non-University facilities (at its standard “use” rate), or the contribution of supplies that would otherwise have to be purchased from grant funds by an organization other than the University. In all cases, documentation in the form of a statement or receipt from the contributor must be obtained and kept for audit purposes.

Office Supplies and Photocopying – Costs of this nature are normally not allowable. It is expected these resources are made available by the department for use by departmental faculty. However, provisions for large-quantity usage may be included in proposals where justified.

Space – If a project will require additional space, the department head and, if necessary, the dean of the college should be contacted regarding the availability and suitability of facilities within the space already allocated to the college. If none is available, the dean should contact the Dean of the Graduate School to discuss the use of other space. All arrangements for

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additional space must be discussed and agreed upon prior to submission of the grant application. Funds requesting the construction, alteration or relocation of campus facilities must be reviewed and approved by the Associate Vice President for Facilities Planning and Management.

Subcontracts – It may be necessary to contract for services of private companies or other institutions of higher education for technical performance of a portion of the project effort. The proposed costs for such services should be established through a written quotation from the company and be included with the proposal for internal review. A proposal from a collaborating university or other outside agency or firm signed by their authorized official must be attached or included as part of the proposal.

Phone – Phone instrument rental and monthly service fees are not normally allowed as a direct cost item in a grant budget. Phone instruments are assumed to be already available to most projects conducted on campus and are provided to a funded project as a result of the indirect cost calculation and collection by the University. Long distance costs can be charged against the project.

Travel – Principal Investigators should anticipate the use of funds for necessary travel. At a minimum, it is recommended the following be provided in the proposed budget: destination, duration and purpose, number in party, costs of transportation, meals, lodging and registration fees.

All foreign travel by state employees must be reported annually at the end of each fiscal year to the President of the Senate; the Speaker of the House, and the State Budget and Control Board. The annual report submitted by Clemson University must contain the following information:

- Name of University employee
- Destination
- Inclusive dates of the travel period
- Purpose of the travel
- Total cost of the travel
- Sources of funds

In order to comply with state reporting requirements, the Authorization for Official Foreign Travel must be completed and submitted to Sponsored Programs Accounting and Administration for approval prior to making the trip.