Proposal Review, Institutional Approval, Submission, and Budget Development Guide

Table of Contents

1. HOW OSP CAN HELP YOU .............................................................................................................................. 2
2. PROPOSAL SUBMISSION PROCESS ........................................................................................................ 3
3. HOW TO OBTAIN INSTITUTIONAL APPROVAL ....................................................................................... 4
4. ISSUES THAT DELAY PROPOSAL REVIEW ............................................................................................... 4
5. PROPOSAL COMPONENTS ........................................................................................................................... 5
   A. TRANSMITTAL LETTER ............................................................................................................................ 5
   B. TITLE PAGE ............................................................................................................................................. 5
   C. ABSTRACT ............................................................................................................................................. 5
   D. TABLE OF CONTENTS ............................................................................................................................ 5
   E. PROGRAM STATEMENT .......................................................................................................................... 6
   F. EQUIPMENT, FACILITIES, AND PERSONNEL ...................................................................................... 6
   G. REFERENCES .......................................................................................................................................... 6
   H. APPENDICES, VITAE, ETC. ..................................................................................................................... 6
   I. BUDGET ................................................................................................................................................ 7
   J. BUDGET NARRATIVE .............................................................................................................................. 7
6. PROPOSAL BUDGETING GUIDANCE ........................................................................................................... 7
7. COST RECOVERY ........................................................................................................................................ 7
8. BUDGET CATEGORIES ................................................................................................................................. 9
   A. PERSONNEL ......................................................................................................................................... 9
   B. CONSULTANTS .................................................................................................................................... 10
   C. FRINGE BENEFITS ............................................................................................................................. 10
   D. MATERIALS AND SERVICES ................................................................................................................ 10
   E. TEMPORARY EMPLOYMENT SERVICES ............................................................................................ 11
   F. TRAVEL ................................................................................................................................................ 11
   G. EQUIPMENT ........................................................................................................................................ 11
   H. PARTICIPANT COSTS .......................................................................................................................... 11
   I. SUBCONTRACTS ................................................................................................................................ 11
   J. SUBJECT PAY ..................................................................................................................................... 12
   K. TUITION REMISSION .......................................................................................................................... 13
9. APPENDIX A. FREQUENTLY ASKED QUESTIONS ABOUT PROPOSAL BUDGETS ............................................. 14

   1. The sponsor doesn’t care about my budget so why do I have to devote so much valuable time to developing details of my estimated costs? ................................................................. 14
   2. How can I figure out salaries of others on my team so that I can prepare a project budget? ................................................................. 14
   3. What is the current fringe benefit rate and how is it applied? ................................................................. 14
   4. What are F&A costs and who gets this money from my budget? ................................................................. 14
5. How can I budget travel costs when I don't even know where the conference will be? .................................................... 14
6. I use my office computer all the time on this project. Why can’t I charge the sponsor a usage fee so that I can recover the cost of the computer and hopefully be able to afford a new one in a year or two? ........................................................................................................................................................................ 15
7. What is the current F&A rate and how is it applied? ......................................................................................................... 15
8. Isn’t it double dipping to charge Auburn’s F&A costs on top of my subcontractor’s F&A cost? ........................................ 15
9. Why does the Federal Government care and why do we apply Federal regulations to costs provided from a non-Federal source? .................................................................................................................................................................................. 15
10. Where can I find information regarding limited submission proposals? .............................................................................. 16
11. Are there any resources available to assist me in finding funding opportunities? .............................................................. 16
10. APPENDIX B. BUDGET TERMS ......................................................................................................................................... 17

How OSP Can Help You

To compete for funding, proposals submitted to funding agencies for review and consideration must be well developed and clearly written. Successful proposal development is a team effort that involves cooperation among Faculty colleagues and the administrative staff of the University. The OSP team (composed of contract administrators and appropriate college-level designees) will provide assistance in proposal budget development and interpretation of guidelines from numerous funding agencies. While the OSP team is not staffed with experts in individual technical disciplines, they will assist in drafting or editing portions of the proposal text related to administrative or institutional issues as requested. In addition, the OSP team can assist in the completion of sponsor and institutional forms, provide guidance on budgetary issues, and obtain the signature of the institutional authorized representative. For manual submissions, the proposal is returned to the Investigator for mailing to the sponsoring agency. In the case of proposals submitted electronically, the OSP team can assist Investigators in the use of the electronic systems and with the actual transmission of the proposal to the sponsor. NOTE: some electronic systems require submission directly by the Investigator. In these situations, the proposal needs to be reviewed/approved by the University (see Section 3) prior to the Investigator-initiated submission.

While OSP exists to be of service to Investigators in preparing and submitting a proposal, it may not always be convenient to contact OSP for information. Therefore, in an effort to provide Investigators with the information needed to navigate the proposal submission process at Auburn University and to provide as much direction as possible, this guidebook has been prepared to help Investigators with the proposal development and submission process. If there are any questions about this guide or the process, a list of contact names, numbers and e-mail addresses is provided on the OSP web site at https://cws.auburn.edu/OVPR/Staff#2.
Proposal Submission Process

Figure 1 presents the general flow of a proposal from its initiation to submission and award. This Figure is intended to give an overview of the general process. Some sponsors may skip a step depending upon the formality of their review process. In most cases, as the requestor, Auburn University does not have control over the process once a proposal has been submitted. However, the University can control the institution’s review and approval steps in the process. Please note that the box marked, "Write the Proposal" is much more involved than one simple step. This guide will provide some writing tips and identify the various components contained in a proposal. Please note that the focus of this guide is administrative rather than scientific in nature.

Figure 1. Steps in Obtaining Sponsored Projects Funding

Figure 2 expands upon the “obtain institutional approval” step in the proposal development process.

Figure 2. Proposal Approval Process
How to Obtain Institutional Approval

At Auburn University, the Principal Investigator is responsible for development and preparation of a proposal for routing and submission to external sponsors. Proposals are approved by the heads/chairs of the involved departments, directors of involved institutes or centers, and deans of the colleges involved in the proposed project. Any University resources committed to the project must be approved in advance of the proposal’s submission to OSP or appropriate college-level designee. Likewise, if animal or human subjects are involved or if safety issues are involved in the project, the sponsor may require you to obtain approvals from the appropriate institutional committees/offices before the proposal is submitted to the sponsor. In this case, the Investigator should contact the Office of Research Compliance for guidance prior to routing the proposal for institutional approval.

OSP or the appropriate college-level designee will review proposals to ensure nothing has been overlooked and will obtain official institutional approval and signature. When you have identified an opportunity that you intend to pursue, it is important to start coordinating with the appropriate contract administrator within the Office of Sponsored Programs or college-level designee at that time as the proposal development process may take two to three months or longer to meet an expected due date. Revised applications and renewals usually take less time, but are still a major effort and time requirements should not be underestimated. Note that OSP and the college-level designees cannot guarantee submission of a proposal by a deadline unless sufficient time is provided for the internal review and approval process.

Issues That Delay Proposal Review

Investigators usually have very little time for making corrections before the proposal submission deadline. OSP and appropriate college-level designees assist whenever possible but to save time, some of the following errors should be avoided:

- insufficient time provided for University review at all levels thus decreasing or eliminating time for corrections
- proposal budgets that contain calculation errors and/or do not follow University guidelines
- proposals that do not comply with the sponsor’s guidelines in form and composition
- waived F&A costs in budgets
- commitments from third parties or the mention of their name as a collaborator or advisor that are not confirmed in writing by the third party (e-mail is acceptable)
- commitments of University resources (cash or in-kind) without confirmation by the contributing party
- multiple Investigators from multiple departments and colleges involved without the documented concurrence of their respective heads, chairs or deans
statements in the text of the proposal that conflict with University policy

budget does not match proposed scope of work

lack of sufficient time to obtain appropriate compliance approvals (eg: IACUC; IRB; IBC; FCOI), if required at the proposal stage

proposal requires numerous revisions

lack of coordination in proposal development on projects submitted by multiple investigators at different schools

Proposal Components

Although proposal formats differ among sponsors, all proposals tend to contain basically the same important information. Please note that some sponsors have specific forms corresponding to some of the items on the following list. However, in the absence of formal instructions from a sponsoring agency, the following provides a general guide for what a proposal should contain.

A. Transmittal Letter

Letter printed on University letterhead, signed by the Principal Investigator or an institutional administrator indicating the contents of the proposal submission packet. The transmittal letter is used to help identify the Investigator and any special characteristics of the proposal or the submitting institution.

B. Title Page

The title page (or cover sheet) contains:

- Title
- Agency
- Institution name and address
- Investigator(s) name(s)
- Phone, fax, and/or e-mail for Investigators
- Proposed amount
- Proposed effective dates
- Signature of Investigators and Authorized Institutional Representative

C. Abstract

The abstract is a brief synopsis of the proposal and is usually written last. The abstract presents the essential elements of the proposal. The agency may use it to disseminate the proposal idea for comment from individuals outside the primary review group. It is short, usually 200-250 words, but is extremely important in creating a favorable first impression.

D. Table of Contents

The table of contents lists the major sections of the proposal with just enough detail so that the
reviewers can quickly locate the section(s) of most interest to them. It is also useful in comparing the proposal to any guidelines provided by an agency.

E. Program Statement

- **Introduction**

  The introduction includes the statement of need for the project. It emphasizes the importance of conducting the project and sets forth the major focus of the proposal. It generally contains a review of current literature that will further strengthen the argument for funding the proposed research.

- **Objectives**

  The objectives are statements showing what the Investigator(s) intends to achieve through the course of the proposed project.

- **Significance**

  How the proposed project will contribute to the current knowledge base in the Investigator's field.

- **Procedures**

  The procedures section contains the details of how the Investigator will accomplish the objectives. Generally the procedures are tied to each objective that is tied back to a specific need to be addressed. Often this is the section containing the description of collaborations and the timeline of the activities to be performed.

- **Evaluation**

  This section describes how the Investigator will assess the success of the project.

F. Equipment, Facilities, and Personnel

This section describes the resources needed by the Investigator to conduct the project. It may include equipment, facilities of the University or any other facilities available, as well as the proposed personnel and the expertise they bring to the project.

G. References

The references section indicates that the Investigator(s) is aware of the current work in the field and should coincide with citations referenced in the literature review and other areas of the project statement.

H. Appendices, Vitae, etc.

The appendices contain information that cannot be easily included in the body of the proposal but is vital to the full evaluation of the work being proposed. This is the place to put the vitae of the
Investigator(s) and any pertinent information about the need for the project. Keep the information brief and current. Appendices may contain letters of commitment, collaboration or endorsement of the project. However, be aware of sponsors that have page limitations or prohibit the use of appendices.

I. Budget

The budget shows the sponsor how much the total project will cost. It shows the cost of the entire project, that is, the costs paid for by the sponsor as well as the cost covered by the University or a third party. Some sponsoring agencies require use of their own printed budget form. All amounts should be rounded to the nearest whole dollar.

J. Budget Narrative

The budget narrative provides sufficient detail to show how the cost estimates were calculated and an explanation as to why the cost is necessary for the completion of the project.

Proposal Budgeting Guidance

A proposal budget is a best estimate of the actual cost that will be incurred during conduct of the project. There are three major issues to consider when preparing a budget for a proposal submitted to an external sponsor:

- Can the cost of conducting the project be recovered from the Sponsor (Cost Recovery)?

- What types of expenses can be charged to a sponsor (Allowability)?

For costs to be allowable on a sponsored project, they must be considered reasonable. That is, incurring the cost should reflect the actions of a prudent person engaging the principles of good stewardship of someone else’s money. Additionally, costs must be allocable. For a cost to be allocable, it should be charged only to the project fund for which the cost was incurred. This means that costs incurred for the purposes of one project cannot be charged to another project. For costs to be allowable, they must also conform to the limitations that are identified in Auburn University policies and sponsor regulations. Some sponsors will not pay for certain types of costs. Finally, costs are allowable only if they receive consistent treatment. That is, each time a particular type of cost is incurred (office supplies or certain salaries) the institution must account for those costs in the same way (direct costs or F&A costs) assuming the circumstances for incurring the cost are approximately the same as before.

- Can the costs proposed to a sponsor be documented adequately in the University’s accounting system (Cost Accounting Standards or CAS)?

If you have any questions about the allowability of a particular cost as either a direct cost or facilities and administrative (i.e., indirect) cost, please contact OSP.

Cost Recovery

When a project is performed for an external sponsor, that sponsor should reimburse the University for all expenses required to complete the project. Any time the University has project costs that the sponsor cannot pay, then University funds, or a third party, must be identified up front to subsidize the project and pay the costs.
While some sponsors will give an Investigator a cost limitation for a project, most provide very broad and general guidance for how much a project should reasonably cost. An Investigator has to examine the work to be done and try to determine what expenses will be involved in completing all of the project tasks. For this reason most budgets should be finalized AFTER the details of the project scope are worked out.

The listing below provides some items an Investigator should think about when preparing a proposal budget:

- the Investigator should plan the project carefully and include all costs necessary for successfully conducting the project

- the Investigator should include only costs that relate specifically to the work that will be done on the project. He/she should avoid the temptation to include contingencies (i.e., padding the budget). He/she should include only those costs that can be explained in a budget narrative or over the phone if the sponsor asks

- in order for the Investigator to work within the budget once the project is funded, he/she will need to incorporate known or predictable cost increases. If these costs are not included, he/she may find himself/herself struggling to balance the budget rather than devoting effort to the technical aspects of the project. In order to be sure that the budget contains sufficient direct costs, it is important for the Investigator to:
  - get current, realistic price estimates;
  - allow for expected inflation and/or possible salary increases;
  - be sure to review the technical effort carefully so nothing is overlooked that could be a potential cost to the project; and
  - be conservative in estimating what funds will be needed for the work to make certain there will be enough to cover total project costs.

- the Investigator should develop an understanding of how the University has determined the Facilities and Administrative (F&A) rate. He/she should apply it to the proposed direct costs in the correct manner. For additional information, see Auburn’s most recent Facilities and Administrative Rate Agreement.

- the Investigator should determine the sponsor’s requirements, if any, regarding the sharing of total project costs. He/she should imagine all the possible resources that the University will be contributing to the project. He/she should determine whether the commitments are cash (out-of-pocket) contributions or in-kind (non-cash) contributions. These contributions should be included in the proposal budget, if necessary, and explained in the budget narrative. For additional information regarding cost sharing, see Auburn University’s Cost Sharing Policy.

- The Investigator should follow these steps in preparing the budget:
  - read the sponsor’s guidelines before proceeding;
• be aware of available funding;
• identify the available resources that might be used on the project;
• determine the cost of the resources and provide for budgetary flexibility;
• prepare the actual budget; (contact OSP for assistance, if needed)
• transfer the budget figures onto the sponsor’s forms; and
• prepare a budget narrative to assist the sponsor in the review of the proposal

**Budget Categories**

The following pages identify common categories that generally make up a complete proposal budget. These are the categories of costs generally considered allowable on sponsored projects. A brief explanation is given for each one. Additionally, Appendix B contains a list of common budget and costing terms.

**A. Personnel**

Salaries for exempt employees should be shown as the percentage of the employee's total Auburn University effort that will be devoted to the contract or grant multiplied by their full time base salary.

**Mary Smith, 50% FTE, $30,000/year = $15,000**

Auburn University policies do not usually allow for payment of overtime or extra compensation on sponsored projects. Salaries for non-exempt employees should be shown as number of hours at the employee's hourly rate.

**John Jones, 100% FTE, 2080 hours/year @ $10.94/hour = $22,755**

If overtime is anticipated and necessary for the timely completion of the project, it should be clearly stated in the proposal. Some funding agencies assume all employees are exempt employees unless they approve otherwise and thus provide specific contractual language to address overtime. Federal agencies rarely approve overtime.

Overtime for the person in the previous example would be shown as follows:

**John Jones, 100 hours overtime @ $16.41/hour = $1,641**

For graduate research assistants (GRAs), salaries are usually shown as a percent of time, and other students are usually shown as a number of hours multiplied by a specified rate per hour.

**Graduate Research Assistant, $1,200/month (50% FTE), 6 months = $7,200**

**Undergraduate Student, 500 hours @ $7/hour = $3,500**

Current salary information is available from Departmental administrative support staff, the Department Chair/Head, appropriate college-level designee or OSP. In preparing a budget for personnel costs, the Investigator should watch for pending promotions or salary increases that
may take effect after a project is funded.

**B. Consultants**

If the proposed activities of the consultant do not meet Internal Revenue Service (IRS) rules for designation as an independent contractor, the consultant will need to be hired as an employee of the University. Persons who are already or have been Auburn employees within the last year cannot be categorized as consultants in a proposal for budget purposes. Auburn University employees must be budgeted as regular employees with fringe benefits (or as Temporary Employment Services (TES) as appropriate) and a description of the work they will perform provided in the proposal narrative or budget explanation. To satisfy Internal Revenue Service and Department of Labor regulations, consultants are considered to be a non-Auburn entity or person(s). Costs for an independent contractor (consultant) may include travel and other costs of the consultant in addition to the fee or the fee may be segregated from the consultant’s other costs in the budget.

Sometimes it is difficult to distinguish a consultant from a subcontractor. Consultants are usually single individuals or firms providing advice, feedback, guidance, or limited service to a project on a small scale and for brief moments in time. A subcontractor is generally an organization engaged in performance of a larger portion of the project scope of work. Employees of the subcontractor are often involved in making decisions about the focus and direction of a project working in very close collaboration with Auburn University investigators or working independently and later delivering a completed component of the overall project. This distinction is important for many reasons including but not limited to intellectual property ownership and calculation of F&A costs in a budget. The following link provides information regarding how to distinguish between a subcontract and Professional Services Contract: [https://cws.auburn.edu/shared/files?id=159&filename=Subaward%20or%20PSC.pdf](https://cws.auburn.edu/shared/files?id=159&filename=Subaward%20or%20PSC.pdf).

Additionally, see the [Procurement and Business Services](https://cws.auburn.edu/) web site for further information and required forms for Professional Services Contracts.

**C. Fringe Benefits**

The principal elements that comprise University faculty and staff employee fringe benefits are FICA, Retirement, Group Insurance, Worker's Compensation, Unemployment Compensation, and other University benefits. These costs are identified in a separate budget line item as a percentage of full time faculty, staff, and graduate student salaries. The current benefit rates are included in the University’s approved [Facilities and Administrative (F&A) rate agreement](https://osp.auburn.edu) on the OSP web site.

**D. Materials and Services**

This category includes most expendable items used exclusively for the project, including laboratory supplies, project specific resource materials, chemicals, glassware, express mail and shipping, non-capital equipment less than $5,000 per item, etc. The Auburn University [Direct Cost Policy](https://osp.auburn.edu) provides additional guidance for these types of expenses.
E. Temporary Employment Services

This category is for employees hired through the University’s Temporary Employment Services (TES). Remember that TES charges a fee on top of the hourly rate paid to the employee (for fiscal year 2019, this rate is 15.82%). TES charges are considered Other Operating Expenses for purposes of the Banner accounting system but most sponsors will consider these as a personnel expense. Where these costs are shown on a proposed budget will depend in part on the sponsor’s budget format requirements. In the absence of a sponsor format, these should be shown as other operating costs.

F. Travel

Travel is frequently necessary to complete a project. Costs may include registration fees, airfare or mileage, hotel, per diem for meals, car rental, and miscellaneous expenses related to travel to conferences, fieldwork, etc. The Investigator should try to budget costs realistically based upon expected travel plans. Rates used must conform to the Auburn University Travel Policies. Some agencies require specific authorization for a particular trip, even if it is included in the proposal budget.

In some cases, the timing and destination is uncertain at the proposal budget preparation stage. An Investigator can use previous travel experiences from similar projects as a guide for estimating travel requirements. When travel is uncertain or a significant amount of fieldwork is involved, a conservative approach (budgeting a little more) is usually better.

G. Equipment

The definition of equipment currently utilized at Auburn University is any item having a unit cost of $5,000 or more and a useful life of at least one year. Many agencies have proposal guidelines that specify the amount of detail needed for budgets that include equipment. Most agencies will not fund what they consider to be general-purpose equipment such as desks, chairs, shelves, file cabinets or laptop computers. They may also have regulations concerning ownership of equipment purchased under contracts and grants such that equipment may have to be returned to the funding agency at the completion of the project. If the equipment is to be returned, it may be necessary to budget shipping costs in the proposal budget. Equipment costs are excluded from Facilities and Administrative cost (F&A) calculations.

H. Participant Costs

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. These costs are excluded from the F&A base (for Federal projects).

I. Subcontracts

If a portion of the work to be conducted under a contract or grant will be performed by another institution or a private company, include those costs related to the other entity as a subcontract.
The subcontract will show on the Auburn University budget as a single line item and the Investigator must attach a separate budget page for the subcontract. This should be in the same format as the full budget. To ensure that the subcontractor has obtained official endorsement, the proposal should contain a letter of commitment signed by the subcontractor's principal Investigator and the institutional/organizational representative. The first $25,000 of each subcontract is included in the Auburn University F&A base calculation if the award will include the full Federally negotiated F&A rate.

Sometimes it is difficult to distinguish a subcontractor from a regular vendor of goods or services. The characteristics of a subcontractor are when the subcontractor:

- has its performance measured against whether or not the objectives of the project are met;
- has responsibility for programmatic decision making;
- has responsibility for adherence to specific program compliance requirements; and
- uses the funds provided to carry out programs of their own organization rather than simply providing goods or services for the benefit of Auburn University's programs.

A subcontractor is most likely classified as a regular vendor if the organization:

- provides the goods or services within their normal business operations;
- provides similar goods or services to many different purchasers;
- operates in a competitive environment; and
- provides goods or services that are ancillary to the operation of Auburn University's sponsored project.

### J. Subject Pay

Budgets for research projects involving human subjects may provide for payments to the subjects for participating in the research. Payments to human subjects/research participants must be approved by the Institutional Review Board (responsible for the approval of human subject research). The IRB's written approval letter must be presented to PPS with any request for funds to pay those subjects.

Generally, subject/participant payments are processed on a multiple vendor voucher and made by check. In rare cases the IRB may determine that an alternate form of payment (cash, gift card) is required. Additionally, there may be cases where payment to a small percentage of participants through a random drawing can be justified. Such drawing incentives must be randomly designed with responsibility for oversight resting with the Principal Investigator. In either case, a request for exception, including the IRB approval of such, must be forwarded to PPS for review and approval before the study begins.

If the subject/participant will receive $200 or less, they do not have to register through the AU Vendor Center, but the PI will have to obtain and attach a completed W-9 form to the voucher for payment. The W-9 requirement will be waived if the payment is $50 or less. If the subject/participant will receive
more than $200, they must register via the AU Vendor Center. (See the AU Spending Policies and Procedures.)

K. Tuition Remission

In accordance with the September 19, 2013 Policy for Inclusion of Tuition in Externally Funded Contracts and Grants, the budgets for all proposals that include stipend support for graduate assistants must include tuition support for those graduate assistants pursuant to the requirements of the policy at either a rate of 10% of stipend amount or 40% of stipend amount. Additional information can be found in the OSP document “Charging of Tuition in Externally Funded Contracts and Grants” which provides guidance regarding various Federal sponsor policies as well as a list of institutions that reflect limitations on Facilities & Administrative (F&A) costs and/or tuition remission expenses.

For assistance with budget development or completion of sponsor forms, please contact OSP or the appropriate college-level designee for assistance.
Appendix A. Frequently Asked Questions about Proposal Budgets

1. The sponsor doesn’t care about my budget so why do I have to devote so much valuable time to developing details of my estimated costs?

It is the responsibility of the Investigator and the University to ensure that funding is being spent in a responsible manner and in accordance with appropriate guidelines. The Investigator should have some reasonable basis for estimating the costs. We cannot propose costs that would be considered unallowable by University or sponsor regulations. In order to ensure that budgets do not contain estimates for costs that would be considered unallowable, an auditor may request to review the detail behind the estimates. Using previous expenditure history for similar work is a reasonable way to estimate a budget. The Investigator should be prepared to explain the rationale for the cost estimates if asked.

2. How can I figure out salaries of others on my team so that I can prepare a project budget?

The departmental administrative person, appropriate college-level designee or the Dean's support staff should have access to the University’s Banner HR system to check salaries. If not, you may contact OSP for this information.

3. What is the current fringe benefit rate and how is it applied?

The current fringe rate (as of 10/01/2019)

Fringe benefit rates for employees* year round for all divisions are:

**FY 2017**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Full</td>
<td>32.5%</td>
</tr>
<tr>
<td>Part</td>
<td>12.6%</td>
</tr>
<tr>
<td>Graduate Assistants</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

*undergraduate student workers are exempt

These rates apply to the salaries and wages of all employees and graduate students. These rates will be budgeted in the proposal and charged on the fund when salaries are expended.

4. What are F&A costs and who gets this money from my budget?

Facilities and Administrative Cost (F&A) recoveries are for overhead type expenses such as electricity, custodial services, the President’s office, the Sponsored Programs and Deans’ offices, building and equipment depreciation and other global costs of doing business at the University. These recoveries are placed in the University's general fund to pay the bills.

5. How can I budget travel costs when I don’t even know where the conference will be?

You can use previous experience for similar trips or you can make assumptions about what a
6. I use my office computer all the time on this project. Why can't I charge the sponsor a usage fee so that I can recover the cost of the computer and hopefully be able to afford a new one in a year or two?

Since the acquisition cost of the computer is already included in the F&A calculation as depreciation or use allowance, and since you would be unable to accurately and easily reflect the actual costs involved with the use of the computer, the Federal cost principles state that these kinds of things should be considered F&A costs rather than direct costs on projects.

7. What is the current F&A rate and how is it applied?

The current F&A rate is applied, based upon the type of activity involved in the project, to total direct costs less equipment, tuition, participant support costs and the amount of each subcontract that is over $25,000 (modified total direct cost base – MTDC). For additional information, please see the University's F&A rate agreement dated 6/2/2017.

<table>
<thead>
<tr>
<th></th>
<th>10/1/2017 until amended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Campus</td>
</tr>
<tr>
<td>Instruction</td>
<td>52.0%</td>
</tr>
<tr>
<td>Research</td>
<td>51.0%</td>
</tr>
<tr>
<td>Other</td>
<td>40.0%</td>
</tr>
</tbody>
</table>

*Modified Total Direct Costs (MTDC) = total direct costs minus:

- Equipment
- Capital expenditures
- Charges for patient care
- Portion of each subcontract in excess of $25,000
- Rental costs of off-site facilities
- Scholarships and fellowships
- Tuition remission
- Participant Support costs

8. Isn't it double dipping to charge Auburn's F&A costs on top of my subcontractor's F&A cost?

The F&A rate agreement negotiated with our cognizant federal audit agency recognizes that there are some administrative and technical costs associated with monitoring subrecipients. They also recognize that the technical work for the subcontract is done in facilities other than ours. They agree to allow some recovery of F&A costs to cover administration and oversight of the subcontract but have placed a limit on our recovery.

9. Why does the Federal Government care and why do we apply Federal regulations to costs provided from a non-Federal source?

The University's F&A rate is calculated using ALL expenditures of the institution. Each item of cost is classified as research, instruction, other sponsored, other institutional activity or some form of overhead expense. The Federal Government will eventually pay the resulting calculated rate. They have a vested interest in how the rate is calculated and what costs are
included or not in the calculation. We have to ensure that ALL expenditures are properly classified so as not to adversely impact the calculation of future F&A rates. The University’s Direct Cost Policy explains this in further detail and provides for some very limited exceptions.

10. Where can I find information regarding limited submission proposals?

Funding agencies may place limits on the number of letters of intent or proposal that any one institution may submit in response to a funding opportunity. Information regarding the University’s limited submission policy, as well as current limited submission solicitations can be found at the following link: https://cws.auburn.edu/OVPR/pm/psfs/main.

11. Are there any resources available to assist me in finding funding opportunities?

Auburn University subscribes to and utilizes the services of PIVOT to assist you in seeking out available funding opportunities, to promote your research interests and to support and promote the University’s research mission. Access to PIVOT and bi-monthly funding newsletters can be found at the following link: https://cws.auburn.edu/OVPR/pm/psfs/main.
Appendix B. Budget Terms

Total Project Costs
All allowable costs incurred by a recipient and the value of the in-kind contributions made by the recipient or third parties in accomplishing the objectives of the grant or other agreement during the project or program period.

Allowability of Costs
For costs to be allowable on a project, the following criteria must be met:
- must be necessary and reasonable (reflect the actions of a prudent person)
- must be allocable (assignable in accordance with benefits received)
- must be treated consistently (like treatment based upon purpose and circumstance)
- must conform to limitations in Title 2 of the Code of Federal Regulations (CFR), Part 200 (Uniform Administrative Requirements, Costs Principals, and Audit Requirements for Federal Awards) and be allowable per sponsor and University regulations

Direct Costs
Costs that can be identified specifically with a particular project relatively easily with a high degree of accuracy.

Usually includes the following types of costs:
- Salaries and Wages
- Personnel Benefits
- Materials and Project Specific Supplies
- Project Related Travel
- Specialized equipment Purchased for the Project

Facilities and Administrative Costs (F&A, formerly known as Indirect Costs/Overhead)
Costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular project.

Usually includes the following types of costs:
- General Administration
- Sponsored Projects Administration
- Library Expenses
- Plant Operation and Maintenance
- Depreciation or Use Allowance on Building and Equipment
- Student Administration and Services

F&A costs are general operating costs incurred by the University in support of sponsored research, public service and instruction. F&A costs are often misunderstood or incorrectly construed to be "profit" in the proposal budget. As is true for any organization that receives external support, these costs are real and necessary charges for the University. F&A costs should be included as a separate line item in the budget of each proposal submitted to external funding agencies. If allowed by the sponsor, these costs must be budgeted so the University can recover the true costs incurred by sponsored research, public service, and instruction projects.

If the funding agency allows the University to charge its full F&A rate but the principal Investigator
wants to submit a proposal to a funding agency with no F&A costs or using a lower rate than that approved for the agency, the request must be routed through the department chair and dean or unit director to the Vice President for Research. Very few exceptions to charging full F&A costs are EVER made.

The current base used to determine F&A costs is modified total direct costs, which is total direct costs less equipment; capital expenditures; rental costs of off-site facilities; the portion of each subgrant or subcontract in excess of $25,000; charges for patient care; student tuition remission, scholarships, and fellowships and participant support costs. For a proposal budget, F&A costs are determined by applying the appropriate F&A cost rate to the base. For budgets to sponsors that will not pay the full federally negotiated F&A rate, total direct costs (TDC) should be used to calculate the F&A for the project. Agencies often request a copy of the University’s current negotiated F&A rate agreement.

Cost Sharing or Matching
That portion of project or program costs not borne by the Sponsoring Agency.

Cash Contributions
The recipient’s cash outlay, including the outlay of money contributed to the recipient by non-sponsor third parties. It is important to note that salaries are considered as cash contributions.

In-kind Contributions
The value of non-cash contributions provided by the recipient and non-sponsor third parties such as goods and services directly benefiting and specifically identifiable with the project or program.

Acceptable Cost Share
Cash and in-kind contributions are acceptable when they meet the following criteria:

- are verifiable from the recipient’s records
- are not included as contributions for any other Sponsor-assisted program
- are necessary and reasonable for proper and efficient accomplishment of project objectives
- are types of charges that would be allowable under the applicable cost principles
- are not paid by the sponsor under another sponsored agreement
- are provided for in the approved budget when required by the sponsoring agency