

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 10/01/2021)

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

FY 2022

Full time	31.00%
Part time	12.30%
Graduate Assistants	3.50%

**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. Note that the part-time rate includes postdoctoral fellows.

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 possible airfare might be, what a possible hotel room might be, what kind of rental car fee might be involved etc. A travel agent can give conservative estimates of "worst case" scenarios for trips.

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 7/29/2021.

	10/1/2017 until amended	
	Campus	Off-campus
Instruction	52.0%	26.0%
Research	51.0%	26.0%
Other	40.0%	26.0%
IPA	8%	8%

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

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