

Budget Primer

Internal Grant Programs

Office of the Provost

**January
2017**

Internal Grant Program Overview

A proposal budget is a section of the proposal that represents and/or reflects the Principal Investigator's best estimate of the actual costs for conducting the scope of work. Developing the budget is an excellent test of how clearly and completely the project has been described. The Office of the Provost has developed specific guidelines for each of the internal grant programs. All program guidelines and forms are available at:

http://www.sc.edu/about/offices_and_divisions/provost/faculty/grants/internalgrants/index.php.

This primer has been developed to assist in budget preparation for proposal submission to one of the internal grant programs established by the Office of the Provost. It provides succinct guidance on typical major budget categories contained in most proposal budgets. For more detailed budget guidance, consult the Office of Sponsored Award Management's [Proposal Budget Preparation Guide](#).

For more information, please contact the Office of the Provost at 803-777-2808 or the individuals below:

- **Application Review, Budget Preparation and Submission Process:**
[Coyet Greene](#)

- **Grant Award Financial Administration:** [Mary Alexander](#)

Prepare the Budget and Budget Justification

A typical internal grant proposal includes a title page, 3-page project narrative, and supporting documents, including a budget, budget justification, current and pending support, all of which require equal consideration in their preparation.

Budget Form:

While the project narrative provides the picture of your proposal in words, the budget refines it with numbers. As you start preparing the budget, go back through the proposal narrative and make a list of all personnel and non-personnel items related to operation of the project.

The budget has two functions. First, it estimates, as realistically as possible, the cost of completing the objectives identified in the proposal narrative. The sponsor will use the budget details to determine whether the proposal is economically feasible and realistic. Secondly, the budget provides a means to monitor the project's financial activities over the life of the project. In this way, it is possible to determine how closely the actual progress toward achieving the project objectives is being made relative to the proposed budget.

A proposal budget is a section of the proposal that represents and/or reflects the Principal Investigator's best estimate of the actual costs for conducting the scope of work. An important part of writing a successful grant proposal is developing a budget that clearly expresses the cost of your research project.

Think about proposals from the point of view of the funders, and particularly the panelists reading dozens of them in far too little time, trying to make good decisions. They need to know in clear and concise language what you plan to do, why you chose to do it and how you will get from a good idea to a strong work. They need to know all of this in detail, with concrete information about the topic, why it is important at this time, who the people involved are, what the stylistic approach is, what your work plan and timetable are, how you intend to raise money and what your plans are for getting the finished project out into the world.

This section of your proposal answers the following questions: (1) how much the project will cost, and (2) what are the specific cost categories. Accuracy and detail are essential in this section. Be sure to show all costs related to the project. Keep in mind that sponsors will support costs that are reasonable and justified in a budget description. Be careful to follow guidelines completely.

Questions the PI will need to consider:

- *How and where will I complete this project?*
- *Who am I going to need?*
- *What am I going to need?*
- *What should my budget include?*

What are the Components of a Proposal Budget?

- **Personnel** **Salaries, Wages and Benefits**
- **Goods/Services** **Supplies and materials needed for the project**

- **Travel** **Domestic or Foreign**
- **Equipment** **Specifically for the Project**
- **Other** **Publications, entry fees**
- **Budget Narrative** **Budget Justification to support the proposal budget**

A budget serves as a tool for planning your project. It identifies the needs, costs, and sources of funding. It helps you consider the financial needs to carry out a project and helps to solidify your project plan. It acts as a numerical description of your narrative, therefore requested funds must relate to project needs. Note: proposal reviewers focus on the reasonableness of the funds requested. Be cost effective, but realistic. You don't want to excessively over budget. Experienced reviewers can tell when a budget is "padded" and this is not favorably reviewed. Make sure you have sufficient funds to do the work, as experienced reviewers can also tell when a budget is insufficient to carry out a project. A modest but insufficient budget request doesn't make your project any more competitive, but rather, it suggests that the proposal was not well planned.

What level of effort will I be expending on the project?

Some sponsors, like the National Science Foundation (NSF), prefer effort to be described in "person-months", while other sponsors, like the National Institutes of Health (NIH), prefer percentages of effort. It is important to differentiate between "calendar", "academic year", and "summer" effort. Please tell us what percentage of effort you will be expending on the project. When calculating summer effort, please refer to policy [HR 1.81](#), section II.B., and see example below.

Salaries & Wages: All personnel who will devote time to the project are listed in the budget if compensation is being requested. Include titles, the percentage of time to be spent on the project, base salaries, and the amount you are requesting to support each person for the budget period (or their individual period of performance). Salaries can only be requested for university personnel. Salaries can be requested for faculty, staff, post doctoral researchers, graduate assistants hourly/student workers, etc., if allowed under the program guidelines. Proposed salaries are estimates and are paid in accordance with established University guidelines.

Personnel may include:

- **Faculty** (overload, release time, summer/intersession)
- **Research assistants and associates** (full or part time)
- **Graduate and/or undergraduate students** (20 hrs/wk maximum during academic year, full or part time during summer)

You will need to specify each person who will work on the project by title and the amount of time they will be needed on the project.

How do I calculate summer compensation for research or scholarship activities?

Faculty Summer Salary - The summer pay rate is based on the prior or current 9-month academic year salary (AY Base Salary/195) to calculate a daily rate.

Faculty Summer Salary Sample Calculation

The institutional base salary for faculty is determined by the specific type of academic appointment and does not include bonuses ([HR1.77 policy](#)) or salary supplements ([HR1.79 policy](#)). Non-teaching summer salary is **always** calculated based on the daily rate at the University of South Carolina.

1. Summer salary = (base salary/base appointment period) X summer time worked.

Example: 9 month faculty member working 3 summer months

Salary divided by 195 days = daily rate

Multiply daily rate X the number of summer days to be worked (*typically a summer has 65 days, check with your department business or HR manager to confirm or the Division of Salary Administration*).

$(\$80,000 / 195) \times 65 = \$26,667$

What fringe benefits must be added?

Employee Fringe Benefits: Whether an employee is full or part-time, fringe benefit costs are mandatory by law and must be covered by the project budget. Fringe benefit rates change every fiscal year (beginning each July 1).

Fringe Benefits: Fringe benefits consist of the University's contributions to Social Security (FICA), retirement programs, health insurance, disability insurance, life insurance, workers' compensation, unemployment compensation, and tuition remission. Fringe benefits are calculated as a percentage of salary.

Be sure to check the SAM web site for the current [USC Fringe Benefit Rates](#) with each proposal preparation as rates are subject to change. See <https://sam.research.sc.edu/fringebenefits.html>

1. To calculate fringe benefits during an academic year, multiply the health insurance amount by the percent effort or effort in person-months of the employee.
2. Health Insurance is not charged during summer months for faculty with academic appointments that are less than 12 months.



3. Click to open a fringe benefit calculator.

Faculty Course Buyout is defined as the cost of a replacement instructor to cover one or two courses normally taught by the applicant. Pre-approval must be obtained by both the department

chair or head, and the college Dean prior to submission. Consult the program guidelines for specific details and requirements.

What equipment will I need to buy?

Please note that equipment must be for special purposes and not for general use. As always, consult the program guidelines for allowable costs.

What domestic or foreign travel will I need to take?

Please note that travel to professional meetings is an unallowable cost for the internal grant programs offered by the Office of the Provost. Refer to [BUSF 1.00](#) Travel policy.

- What is the approximate airfare?
- When will it take place?
- How many days will each trip take?
 - [Domestic Per Diem Rates](#)
 - [Foreign Per Diem Rates](#)

What other direct expenses will there be?

Equipment: Capital Equipment – an item of non-expendable tangible property with an acquisition cost of \$5,000 or more and the estimated useful life of one year. List each piece of equipment not already available that you need to conduct the project. Be as specific as possible in your description, including model numbers, types, size, etc. For major pieces of equipment, a quote is necessary. Take into consideration sales tax and shipping charges. Take into consideration maintenance fees, if needed.

Travel: Travel is costs associated with the required travel for each employee working on the project or program. The following aspects of each trip should be outlined on the budget form:

- The specific destination of each trip.
- The number of individuals going on each trip.
- The mode and approximate cost of transportation to be used.
- The number of days of per diem and the per diem rate.

Keep in mind, as mentioned previously, travel to professional conferences or meetings is unallowable under the guidelines for these internal grants.

Allowable travel costs include transportation, lodging, subsistence (meals), and related expenses such as local transportation costs and baggage handling fees incurred by employees who are travelling in direct support of sponsored research.

Domestic and foreign travel should be shown separately.

- List the name, destination, and purpose of the trip. Include transportation costs (e.g., coach airfare), registration fees, accommodation fees, and other related expenses
- Base the estimate on actual projected costs for the likely destination
- Budget for coach airfare

- Budget all travel estimates in compliance with the USC Travel Policy.
<http://www.sc.edu/policies/busf100.html>

In the budget justification section, describe the purpose, destination and time span for each trip, and the number of individuals for whom funds are requested. This must be fully explained, noting the relationship of the trip to the project. Domestic and foreign travels have some differences:

Domestic Travel

Domestic travel reimbursements are subject to the state's travel regulations and payment rates. Reimbursement for any trip which includes both in and out-of-state travel should be requested on the basis of as close an estimate as possible.

Foreign Travel

Foreign travel requests must specify the destination and the U.S. Department of State's foreign per diem and hotel plus meal payment rates should be used. In today's funding environment, it may not be possible to cover all travel costs. Typically, for international travel, only American flag carriers may be used.

Supplies/Materials

Itemize expendable materials and supplies that are needed for the project.

Other

Typically those costs that do not fit into the established budget categories, such as:

- Copying and printing costs
- Publication costs
- Equipment maintenance/repair
- Communication charges
- Equipment rental

Publication Costs: These are costs to disseminate research results and are a direct cost to the project from which the research was obtained. They may also include costs for illustrations for manuscripts, printing, binding, technical reports, tests and questionnaires, large survey instruments, workshop agendas, etc. associated with a specific project.

Materials, Supplies, and Consumables: A general description and total estimated cost of expendable equipment and supplies are required. The basis for developing the cost estimate (vendor quotes, invoice prices, engineering estimate, purchase order history, etc.) must be included. If possible, provide a material list.

Budget Narrative

The budget narrative is sometimes referred to as the *budget justification*. The narrative serves two purposes: it explains how the costs were estimated and it justifies the need for the cost.

The PI needs to provide rationale for various items in the budget. It is a good idea to prepare a budget narrative which outlines the basis on which each cost was developed. Describe the project

activity which substantiates the particular expense and include any information requested in the application guidelines.

The budget justification is one of the most important non-technical sections of the proposal, and it is often required by the sponsor. In this section the Principal Investigator (PI) provides additional detail for expenses within each budget category and articulates the need for the items/expenses listed. The information provided in the budget justification may be the definitive criteria used by sponsor review panels and administrative officials when determining the amount of funding to be awarded. It is best to present the justification for each budget category in the same order as that provided in the budget itself.

Budget Justification

Most proposal budgets will also require a Budget Justification, which, when submitted along with the budget, will highlight, explain, and provide rationale for each budget category entry, and how the Principal Investigator arrived at certain cost estimates. For example, the salary or personnel category will explain each employee's role, what tasks they will perform, and the percentage of effort required to conduct the project.

Budget Justification - Salaries:

The budget justification for salaries should indicate the following for the employees listed on the budget form:

- Name
- Role - whether it be the PI or a Co-PI
- Title
- Percentage of effort
- Brief description about each of their roles in the project or program.

Budget Justification - Fringe Benefits:

The budget justification for fringe benefits should include a general statement such as: "Fringe benefits are calculated at rates currently in effect for the University of South Carolina." For further information regarding Fringe Benefit Rates, [click here](#).

Budget Justification - Supplies and Materials:

The budget justification for supplies and material should separately list each item of supplies and materials and their intended use related to the project of program. Include the estimated cost for each item, based on historical costs, or on a catalogue, Web site, or other vendor quotation, and address in more detail any particularly high-cost, unusual, or one-time purchases.

Budget Justification - Travel:

The budget justification for travel should address the purpose of the travel related to the project or program, as well as reiterate the destination, individuals traveling, air fare and per diem costs associated with the travel. For further details and specific rates related to travel, [click here](#).

Budget Justification - Equipment:

The budget justification for equipment should describe each item of equipment as completely as possible and address the need for the equipment necessary to accomplish the project. Include the estimated cost of the equipment, based on a catalogue, Web site, or other vendor quotation.

Budget Justification - Miscellaneous Costs:

The budget justification for miscellaneous costs should separately list each item, their intended use, and the estimated cost for each item, based on historical costs, or on a catalogue, Web site, or other vendor quotation, and must address them in more detail if necessary.

All expenditures must be in compliance with program solicitation as well as State and University procurement/human resources policies and procedures.