

Preparing your budget (2010)

(modified January 2010)

This information is intended as a guide to completing your budget. The numbers reflected in this document represent the current (12/2008) policies and procedures for cost allocations, budgets, benefits, etc.

Often, grant sources will require their own budget forms. The information here will get you started but follow the guidelines for each grant source. For example, NSF has its own forms and allowable costs. You can use the information here as a guide but it is best to check with Angela Irvine for clarification on budget allocations. Allow plenty of time in your grant preparation to work through the budgets.

Links to federal guidelines are below. These guidelines can also be found in the grant announcement for the particular grant you are pursuing.

National Science Foundation Guide:

http://www.nsf.gov/pubs/policydocs/pappguide/nsf09_1/nsf091.pdf

National Institutes of Health Guide:

http://grants.nih.gov/grants/policy/nihgps_2003/index.htm

U.S. Department of Education:

<http://www.ed.gov/policy/fund/reg/edgarReg/edgar.html>

Private foundations and other sources will have their own guidelines and may also have specific budget formats that they require. Use the format required by the funding agency to prepare your budget. The information provided in this document will help you develop your budget. The template can also be used to formulate numbers and then format them into the required budget guidelines of the funding agency.

1. Personnel

1.1. Faculty Salaries and Stipends

Use the current gross academic year salary as a base for calculating salaries to be included in budgets. Budgeted salaries can be adjusted by up to **5%** per year to allow for future increases. (Note: This is only a projected figure; grant-funded salary will be based on academic base salary at the time it is paid. Faculty may not be paid more than is available in the grant budget.) If you have questions about salary figures, check with Human Resources (ext. 2533).

Academic year salary may not be included unless the faculty member is scheduled for leave or has permission from the Dean of the College.

Stipends (additional income) may only be paid to full-time faculty for work done during summer months. This is based on wage and hour regulations and federal funding regulations that clearly state that no individual may be paid more than 100% of time and effort. Because faculty salaries cover 100% effort for 9 months, additional stipends may only be paid during summer months.

1.2. Faculty Sabbatical Leave Salary

Faculty members scheduled for leave during the period of a proposed grant budget are expected to include leave salary in the budget. College policy allows grantees to receive income during a sabbatical leave. Some grants limit salary to the level for the year in which the grant application was submitted. In accordance with the College's sabbatical leave policy, faculty members receive their **full salary** during the year if they take a semester leave and **50% of their salary** if they take a year's leave (these amounts should be pro-rated for grant periods that are less than a leave period).

1.3. Course release time

Course release time must be approved in advance by your Chair and the Dean of the College. Faculty members are limited in the number of courses they may be released from so check in advance if this is an option. Please use either of the following two options to determine budgeted line item for course release. Whenever possible, it is preferable to use the faculty salary option.

1.3.1. Course release based on salary

To determine course release pay, if you are released from one course per year, determine your time based on $1/6^{\text{th}}$ of your teaching load. Your teaching load reflects 60% of your salary. To determine your course release rate, multiply your TOTAL salary by 60%. Divide that number by 6 to determine your rate for a one-course release.

1.3.2. Adjunct pay

Fees for adjuncts are based on the length of time an individual has been an adjunct faculty member for Saint Michael's College. Fees are as follows:

- Level 1: \$1,056 per credit hour (people who have worked 1-10 semesters as an instructor at SMC)
- Level II: \$1,210 per credit hour (people who have worked 11-18 semesters as an instructor at SMC)
- Level III: \$1,262 per credit hour (people who have worked 19+ semesters or are emeritus faculty)

1.4. Faculty Summer Salary

Budgets may provide for extra work during the summer. Saint Michael's College uses a percentage of academic year salary to determine rates for summer wages. This method is used by most federal agencies and must be applied consistently across all departments as mandated by federal law for the administration of federal funding. We must apply this to all circumstances regardless of funding source.

- a) Calculate each month of summer salary at a rate of one-ninth of the previous academic year's salary (for a maximum of 2/9 per summer).
- b) Any circumstances that vary from the above method must be discussed and approved in advance by the Sponsored Program Officer, the Finance Office and the Vice President for Academic Affairs (or other appropriate VP.)

1.5. Non-faculty College Employees

Please note that minimum wage in Vermont is now \$8.06/hour. This includes student employees so please plan accordingly. See additional information below for wage considerations for all employees (staff and students.)

1.5.1. Current staff

Portions of current staff time can be allocated to grant-related activities if appropriate. If specific individuals (technicians or administrative support people) are named in the budget, use their current salary or wage as a base for calculations. Budgeted salaries/wages can be adjusted by **3%** per year, to help ensure that there will be enough money in the budget to pay for the positions. Note: This is only a projected figure; actual grant-funded salary must be consistent with the College's wage and salary program. Grant-funded employees are governed by the same Human Resources policies and procedures as regular employees.

Determine the salary allocated to grant-related work based on the expected time commitment to this work. If an employee will be devoting 10% of their regular work week to this work, multiply their annual rate of pay by 10% and then by the number of weeks devoted to the project. If this is a multi-year award, cost up the allocation by 3% each year.

No employees may work more than 100% of a work week. If you are considering additional hours for an employee or faculty member under any circumstances, you **MUST** speak with Angela Irvine. There are circumstances that stipends can be paid but these are unique and must be approved prior to submission of the grant budget.

1.5.2. New Hires

If the budget involves the creation of new positions (even temporary ones) consult with Human Resources to determine the appropriate wage/salary. All compensation must be consistent with the College's wage and salary program. No personnel may be hired without following Human Resources Office procedures, even if the positions are included in funded grant budgets.

1.6. Students

Student job categories and wages are set by Human Resources. Student job categories and descriptions can be found in the College's public folders under Human Resources. There are a number of job descriptions relating to faculty research assistance, at different pay levels depending on the level of responsibility and the technical expertise required for the research. Many grant sources will limit the pay rate to students so those guidelines must be adhered to.

Faculty who wish to cover room and/or board expenses for their summer students must request and justify such funding in their grant budgets. If the grant is approved, the grant applicant must make appropriate arrangements with the Residence Life Office for students' room and board.

2. Fringe benefits

The fringe benefits rate as of September 2008 is **32%** of salaries and wages. Fringe benefits must be included as a direct cost of all grant proposals. This is a blended rate and is not intended to represent the actual costs of fringe benefits for specific employees in any grant proposal or working on a grant.

2.1. Salaried employees—faculty and staff

Multiply each individual salary rate for academic year faculty salaries and all staff by **32%** to determine the fringe benefits that should be allocated to the grant for fringe benefits.

Fringe rates for sabbatical leave are determined at **32%** of salary for both one-semester and full-year sabbaticals. Grant funds must be paid to the college and payment to faculty is made through our standard payroll process.

2.2. Non-Salaried Employees (Stipends, part-time, etc.)

Employees who receive stipends and hourly payments are also subject to our fringe benefits requirements. Use **32%** for fringe rates for non-salaried, part-time or stipends being paid to employees of the College. Multiply payments by **32%** to determine the fringe benefit amount associated with the line item.

2.3. Fringe rates for Students

Student wages during the *summer* are also subject to FICA and Worker's Compensation. Therefore, fringe benefits for students must also be calculated using the 8.5% rate. Multiply each individual student's compensation by 8.5% to determine the fringe benefit for each individual. Student wages during the academic year are not subject to FICA. We generally do not include the 8.5% rate in the budget for academic year wages for students because the worker's comp rate is minimal.

3. Indirect cost rate (Facilities & Administration Costs)

This rate is used for all grant proposals to the Federal Government (unless another rate is specified in the program guidelines). Some private sponsors will also pay for "overhead" or "administration" (or even for "indirect costs") but the rates vary according to the funding source. Many private sponsors will allow the College to include some administrative expenses as a direct cost. The Director for Foundation Relations and Sponsored Programs (Angela Irvine x2351) can provide assistance in estimating these costs. Some federal sponsors will not pay indirect costs but allow us to use our negotiated rate in calculating cost-sharing.

3.1. Indirect cost rate

Effective July 1, 2008 through June 30, 2011 the Facilities and Administration (F&A or indirect cost rate) rate negotiated between Saint Michael's College and the U. S. Department of Health and Human Services is **62.8%** of direct salaries and wages.

3.1.1. Determining indirect costs in your budget

To determine the indirect costs to be charged to the grant, multiply the TOTAL of your wages (faculty, staff and students) by 62.8%. Do not include *fringe* in your calculation for the indirect costs.

3.2. Indirect cost rate agreement document

If you are required to submit a copy of the college's indirect cost rate agreement along with your grant, please contact Angela Irvine (x2351) for this document to be included in your grant application packet.

4. Subcontracts and non-SMC partners

4.1. Subcontract rates and fees

Subcontracts are negotiated on an individual basis depending upon the work to be done and the grant guidelines. ALL use of subcontractors for grant related activities must be approved in advance of the submission of the grant application. Depending upon the work to be done by the subcontractor, various rates must be applied, audit expectations must be met and agreements must be made in order to determine the fees for the subcontractor. All subcontracts must be reviewed by the finance office for compliance with College policies, procedures and regulations.

4.2. Indirect costs for subcontractors

Subcontract agreements can include the payment of indirect costs to the subcontractor. The subcontractor must have a negotiated F&A or indirect cost rate agreement in order to include the indirect costs within the subcontract agreement. Saint Michael's College CAN NOT include the personnel fees paid to a subcontractor in our indirect costs line item.

5. Travel

Travel costs include transportation to the destination, lodging, and expenses for meals, local transportation, tips, etc. The College will allow you to charge actual expenses to your grant budget. Most grantors require that travel arrangements be the equivalent of "economy class" and may scrutinize this section of the budget for reasonableness. As of 7/1/05 the College reimbursement rate for use of personal cars on College business is **55 cents** per mile. All travel on College business (including grant-funded travel paid through the College) must be arranged according to college travel policies. The College's designated travel agency, Child Travel, is a good source of information for proposed costs. You could also talk with people who have recently made trips to the proposed area. Adjust your estimates for inflation and other cost increases between the time you submit your budget and when the travel will take place.

5.1. Mileage reimbursement rate

The College reimbursement rate for use of personal cars on College business is **55 cents** per mile. To determine an estimate of mileage reimbursement, multiply the amount of miles you plan to travel by .55. You can use a search engine such as Yahoo Maps to check mileage between destinations so that you can make an accurate estimate of mileage.

5.2. Air fare

All travel on College business (including grant-funded travel paid through the College) must be arranged according to college travel policies (see public folders.) The College's designated travel agency, Child Travel, is a good source of information for proposed costs. You could also talk with people who have recently made trips to the proposed area. Adjust your estimates for inflation and

other cost increases between the time you submit your budget and when the travel will take place.

5.3. Per diem (Meals and Incidentals—M & IE rate)

Saint Michael's College does NOT pay M & IE. The college reimburses on an actual expense basis. Use the M&IE rate information solely as a guide to estimate what your M & IE costs may be during your travel.

The federal government publishes an established per diem rate for both domestic and foreign travel through the US General Services Administration. (www.gsa.gov).

Determine the length of your stay and base your per diem rate/day on the approved rates for that area. Multiply the number of days by the per diem rate. Make note that the first and last day of travel usually has a lower per diem rate.

5.4. Foreign travel—SMC faculty travel

Use the same procedures for travel as you would for domestic travel. The US General Services Administration website (www.gsa.gov) also publishes a link to foreign travel per diem rates. All federal grants require travel on U.S. Flag carriers. Please budget accordingly.

If you are traveling to a country with published travel advisories, please contact the administration of the college (HR or Finance) for any specifics regarding insurance, etc.

5.5. Foreign travel—Bringing visitors/scholars to SMC

Many grants, particularly federal grants, will support bringing individuals (faculty, lecturers and students, etc.) to Saint Michael's College. Use the same guidelines for travel for guest speakers and lecturers. Again, the college does NOT pay M & IE rates but will reimburse guests upon receiving all original receipts for their expenses.

If your guest is from outside the US, please speak to Angela Irvine prior to determining costs. Federal tax laws and Homeland Security have significantly impacted bringing people into the country, even those being paid through federal grant funds. There may be costs that the guest will be responsible for which should be made clear to them prior to formalizing an agreement to participate.

5.6. Conference fees

Use the conference brochure as an estimate of the conference fees. If no brochure is available, use an estimate of costs based on previous conferences. Conference fees can not include individual membership fees. Many conferences occur annually so you can estimate costs based on previous conferences. Also, check the websites of the organization hosting the conference.

5.7. Lecture fees

Fees for attendance are reimbursed with receipts. Estimate costs based on similar lectures or the actual known cost for the lecture.

Many speakers charge lecture fees (honoraria) based on an hourly or per day fee. Saint Michael's College does not pay a per diem for guest lecturers. The college will reimburse lecturers for actual costs on a reimbursement basis if lecturers provide receipts, etc. Honoraria are subject to federal tax law and Homeland Security laws so please be aware there may be extra costs associated with bringing lecturers in from outside of the United States.

5.8. Student travel

Use the same guidelines for student travel as for faculty and staff. College academic policies regarding travel for students will apply but should not impact your budget planning.

6. Equipment

6.1. Cost estimates

It is important to have cost estimates prior to completing your budget. If you are planning on purchasing a large piece of equipment, details on the equipment are helpful. If you are planning a three year grant with the purchase in the final year, build in a 3% inflation rate per year in your estimate of the future cost of the equipment based on the current cost. Include fees for shipping.

Federal funding sources have specific guidelines as to what vendors can be used for purchasing equipment and for construction. If you are planning any construction/renovation for a federally funded project, please consult with Angela Irvine on budget allocations for this line item.

6.2. Installation fees

It is essential that you know where your equipment is needed and what infrastructure is necessary for the equipment. Angela Irvine will contact the physical plant staff to determine the actual costs and needs of installing the piece of equipment you are requesting. In some cases, equipment purchases will impact

classroom design and the registrar's office if adjusting classrooms for courses is needed based on the installation of the equipment.

6.3. Technology and Costs for licenses, etc.

Purchasing technology that is not supported by the College will require IT approval. You may need to consider service agreement costs in your budget if the technology is not a system serviced by the College. Equipment purchased through grants does not go in to the capital replacement plans for the College unless previously approved as a long-term technology enhancement for the College.

Include costs for computer or other program licenses in your budget. If you expect to need additional licenses or upgrades, include estimated costs for those as well.

7. Conference on campus

7.1. Cost for rooms on campus

If you are expecting to host a conference or event on campus that utilizes campus resources, the costs for those resources should be estimated into the grant budget. Special Events will help you determine the costs for the various rooms on campus as well as equipment needs, etc. Contact the Special Events staff for room rates and availability. Angela Irvine also has this information.

Events held in Alliot that include food must utilize Sodexo as the food vendor. Other vendors may be used for events not held in Alliot.

7.2. Advertising—printing, mailing, brochures

Fees for print and mailing should be included in your budget. Utilize the campus print and mailing services whenever possible but fees for their services must be added in to your budget. This is one of the most difficult areas to estimate. You can estimate using information from other faculty (or contact Angela Irvine for guidance) regarding costs they incurred on similar projects.

7.3. Meals and refreshments

Some grants limit the number of meals, if any, that can be purchased with grant funds. The purchase of alcohol is not allowed under all federal grants or “pass through” federal grants. The purchase of alcohol under any other grant funded project must be in line with the College's policies regarding purchasing of alcohol for business related activities. If you are using Sodexo for your food vendor, they will estimate costs for you. Sodexo must be used as the food

vendor for all events within Alliot. Outside vendors can be used for events on campus outside of Alliot.

8. Websites

8.1. Development costs

If you are developing a website, include costs for development and hosting if those are relevant. If you are in need of assistance with website development, first plan to use our campus IT services and estimate costs based on their fees. If they are unable to assist with the development of the website, use estimates from outside vendors.

8.2. Hosting costs

Estimate all hosting costs for the website including continuation of the website beyond the scope of the project. Contact our IT or Marketing offices if you have questions about fees for long-term and short-term hosting, domain registration, etc.

8.3. Message board fees

Estimate message board hosting costs. Contact IT or the Marketing offices if you have questions about fees for hosting the message board, domain registration, etc.

9. Professional fees

9.1. Subscriptions

Fees for subscriptions are occasionally allowable through grant sources. The subscription must be directly related to the project and often is time limited to the duration of the project. In most cases, subscriptions are considered the responsibility of the college and fall within the “normal operations of the college.” Individual subscription fees are not allowable expenses under grants.

9.2. Memberships

Individual membership fees are not allowable under most grants but membership fees for organizations sometimes are. In most cases, these fees are considered to be the responsibility of the college as they fall within the “normal operations of the college.”

10. Matching Funds

10.1 Required Matching Funds

In some cases, grant sources will require a demonstrated “matching funds” line item from the College. Matching funds can come from a variety of resources. Angela Irvine will help you determine appropriate sources for these funds within your program budget. You will be required to track and document all matching funds if the grant is awarded.

10.2 Non-Required Matching Funds

If a grant source does not require matching funding, DO NOT put a line item in your budget for this purpose! Any funds noted in the budget will need to be documented and tracked. It does not necessarily strengthen your proposal to have this line item in your budget.