

**Sponsored Programs Proposal Costing and Budgeting Procedures**

**in support of ICSUAM Policy 11003.04**

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**PROCEDURE**

The Office of Research and Sponsored Programs is responsible for ensuring that all sponsored programs budgets are developed in accordance with applicable Federal and State regulations, CSU policies, and sponsor guidelines regarding cost proposals. The following procedures will be followed:

* All ORSP staff shall obtain familiarity with federal budget requirements in 2 CFR §200 and university policies related to purchasing, travel, and human resources.
* All budgets will be reviewed by the PI, post-award grant accounting, and the Director of ORSP to ensure that the proposed costs are in compliance with the federal and university policies and are consistent with other budgets in support of sponsored programs. This review and approval will be documented by signatures on the Proposal Routing Form.

All costs charged to a sponsored project must comply with any terms and conditions or restrictions of the Notice of Grant Award (NGA) or other award/contract documentation.

The following costing procedures shall be applied to the development of all sponsored projects budgets.

DIRECT COSTS

A. Personnel Expenses

1. Salaries, Wages, and Fringe Benefits

a. Salaries, wages, and fringe benefits for non-administrative personnel (Principal Investigators, co-investigators, research staff, etc.) are allowable as direct charges on sponsored projects when the charges reflect actual work performed and directly benefit the sponsored project.

b. Salaries, wages, and fringe benefits for administrative personnel are normally treated as indirect (F&A) costs. Per Subsection E, 2 CFR §200.413, direct charging administrative and clerical salaries may be appropriate only if all of the following conditions are met:

1) Administrative or clerical salaries are integral to the project or activity;

2) Individuals involved can be specifically identified with the project or activity;

3) Such costs are explicitly included in the budget or have prior written approval of the awarding agency; and

4) The costs are not also recovered as indirect (F&A) costs.

c. Salary, wage, and fringe benefit charges must be consistent with all other applicable university hiring procedures and employment practices.

d. Costs associated with providing fringe benefits (FICA, Health Insurance, CALPERS Benefits, Workers’ Compensation Insurance, State Unemployment Tax, etc.) to grant-funded personnel are charged on an actual basis to the sponsored project.

2. Independent Contractors/Special Consultants

a. Even if approved in the awarded budget, the Independent Contractor/Special Consultant must meet university hiring criteria. Stanislaus State’s Human Resources will make the determination as to whether an Independent Contractor meets the necessary requirements and can be hired.

B. Non-Personnel Expenses

1. Supplies

a. Supplies directly related to the project, such as technical or scientific supplies, are allowable if they are purchased to directly benefit the project.

b. Office supplies are only allowable as direct charges to a sponsored project if they are necessary to complete the project and the project requires an above normal use of such supplies. Otherwise, general office supplies are typically unallowable as direct charges, and are instead covered by the University’s F&A rate.

2. Travel

a. Travel costs, including transportation, lodging, registration, and meal reimbursements are allowable. These expenditures must meet Stanislaus State and CSU Travel Policies and Procedures.

b. Additional travel guidelines or regulations listed in the sponsored project award document must be followed. Sponsor guidelines supersede university guidelines in these cases.

3. Meals and Entertainment

a. Stanislaus State Hospitality policy regarding meals and entertainment expenses apply to all sponsored projects.

b. Many sponsors have more specific regulations than Stanislaus State. Sponsor guidelines supersede Stanislaus State guidelines in these cases.

c. The following items are generally not allowable as Meal and Entertainment expenses on sponsored projects:

i. Alcohol

ii. Magazines/Newspapers

iii. Movies

iv. Flowers

v. Gifts and Souvenirs

vi. Concerts/Events

vii. Balloons

viii. Spa Treatments

4. Animal Care

Animal Care costs included in the awarded budget are allowable direct charges to a sponsored project, as defined by the sponsor guidelines.

a. If Animal Care costs exceed the budgeted amount or were not included in the awarded budget, refer to the sponsor guidelines regarding the allowability of these costs.

5. Equipment

a. Capital Equipment is defined as items with an acquisition cost of $5,000 or more.

b. Equipment that is used specifically for the benefit of a sponsored project may be charged directly to the sponsored project, depending on the sponsor’s guidelines.

6. Subcontracts/Subawards (Consortium/Contractual Costs)

a. Subcontract/subaward agreements specified in the awarded budget are allowable direct charges to a sponsored project. If a subcontract/subaward is not in the awarded budget, refer to the sponsor for their specific requirements.

b. Only the first $25,000 of a given Subcontract/Subaward agreement is subject to Indirect (F&A) Costs.

C. Non-Personnel Expenses

1. Participant Support Costs

a. Per sponsor guidelines, Participant Support Costs are allowable Direct Charges to a sponsored project. Participant Support Costs are exempt from F&A costs.

2. Tuition

a. Student tuition costs are allowable direct charges to a project at the rate defined in the approved budget and within sponsor guidelines. Tuition costs are exempt from F&A costs.

INDIRECT COSTS OR FACILITIES AND ADMINISTRATIVE COSTS

A. Examples of IDC (F&A) Costs

1. Utilities

2. Salaries, wages, and fringe benefits for clerical and administrative staff

3. General purpose laptop computers and other highly desirable personal electronic devices that cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity (e.g., iPads, Microsoft Surface Pro, other tablets, etc.)

4. Office supplies (basic supplies)

5. Subscriptions

6. Library books

7. Periodicals

8. Memberships

9. Office and general purpose equipment (office furniture, etc.)

10. Photocopying

11. Postage

12. Repair and maintenance (e.g., equipment)

13. Telephone/cell phone, internet costs (e.g., monthly bills)

14. Proposal development costs

B. Exceptions: Charging Indirect/Facilities and Administrative (F&A)-Type Costs as Direct Costs

1. Justification for these types of charges must be well documented in the budget justification. Some examples of projects in which the direct charging of costs normally considered F&A costs is appropriate include:

a. Large, complex programs, such as research centers, institutes, and other sponsored agreements that entail assembling and managing teams of investigators (e.g., as defined by subsection E of 2 CFR §200).

b. Projects that require preparation and production of manuals, large reports, or surveys to meet the objectives of a specific sponsored project.

c. Projects designated as “off-campus” which are charged the off-campus F&A Cost rate. For example, rent and utilities may be directly charged to off-campus projects.

C. Specific Examples of Exceptions

1. Postage/Photocopies: Allowable if a direct benefit to the project can be documented (e.g. if a survey is being conducted as part of a project, copying and postage are allowable direct charges).

2. Office Supplies: Allowable if it can be documented that there is a need for a greater amount of supplies for a project than is typically available (e.g. external media storage devices to store data).

3. Meetings and Conferences: Costs of meetings and conferences are allowable if they are specifically provided for in the awarded budget, and the activity directly benefits the project. Items such as flowers, balloons, gifts, etc. are unallowable.

4. Telecommunications: Telecommunications costs associated with a specific sponsored project can be direct charged (e.g. long distance charges can be direct charged to a sponsored project if the call benefits the project directly), but the appropriateness of these charges must be documented in all instances. If a telephone has been installed for the sole use of a particular sponsored program activity (e.g. conducting a phone survey is an objective of the project) and will be removed when the project terminates, the related monthly service, voicemail, and non-toll expenses can be charged to the sponsored project. Cell phones, internet service, smart phones, and home Internet Service Provider charges are only allowable if explicit approval from the sponsor is received, programmatic necessity can be documented, and the services are used exclusively for the sponsored project(s). No other telecommunication expenses should be direct charged as to a sponsored project.

D. Determining Allowable and Unallowable Costs

1. Allowable costs must meet the terms and conditions of the award and a test of reasonableness.

2. Purchasing items to “spend down” available funds is prohibited by federal regulation. All costs charged to a project must specifically benefit the project they are charged.

3. Large purchases made towards the end of a budget period, where it is not reasonable to expect the product(s) purchased can be used by the end date of the project, are unallowable (e.g. a large amount of general lab supplies purchased during the last week of an award).

4. It is the responsibility of each Principal Investigator to monitor the award budget and ensure that purchases are made in a timely manner.

UNACCEPTABLE DIRECT CHARGING PRACTICES

A. Inappropriate Practices for Charging Direct Costs to Sponsored Projects

1. Shifting costs to other sponsored projects in order to meet budget or funding deficiencies.

2. Shifting costs to other sponsored projects to avoid sponsor restrictions.

3. Assigning costs to projects in order to quickly spend down a remaining balance, such as:

a. Charging large equipment expenditures at the end of a project.

b. Increasing salary expenses on a project that are not consistent with actual effort expended.

4. Charging costs incurred for multiple projects or functions to several sponsored projects when there is difficulty determining the relative benefit of the cost to each sponsored project (see Charging Costs to Multiple Projects below).

5. Charging an expense exclusively to one award when the expense was used to support other activities (see Charging Costs to Multiple Projects below).

6. Rotating charges among projects without establishing that the rotation schedule accurately reflects the relative benefit to each project during that specified period.

7. Charging only the budgeted amount (in contrast to charging actual costs).

8. Assigning charges to an award before the cost is incurred.

9. Assigning personnel charges that are part of the normal administrative support for awards (proposal preparation, accounting, payroll, etc.).

B. Charging Costs to Multiple Projects

1. Some direct costs benefit multiple projects. Examples include copying, publishing costs, bulk lab supplies, and office supplies. These costs should be allocated to projects in proportion to the benefit.

2. The method for allocating direct costs to multiple projects must be identified in advance of the allocation, and must be documented. Documentation to split costs for purchase requisitions should be included in departmental records. The allocation method must be consistently applied to all sponsored projects in a defined group (e.g. department, PI, etc.). Switching between methods for convenience is not acceptable.

3. The following are charges that may be allocated to multiple projects:

a. Lab personnel working on each project, as certified on their Time and Effort Reports.

b. Number of activities performed (e.g., project A has 20 experiments and project B has 40 experiments, therefore 1/3 of the costs will be allocated to project A and 2/3 to project B).

4. Cost methods should not be allocated to multiple projects based on:

a. Budget over-expenditures

b. Expending remaining unspent funds

c. Rotating costs between projects

d. Pro-rated square footage

C. Indirect Costs or Facilities and Administrative (F&A) Rate

1. F&A costs are paid as a percent of direct expenditures. Stanislaus State negotiates an F&A cost agreement with the Department of Health and Human Services (cognizant government agency). The approved F&A rates should be applied as follows:

a. Federal: The Stanislaus State F&A cost rate should be used except for those programs that publish a lower rate (i.e. training grants that are limited to 8%). Additionally, depending on where the sponsored activity will take place (on-campus or off- campus), different rates may apply.

b. Non-Federal: Many non-federal sponsors, such as foundations, limit the F&A rate they will pay. In these cases, it is Stanislaus State’s procedure to charge the maximum amount allowed by the sponsor, based on the sponsor’s published rates.

c. Subcontracts/Subawards: It is important to determine the original source of funding on any incoming or outgoing subaward/subcontract agreement. Based on this determination, the appropriate criteria listed above should be used to determine the F&A rate.