Sponsored Project Budget Development
(all but clinical trials)

Purpose: The purpose of this operating procedure is to clarify and define the roles of the Principal Investigator (PI), Department Administrator (DA), and the Sponsored Research Administrative Services (SRAS) Grant Proposal Specialist (GPS) with regard to developing budgets for proposal packages to be submitted for extramural funding applications. The PI and DA work with the GPS to define the budget and develop and finalize the budget justification for each proposal. The Office of Sponsored Projects Administration (OSPA) has the final authority on all budgets being submitted for extramural funding and interpreting all sponsor guidelines and regulations. (Please note that a number of the references are National Institutes of Health (NIH) specific, as that agency is the primary funding entity of sponsored projects in the College of Medicine. The PI and GPS should discuss in advance how other sponsors' terminology for proposal sections will correspond.

The purpose of the budget and justification is to outline and detail all expenses required to achieve project aims and objectives. University of Kentucky budgets must comply with federal regulations, which are codified in a single guidance document known as the "Uniform Guidance" or 2 CFR 200 that must be used by all federal agencies. The Uniform Guidance (UG) provides standards to determine whether costs   can be charged to federal grants and how those costs should be distributed between direct costs and facilities and administration (F&A) costs. These principles are rigorously applied to all federal grants and generally adhered to in administering non-federal awards. Each federal agency has or will issue more detailed guidelines as to how UG applies to its grants and cooperative agreements.

The standards established in the UG require that all sponsored project expenses must be (1) reasonable, (2) allocable to the project, (3) given consistent treatment, and (4) conform to any limitations or exclusions set forth in the UG or the award requirements.

Introduction: Grants and contracts for sponsored projects represent a contractual obligation between the sponsor and the University for the performance of a specific activity through which the sponsor is entitled to receive some consideration or benefit. The contractual obligation is normally documented by a proposal and award combination, contract, or a written memorandum of agreement. The University assumes full legal responsibility for complying with all requirements imposed by the grantor or sponsor upon acceptance of grants and contracts for sponsored projects, including a requirement for a report of expenditures or a provision for an audit. In turn, the College of Medicine must ensure its faculty members are in compliance with all University and sponsor requirements.

Per University Administrative Regulations 7:3, Section V, the final version of the proposal package must be provided ready to submit to OSPA no later than three business days prior to a sponsor's proposal

submission deadline. Research proposals and applications may include a budget, often with a detailed breakdown of the financial support requested from the sponsor and a narrative budget justification. The PI must ensure that the budget developed reflects the best estimate of the costs requested to complete the tasks outlined in the proposal. The College of Medicine requires a detailed budget regardless of the sponsor's requirements.

Procedure: To compile/prepare compliant sponsored research proposals with accurate budgets.

Planning

1. The GPS will communicate regularly with his or her assigned departments' PIs and DAs to ask about upcoming proposal plans and provide reminders of associated deadlines, for both the eIAF routing and completion of the proposal package.
2. *The PI and DA must alert the SRAS GPS of proposal plans, including letters of intent and pre-proposal submissions, and include information on the Funding Opportunity Announcements (FOA)/Program Announcements (PA)/Request for Proposals (RFP)/Solicitation information and deadlines in their communications with the GPS.*
3. As soon as the GPS becomes aware of a planned proposal submission, he/she will alert the Research Administrator (RA) in OSPA of the plans and share the FOA/PA/RFP guidelines and deadline, if any.

Preparation

1. The GPS will review the FOA/PA/RFP, requirements, and guidelines as provided by the sponsoring agency and provide support and feedback to the PI in budget preparation. The PI and the GPS must review agency guidelines before initiating the proposal budget process. The RA in OSPA will also be reviewing the guidelines and other available materials, and the GPS should consult the RA before communicating with the PI regarding certain items, such as :

    I. Eligibility
    II. Any special restrictions
    III. Specific items that need to be included in the proposal
    IV. F&A rate limitations, budget restrictions or other limitations (including cost share)
    a. The GPS will notify the PI of the availability of services through the Proposal Development Office (PDO) for the PI to determine if he/she would like to secure assistance with items such as resource library items or specific editing assistance/guidance. (http://www.research.uky.edu/pdo/).
    b. The GPS will set up a preparation timeframe with the PI. For example, larger, more complicated submissions like an NIH Program Project or Center grant, would require lead time of at least 8-12 weeks. Standard NIH R01s or R21s with modular budgets could be handled in a shorter time frame. As part of the timeline discussion, the GPS should confirm with the PI who will be completing the proposal package. This is often a cooperative arrangement shared between the PI and the GPS.
2. The GPS will maintain a pending proposal list, available for other SRAS staff access.

Define Budget Needs/Framework and Develop Budget Justification

1. The GPS will ensure the budget is prepared in accordance with the sponsor's guidelines and the OMB Uniform Guidance (UG) The UG identifies allowable direct cost categories and prescribes a standard distribution and allocation method for the recovery of F&A costs. Because the UG also establishes standards for consistency in the treatment of costs for institutional accounting, the UG regulations apply to grants, contracts, and other types of awards accepted by the University.

2. The GPS will request a budget justification from the PI and will draft a detailed budget for review by the PI. The GPS will assist PI in defining the framework for and developing the budget by:

   a. Serving as a resource to the PI on budget development and providing guidance on what is allowable per sponsor and University guidelines.
   b. Drafting a detailed budget on a standard template, with PI input.   The detailed budget must provide the following information as required.
      1. Personnel
         a. Effort (expressed in percent effort, or calendar or academic and/or summer months)
         b. Institutional Base Salary
         c. Salary Caps/Cost Share
         d. Fringe Benefits (projected rates will be used from OSPA's website, unless the PI or DA has specific details on an individual's fringe rates to be included)
         e. VA Appointments
         f. Role
            i. Senior/Key Personnel
            ii. Post-Doctoral Associates
            iii. Graduate Students
            iv. Other Significant Contributor
            v. Other Personnel
      2. Equipment
      3. Travel (domestic or foreign, by regular employee, student, other)
      4. Trainee Costs
      5. Other Direct Costs
         a. Materials and supplies
         b. Animal related costs (e.g., per diem, use fees, vet costs, etc.)
         c. Publication costs
         d. Consultant costs (non-UK employees)
         e. Subawards / Consortium costs (SEE ADD'L INFORMATION IN SECTION 6 BELOW.)
         f. Computer services
         g. Alterations and Renovations (A&R)
         h. Participant Incentives and Support (e.g. conference or training participant expenses)

     i. Tuition
     j. Patient Care Costs
     k. Research Subject Payments
     l. Lab service/Core costs
     m. Other direct costs, as deemed necessary by the PI and /or sponsoring agency

3. The PI is responsible for drafting the narrative budget justification based on the categories above as needed for the budget. This may be referred to as a "Cost Proposal" in Commonwealth of KY applications.

4. If the proposal is to NIH or other sponsor that allows for a modular budget submission based on certain annual budget levels and the proposal doesn't require a complete justification, the GPS will advise PI on the type of justification needed for the proposal. For NIH modular budget submissions, direct costs of $250,000 annually are permitted, and each year's budget must be presented in modules of $25,000. In this case, an NIH modular budget justification must include a personnel justification, consortium justification and any additional narrative justification, as needed (e.g., variations in the number of modules requested).

5. The GPS will provide sample justification templates for normally indirect cost or CAS items, which have been developed using OMB UG and OSPA website as reference.

6. Special requirements for Subawards/Contractual/Consortium Agreements--Note that obtaining consortium budgets and letters of intent can take considerable amounts of lead time. The PI and the GPS need to allow sufficient lead time prior to the University's internal submission deadline.
  a. The PI is responsible for making contact with other institution's PI to discuss scope of work and budget and obtain research administration contact information.
  b. The PI will provide to the GPS the research administration contact information at the other institution.
  c. The GPS will contact the other institution's research administration staff for outstanding items (budget, scope of work, biosketches, etc.), depending on what the sponsor requires or what the University requires, ensuring appropriate commitments are in place for the proposal submission. The other institution is expected to complete all sponsor required forms (for example, an NIH R&R budget that can be uploaded in SF 424 package or into ASSIST online grant submission platform. The GPS will also send a UK Subrecipient Monitoring Form to the subrecipient.
  d. The GPS will request Letter of Intent from the other institution signed by their authorized official, if applicable.

7. The PI and the DA will review the draft budget. Depending on the sponsor guidelines, the PI may need to assign costs to specific categories (such as, Core Medical, Quality Management, Support, and Administrative Staff in certain HRSA projects). The GPS will edit the budget based on PI and DA input and comments.

8. The GPS will provide guidance on options for the enrichment split, based on the current

policy of the VPR, for entry on the eIAF. Options will be provided to the DA for approval.

9. When the draft budget is approved and the enrichment distribution has been provided and approved by all DAs involved, the eIAF can be initiated as long as other items noted in the eIAF SOP have been provide--see separate SOP for the eIAF process. Note, if the budget changes by 25% or more from the budget routed with the eIAF, a new eIAF will need to be routed.

10. When the PI has provided the final version of the budget, the amounts can be used for proposal package preparation. Because the budget can still change, revisions should be reviewed and approved by the PI and DA.

ROLES AND RESPONSIBILITIES

Principal Investigator (PI) is responsible for:
- Notifying GPS of plans for proposals.
- Familiarizing themselves with the FOA/PA/RFP and/or sponsor guidelines.
- Developing the budget framework and advise the GPS on preparing the draft budget.
- Contacting Subaward/Contractual/Consortium entity's PI and providing information on that institution's research administration contact to the GPS.
- Approving final budget.
- Completing budget justification or required cost proposal.

Department Administrator (DA) is responsible for:
- Approving final budget.
- Approving the enrichment split for the eIAF, per guidance on options from the GPS.
- Reviewing/approving revised budget, if funding is cut when award is made.

Grant Proposal Specialist (GPS) is responsible for:
- Communicating reminders to PIs/DAs regarding: plans for submission of proposals.
- Reviewing FOA/PA/RFP and sponsor guidelines.
- Advising the PI on involvement of the PDO.
- Assisting PI in defining budget needs by reviewing sponsor requirements and asking standard questions.
- Contacting Subaward/Contractual/Consortium entities' research administration staff.
- Completing internal budget template based on discussion with PI; finalize after PI review/input.
- Reviewing budget justification prepared by the PI.

Abbreviations
DA—Department Administrator
eIAF—electronic Internal Approval Form

F&A—Facilities and Administration rate (indirect cost rate UK negotiates periodically with the federal government that is applicable to most grants)

GPS—Grants Proposal Specialist (located in Sponsored Research Administrative Services)

NIH—National Institutes of Health

OSPA—Office of Sponsored Projects Administration (located in the Vice President for Research Office)

PI—Principal Investigator

SRAS—Sponsored Research Administrative Services

UG—Uniform Guidance (codification in a single guidance document of 2 CFR 200, which must be used by all federal agencies