PREPARING A COST PROPOSAL BUDGET

SPO – CAMPUS TRAINING SESSION

PRESENTED BY: ALYSSA BUNN & KASSIE M. OBELLEIRO

LEARNING OBJECTIVES

- Know the definition of a Cost Proposal Budget
- Understand how to identify the necessary/allowed:
  - Components/Categories
  - Cost Basis'/Costing Methods
  - Supporting Materials
- Know how to use some common Cost Basis'/Costing Methods

HANDOUTS

- Today's presentation
  (minus the answers to activities)
- Lab Exercise
  - Budget Instructions
  - Workbook

OUTLINE

- Cost Proposal Budget Definition
- Prepare for Budget Development
- Develop the Budget

COST PROPOSAL BUDGET DEFINITION

COST PROPOSAL BUDGET DEFINITION

- Supplements the **Technical Proposal**
- **Detailed** description and explanation of project costs
  - Basis of all costs
    - Costing methods and calculations
    - Escalations
  - Supporting materials
  - Budget table
  - Budget Justification

B. Travel [$xxx,xxx total travel]

[Example - adjust description based on current rates and trip details]

Basis of Cost

Travel is based on UC Davis policies and guidelines and federal regulations for reimbursement. Estimated travel costs are calculated using the following rates by category of expense:

Mileage: 53.5 cents per mile based on the IRS reimbursement rate for 2017. Please see attached mileage memo.

Airfare: Based on estimated actual cost; airline rates are checked via the web and the university's discount travel service to determine the approximate pricing for travel.

Hotel: Domestic - Based on actual, reasonable costs; Foreign - up to max federal per diem.

Meals and Incidentals: Actual Meals and Incidental Expenses (M&IE) must be claimed for domestic trips less than 30 days, up to and not exceeding the max allowance. Federal per diem is allowed for all foreign travel and local travel exceeding 30 days. Alcohol is not an allowable reimbursement on state or federal funds. The incidentals component is intended to reimburse the traveler for low value fees and tips given to waiters/waitresses, porters, baggage carriers, bellhops, hotel maids, etc.

Per Diem Meals: Per diem is authorized for all OCONUS travel and CONUS travel assignments exceeding 30 days. UC Davis adheres to the U.S. Department of State's per diem allowances. The rates listed on the federal per diem tables are the maximum that can be authorized for meals. Receipts are not required when claiming per diem.

Summary of Travel by Task

Task #	Period 1	Period 2	Period 3	Period 4	Period 5	Total
Task 1.0	$	$	$	$	$	$
Task 2.0	$	$	$	$	$	$
Task 3.0	$	$	$	$	$	$
Task 4.0	$	$	$	$	$	$
Task 5.0	$	$	$	$	$	$
Task 6.0	$	$	$	$	$	$
Task 7.0	$	$	$	$	$	$

COST PROPOSAL BUDGET

Required by some sponsors and for some award mechanisms:

- Department of Defense (DoD)
- Department of Energy (DoE)
- Contracts from Federal Agencies (NIH, EPA, etc.)

Supplements the Technical Proposal

Detailed description and explanation of project costs by

- Budget Period/Year,
- Project Task and/or
- Fiscal Year

May have non-standard and/or varying budget periods

Table of Contents

Core Research Program Budget

I. Overall Summary Budget Tables
   a. Summary Budget by Project Period
   b. Summary Table by Major Task
   c. Summary Tables by Task and Month
II. Detailed Budgets by Organization
   a. University of California, Davis
   b. [Partner 1]
   c. [Partner 2]
III. Funding Breakdown Table
IV. Cost-Sharing [remove if not applicable]
V. Attachments
   a. F&A Rate Agreement
   b. Quotations
   c. Other Attachments

SAMPLE BUDGET TABLES

Direct Cost Labor Summary

Task #	Period 1	Period 2	Period 3	Period 4	Period 5	Total
Task 1.0	$	$	$	$	$	$
Task 2.0	$	$	$	$	$	$
Task 3.0	$	$	$	$	$	$
Task 4.0	$	$	$	$	$	$
Task 5.0	$	$	$	$	$	$
Task 6.0	$	$	$	$	$	$
Task 7.0	$	$	$	$	$	$

Budget Summary by Project Period	10/1/18-09/30/19 Period 1	10/1/19-06/30/20 Period 2	07/1/20-06/30/21 Period 3
Personnel Costs			
Equipment			
Travel			
Consultant Costs			
Materials			
Subaward Costs [UCD only]			
Other Expenses			
Total Direct Costs			
Indirect Costs			
Total Costs	$	$	$
Summary by Organization	**Period 1 $**	**Period 2 $**	**Period 3 $**
UC Davis			
Partner 1			
Partner II			
Totals:	$	$	$

PREPARE FOR BUDGET DEVELOPMENT

COST PROPOSAL BUDGETS

PREPARE FOR BUDGET DEVELOPMENT

1. Read **all sponsor guidelines**
2. Know the **UC Davis offices** that may need to be involved
3. Request a **template** from SPO (proposals@ucdavis.edu) or **create a template/outline**
   - If requesting a template from SPO, please allow at least 3 business days to complete request.
4. Become familiar with **costing methods and supporting materials**

SPONSOR GUIDELINES

CLOSELY READ ALL GUIDELINES

- Sponsors may have **multiple** sets of guidelines
  - Program solicitation (e.g., RFA, RFP, BAA)
  - Program FAQs
  - Sponsor overall guidelines
- Language may:
  - Include terms and conditions that need UC approval >> **Notify SPO early**
  - Be vague

IDENTIFY REQUIRED/ALLOWED COMPONENTS

- Cost categories and costing methods
- Components
  - Cover Page
  - Table of Contents
  - Overall Summary Budget Tables
  - Detailed Budgets (by organization)
    - Sealed bids may be allowed for subawards to industry >> **Notify SPO early**
  - Funding Breakdown
  - Attachments (supporting materials)

LET'S PRACTICE

Read the Budget Instructions exerted from *ONR FOA Announcement N00014-16-R-FO05*

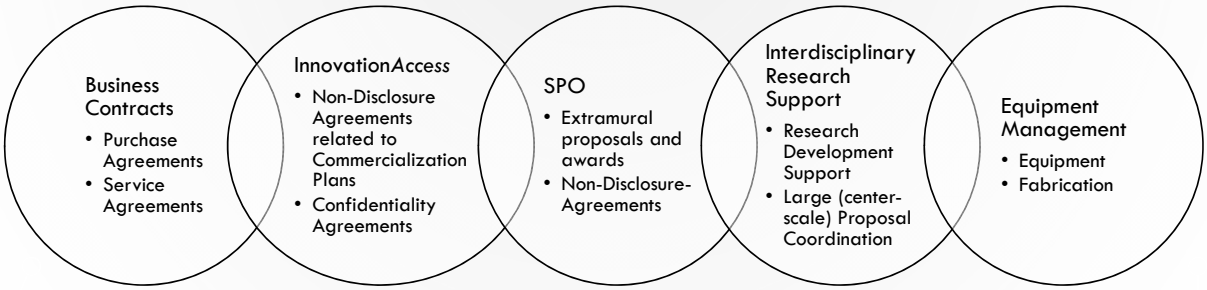
1. What is the required project start date?
2. What is the required total project period, not including option years?
3. How long should each budget period/year be?

LET'S PRACTICE

Read the Budget Instructions exerted from *ONR FOA Announcement N00014-16-R-FO05*

4. What are the allowed cost categories (in order of listing)?
   - Direct Labor
   - Fringe Benefits and Indirect Costs
   - Travel
   - Subawards/Subcontracts
   - Consultants
   - Materials and Supplies
   - Recipient Acquired Equipment or Facilities
   - Other Direct Costs
   - Fee Profit

RELEVANT CAMPUS OFFICES



EXAMPLE TEMPLATE/OUTLINE COMPONENTS

Cover Page

Table of Contents

Summary Budget Tables
- Summary by Project Period
- Summary by Major Tasks
- Summary by Task and Month

Detailed Budgets (by organization)
- Cost Category
- Cost Basis
- Budget Tables
- Justification

Funding Breakdown
- Direct Cost Categories by Task

Cost Sharing and Institutional Support
- If applicable

Attachments
- Supporting Materials

COMMON COSTING METHODS AND SUPPORTING MATERIALS

Labor/Salaries
- Costing Methods
  - Effort or labor hours
  - May allow escalations
- Supporting Materials
  - Investigator Effort: https://financeandbusiness.ucdavis.edu/systems/effort-commitment
  - Staff Salary Scales: https://hr.ucdavis.edu/departments/compensation/salary-scales
  - Academic Salary Scales: https://www.ucop.edu/academic-personnel-programs/compensation/2018-19-academic-salary-scales.html

Fringe Benefits
- Costing Methods
  - UC Davis Composite Benefit (CBR) Rates
  - May allow escalations
- Supporting Materials
  - CBR Table: https://afs.ucdavis.edu/finance/costing-policy-analysis/comp-benefits/calculate

COMMON COSTING METHODS AND SUPPORTING MATERIALS

Subawards

- May be allowed to submit "sealed" bids directly to sponsor >> Notify SPO early
- Subject to same requirements as Prime

Equipment

- Costing Methods
  - Indirect cost treatment
  - Quotes from vendors, etc. - Don't forget maintenance!
- Supporting Materials
  - Quotes
  - Service/Maintenance Contracts, if allowed

COMMON COSTING METHODS AND SUPPORTING MATERIALS

Travel

- Costing Methods
  - Historical estimates
  - Per diem rates
  - "Quotes"
- Supporting Materials
  - "Quotes"
  - Per diem rate agreements
  - Past trip information

Materials & Supplies

- Costing Methods
  - Quotes or prices from catalogs
  - Historical estimates
- Supporting Materials
  - PDF of catalog prices
  - Expenditures from similar projects

OTHER COMMON SUPPORTING MATERIALS

- Small Business Plan >> **Must be reviewed by Purchasing**
- Organizational Conflict of Interest >> **PI Certification is required. Contact SPO early**
- Past Performance >> **SPO will work with you to identify sources of information on past performance on other grants and contracts at UC Davis**
- Graduate Student Research Tuition and Fees: https://financeandbusiness.ucdavis.edu/student-resources/tuition-fees

LET'S PRACTICE!

Charlie Apple has asked you to help prepare Cost Proposal Budget for her proposal to the U.S. Department of Defense's (DoD) Multidisciplinary Research Program of the University Research Initiative, ONR FOA: N00014-16-R-FO05. Professor Apple's budget will only include her salary, fringe benefits, the purchase of a computer and software, travel to and attendance at professional conferences and indirect costs.

Read the Budget Scenario and compare to the Budget Instructions.

INTERPRET THE BUDGET INSTRUCTIONS

5. What elements should we include in Professor Apple's budget?
   - Direct Labor
   - Fringe Benefits and Indirect Costs
   - Travel (Professional Conferences)
   - Materials and Supplies (Computer and Software)

"Direct Labor – Individual labor categories or persons, with associated labor hours and unburdened direct labor rates. Provide any escalation rates for out years."

6a. What Costing Method should we use?

"Direct Labor – Individual labor categories or persons, with associated labor hours and unburdened direct labor rates. Provide any escalation rates for out years."

6b. What Supporting Materials should we provide?

"Fringe Benefits and Indirect Costs (F&A, Overhead, G&A, etc.) – The proposal should show the rates and calculation of the costs for each rate category. If the rates have been approved/negotiated by a Government agency, provide a copy of the memorandum/agreement. If the rates have not been approved/negotiated, provide sufficient detail to enable a determination of allowability, allocability and reasonableness of the allocation bases, and how the rates are calculated. Additional information may be requested, if needed. If composite rates are used, provide the calculations used in deriving the composite rates."

7a. What cost from Professor Apple's budget should be reflected here?

“Fringe Benefits and Indirect Costs (F&A, Overhead, G&A, etc.) – The proposal should show the rates and calculation of the costs for each rate category. If the rates have been approved/negotiated by a Government agency, provide a copy of the memorandum/agreement. If the rates have not been approved/negotiated, provide sufficient detail to enable a determination of allowability, allocability and reasonableness of the allocation bases, and how the rates are calculated. Additional information may be requested, if needed. If composite rates are used, provide the calculations used in deriving the composite rates.”

7b. What costing method(s) and supporting materials should we provide?

“Materials & Supplies – Provide an itemized list of all proposed materials and supplies including quantities, unit prices, and the basis for the estimate (e.g., quotes, prior purchases, catalog price lists).”

8a. What cost from Professor Apple’s budget should be reflected here?

“Materials & Supplies – Provide an itemized list of all proposed materials and supplies including quantities, unit prices, and the basis for the estimate (e.g., quotes, prior purchases, catalog price lists).”

8b. What costing method(s) and supporting materials/information should we provide?

“Travel – The proposed travel cost should include the following for each trip: the purpose of the trip, origin and destination if known, approximate duration, the number of travelers, and the estimated cost per trip must be justified based on the organizations historical average cost per trip or other reasonable basis for estimation. Such estimates and the resultant costs claimed must conform to the applicable Federal cost principals.”

9a. What cost from Professor Apple’s budget should be reflected here?

"Travel – The proposed travel cost should include the following for each trip: the purpose of the trip, origin and destination if known, approximate duration, the number of travelers, and the estimated cost per trip must be justified based on the organizations historical average cost per trip or other reasonable basis for estimation. Such estimates and the resultant costs claimed must conform to the applicable Federal cost principals."

9b. What details must be included for each trip?

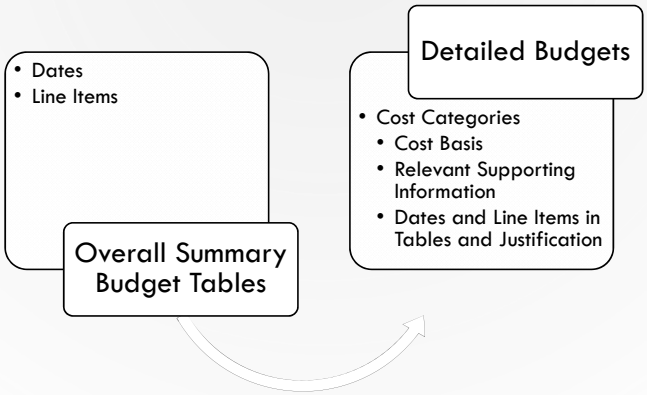
"Travel – The proposed travel cost should include the following for each trip: the purpose of the trip, origin and destination if known, approximate duration, the number of travelers, and the estimated cost per trip must be justified based on the organizations historical average cost per trip or other reasonable basis for estimation. Such estimates and the resultant costs claimed must conform to the applicable Federal cost principals."

9c. What costing method(s) and supporting materials should we provide?

DEVELOP THE BUDGET

COST PROPOSAL BUDGETS

PARTIALLY THE COMPLETE THE TEMPLATE/OUTLINE



LET'S PRACTICE - DIRECT LABOR COSTS

Professor Apple's Salary

- Charlie Apple will commit 3% annual effort in each of the three budget periods. Her annualized salary is $133,333.
- Include a 3% escalation in Year 1 and then again in Year 2.
- She will spend 40% of her effort for this project on Task 1 and 60% on Task 2 in **each** Budget Year/Period.

Professor Apple's Fringe Benefits

- Salary to charge x Fringe Benefit Rate

LET'S PRACTICE – DIRECT LABOR

Calculate the salary to charge to the grant in each Budget Period and add to the Direct Cost Labor Summary table.

Calculate the amount of her salary to charge the first budget year and subsequent years (with escalations). *Escalate by Project Year/Budget Period. *Round up to the nearest dollar.*

$133,333	X	3%	=	Year 1 Salary
Year 1 Salary	X	1.03	=	Year 2 Salary
Year 2 Salary	X	1.03	=	Year 3 Salary

DIRECT COST LABOR SUMMARY

Personnel	Annual Salary	Period 1	Period 2	Period 3
Charlie Apple, PI	$133,333	$	$	$

LET'S PRACTICE – DIRECT LABOR

Calculate the salary to charge to the grant in each Budget Period for each Task and add to the Direct Salaries by Task table. She will spend 40% of her effort for this project on Task 1 and 60% on Task 2 in each Budget Year/Period.

Calculate the amount of her salary to charge the first budget year and subsequent years (with escalations). *Escalate by Project Year/Budget Period. *Round up to the nearest dollar.*

Year 1 Salary	x	40%	=	Year 1 Salary for Task 1
Year 1 Salary	x	60%	=	Year 1 Salary for Task 2

LET'S PRACTICE – DIRECT LABOR

Calculate the salary to charge to the grant in each Budget Period for each Task and add to the Direct Salaries by Task table. She will spend 40% of her effort for this project on Task 1 and 60% on Task 2 in each Budget Year/Period.

Calculate the amount of her salary to charge the first budget year and subsequent years (with escalations). *Escalate by Project Year/Budget Period. *Round up to the nearest dollar.*

Year 2 Salary	x	40%	=	Year 2 Salary for Task 1
Year 2 Salary	x	60%	=	Year 2 Salary for Task 2

LET'S PRACTICE – DIRECT LABOR

Calculate the salary to charge to the grant in each Budget Period for each Task and add to the Direct Salaries by Task table. She will spend 40% of her effort for this project on Task 1 and 60% on Task 2 in each Budget Year/Period.

Calculate the amount of her salary to charge the first budget year and subsequent years (with escalations). *Escalate by Project Year/Budget Period. *Round up to the nearest dollar.*

Year 3 Salary	x	40%	=	Year 3 Salary for Task 1
Year 3 Salary	x	60%	=	Year 3 Salary for Task 2

DIRECT SALARIES BY TASK

Personnel Salary		Annual Salary	Salary Request		
			Period 1	Period 2	Period 3
Task 1.0	Apple	$133,333	$	$	$
Task 2.0	Apple	$133,333	$	$	$

LET'S PRACTICE – DIRECT LABOR

Add the Budget Period date to the Composite Benefit Rate table

Rate Group (Code)	Period 1:	Period 2:	Period 3:
Faculty, Other Academic Appointments, MSP, Fire and Police (C)	38.1/38.9%	38.9%	38.9/38.5%

FRINGE BENEFITS TABLE

Personnel Fringe Benefits		Rate Group	Fringe Request		
			Period 1	Period 2	Period 3
Task 1.0	Apple	C	$621	$641	$654
Task 2.0	Apple	C	$932	$962	$1,394

LET'S PRACTICE - TRAVEL

Professor Apple will attend one professional conference on Budget Period 3 to present on her results. The trip is only related to Task 2. Based on Professor Apple's expenses for the same conference **last year** and pricing out airfare and hotels stays for the anticipated travel periods, you determine the following:

- Roundtrip airfare to San Diego: $300
  - Attach airfare quotes from AggieTravel
- Hotel stay per night: $150
  - She will stay approximate 3 nights ($150 x 3 = $450)
  - Attach quotes from hotel website or Conexus
- Taxi
  - $15 each way; she will take a taxi to and from the airport ($15 x 2 = $30)
  - Attach previous expense/receipts
- No costs for meals and incidentals is expected as the conference provides all meals and she carries her own luggage, etc.

TRAVEL TABLE – SUMMARY BY TASK & PERIOD

Task #	Period 1	Period 2	Period 3	Total
Task 1.0				
Task 2.0				

TRAVEL TABLE - ITEMIZED

Itemized Trip 1				
Period and Purpose	Destination	Item	Rate	Cost
Period 3: Experimental Biology Conference Meeting [Task 2]	San Diego, California	Airfare	$300/Flight 1 traveler	$300
		Hotel	$150/night 3 nights 1 traveler	$450
		Taxi	$30 per trip	$30
			Total Cost for Trip	$780

LET'S PRACTICE – MATERIALS AND SUPPLIES

Professor Apple will purchase a computer and Microsoft Office Project Professional (License & Software) in the first Budget Period to be used equally for Tasks 1 and 2.

Determine the cost of a computer and the needed software.

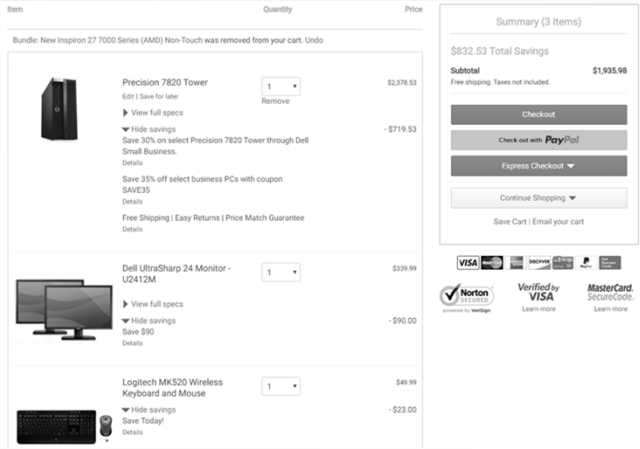
Per Budget Period

Per Task

LET'S PRACTICE – MATERIALS AND SUPPLIES

Computer/Workstation

- Cost Basis
  - Working with your IT department, you obtain a quote for the needed workstation/computer. $1,935.98
- Supporting Materials
  - Quote

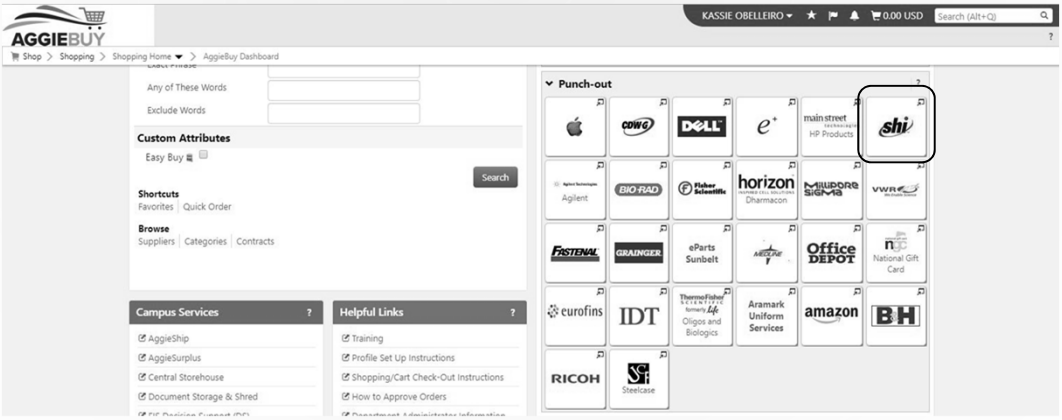


LET'S PRACTICE – MATERIALS AND SUPPLIES

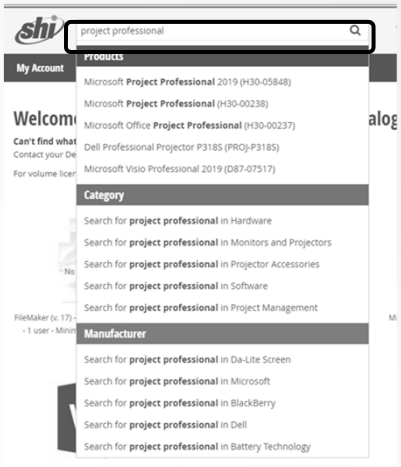
Software

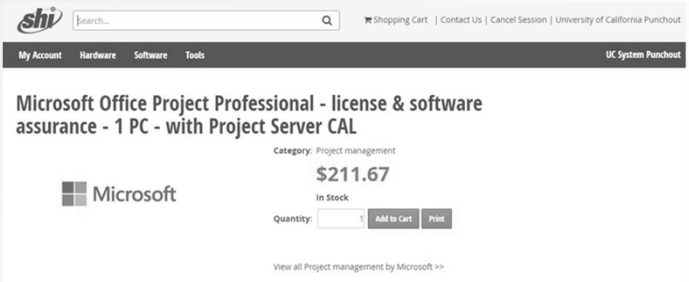
- Cost Basis
  - Quote from SHI (link through Aggie Buy) for license and software
  - $211.67 (one-time charge)
- Supporting Materials
  - Quote

LET'S PRACTICE – MATERIALS AND SUPPLIES



LET'S PRACTICE – MATERIALS AND SUPPLIES





LET'S PRACTICE – MATERIALS AND SUPPLIES

- What is the total cost of Materials and Supplies for:
  - Period 1: ☐
  - Period 2: ☐
  - Period 3: ☐
  - Total: ☐
- How much should be allocated Task 1 and to Task 2?
  - Period 1: ☐
  - Period 2: ☐
  - Period 3: ☐
  - Total: ☐

MATERIALS AND SUPPLIES TABLE – SUMMARY BY TASK AND PERIOD

Task #	Period 1	Period 2	Period 3	Total
Task 1.0				
Task 2.0				

MATERIALS AND SUPPLIES TABLE – ITEMIZED MATERIALS AND SUPPLIES

Itemized Materials [Example]					
Item(s)	Qty.	Unit price	Basis for estimate	Task	Cost
Period 1:					
Computer	1			1	
Computer	1			2	
Software	1			1	
Software	1			2	
	Total	**$2,148**		**$2,148**	

LET'S PRACTICE – INDIRECT COSTS

Add the Direct Costs to get the Total Direct Costs (TDC). In this case, the TDC is also the Indirect Cost Base

- Direct Labor (Salary + Fringe)
- Travel
- Materials and Supplies

LET'S PRACTICE – INDIRECT COSTS

Category	Period 1	Period 2	Period 3	Total
Salary	$ 4,000	$ 4,120	$ 4,244	$ 12,364
Fringe Benefits	$ 1,553	$ 1,603	$ 2,048	$ 5,204
Travel			$ 780	$
Materials & Supplies	$ 2,148			$ 2
			Total Direct Costs	**$ 20,496**

MTDC Base

LET'S PRACTICE – INDIRECT COSTS

- The current rate to use for this project is 57%.

TDC = $20,496 x 57% = Indirect Costs

- What are the total project costs?

TDC = $20,496 + Indirect Costs = Total Project Costs

WEBSITES

- SPO Website: https://research.ucdavis.edu/proposals-grants-contracts/spo
  - Preparing a Proposal Budget Toolkit: https://research.ucdavis.edu/wp-content/uploads/Preparing-a-Proposal-Budget-Toolkit.pdf
  - F&A and Fringe Benefit Rates: https://research.ucdavis.edu/proposals-grants-contracts/helpful-links/indirect-cost-fringe-benefit-rates/#fa
- CGA Website: http://afs.ucdavis.edu/our_services/contracts-e-grants/index.html
- AggieBuy: https://supplychain.ucdavis.edu/procure-contract/aggiebuy
- UC Travel & Entertainment: https://supplychain.ucdavis.edu/travel-entertainment

TRAINING SESSIONS OFFERED BY SPO

- Most Thursdays from 9:00 – 11:00 am at the Office of Research (1850 Research Park Drive)
- Various topics related to research administration
- Laptops available for hands-on labs
- Partial credit for related SDPS classes
- Session list and registration: https://research.ucdavis.edu/proposals-grants-contracts/spo/spo-training/

SPONSORED PROGRAMS

Q & A

- What questions do you have?

SPONSORED PROGRAMS

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