

## **ACADEMIC RESEARCHERS, GRADUATE STUDENT RESEARCHERS AND POSTDOCTORAL SCHOLARS RESEARCH SUPPORT**

### **SPONSOR RE-BUDGETING GUIDELINES**

#### ***What is Re-budgeting?***

After a contract or grant is awarded, the Principal Investigator may determine that the approved budget allocations are no longer consistent with the project's aims. Investigators may request a formal reallocation of funds from one spending category to another category to align with the project requirements. This process is called "re-budgeting" or a budget revision. Many sponsors allow re-budgeting without prior approval, while others require formal pre-approval when re-budgeting into our out of a spending category exceeds a specified percentage of the award amount. NOTE: Re-budgeting may have an effect on the contract or grants F&A recovery.

To re-budget a contract or grant, determine if the sponsor allows re-budgeting.

If the sponsor allows re-budgeting, determine whether or not formal prior approval is required. NOTE: If the sponsor requires formal prior approval for budget revisions that exceed a central percentage of the budget, the PI and research administrator must take care to ensure this limit is not exceeded when multiple re-budgeting events occur in a single budget period.

If re-budgeting is permissible and prior approval granted (as/if required), the PI should attempt to address increased employee costs through re-budgeting without negatively impacting the scope of work.

**NOTE:** Any cost allocable to a particular sponsored agreement under the standards provided in the OMB Uniform Guidance (<http://www.ecfr.gov/cgi-bin/text-idx?node=2:1.1.2.2.1#sp2.1.200.e>) may not be shifted to other sponsored agreements in order to meet deficiencies caused by overruns or other fund considerations, to avoid restrictions imposed by law or by terms of the sponsored agreement, or for other reasons of convenience.

This document provides information on re-budgeting guidelines for a number of sponsors of UC Davis contracts and grants. Please contact your local research administrator (who can escalate inquiries to the Dean's Office and/or Contracts and Grants Accounting as/if appropriate) to confirm re-budgeting requirements for your individual contract or grant.

#### **Air Force Office of Scientific Research (AFOSR)**

- All deviations from the approved budget are required to be *reported* to the Agency.
- Funds for participant support may not be re-budgeted without prior approval.
- Changes in cost sharing require prior approval.

#### **Army Research Office (ARO) and Army Research Laboratory (ARL)**

- All deviations from the approved budget are required to be reported to the Agency.
- Funds for participant support may not be re-budgeted without prior approval.
- Changes in cost sharing require prior approval.
- Carryforward does not require prior approval.

### **Department of Energy (DOE) – Office of Science**

- All deviations from the approved budget are required to be *reported* to the Agency.
- Funds for participant support may not be re-budgeted without prior approval.
- Changes in cost sharing require prior approval.
- Anticipated changes in a future year's budget greater than 25% of that budget must be described with a completed revised budget form in the annual report.
- Anticipated carryforward must be described in annual progress reports, and justified if anticipated to be 10% or more of the annual budget.

### **National Aeronautics and Space Administration (NASA)**

- Subject to Uniform Guidance without further restriction.
- All other re-budgeting between otherwise reasonable, allocable, and allowable costs is allowed, unless it represents a change in scope.

### **NIH**

- Prior approval is required for reduction of PI effort by 25% or more, transfer of funds budgeted for participant support to other categories, any adjustment to cost sharing commitments.
- Participant support costs only allowable when identified in specific funding opportunity.
- Under expanded authorities, NIH allows for automatic carry over unobligated balances. Certain award instruments, grant programs, and types of recipients are routinely excluded from the authority to automatically carry over unobligated balances. This includes centers (P50, P60, P30, and others); cooperative agreements (U); Kirschstein-NRSA institutional research training grants (T).
- See NIH Grants Policy Statement Section 7.9 ("Allowability of Costs/Activities": [http://grants.nih.gov/grants/policy/nihgps/HTML5/section\\_7/7.9\\_allowability\\_of\\_costs\\_activities.htm](http://grants.nih.gov/grants/policy/nihgps/HTML5/section_7/7.9_allowability_of_costs_activities.htm)) for additional detail.
- Re-budgeting is usually allowable between otherwise reasonable, allocable, and allowable costs is allowed, unless it represents a change in scope or is prohibited in the notice of award.
- See additional details below.

NIH Grants Policy Statement 8.1: Changes in Project and Budget:

[https://grants.nih.gov/grants/policy/nihgps/html5/section\\_8/8.1\\_changes\\_in\\_project\\_and\\_budget.htm](https://grants.nih.gov/grants/policy/nihgps/html5/section_8/8.1_changes_in_project_and_budget.htm)

In general, NIH recipients are allowed a certain degree of latitude to re-budget within and between budget categories to meet unanticipated needs and to make other types of post-award changes. Some changes may be made at the recipient's discretion as long as they are within the limits established by NIH. In other cases, NIH prior written approval may be required before a recipient makes certain budget modifications or undertakes particular activities. The recipient-initiated changes that may be made under the recipient's authority and the changes that require NIH approval are outlined below and, with respect to particular types of awards, activities, or recipients, in Subpart IIB. In addition, individual awards may restrict recipients' authorities to make budget and project changes without NIH prior approval. If NIH approval is required, it must be requested of, and obtained in writing from, the awarding IC GMO in advance of the change or obligation of funds as specified later in this chapter under Requests for Prior Approval.

Recipients shall immediately notify the Federal awarding agency of developments that have a significant impact on the award-supported activities. This includes significant changes to Other Support (e.g. new appointments or affiliations) that occur during the award. Also, notification shall be given in the case of problems, delays, or adverse conditions which materially impair the ability to meet the objectives of the

award. This notification shall include a statement of the action taken or contemplated, and any assistance needed to resolve the situation.

Changes in project or budget resulting from NIH-initiated actions are discussed in other sections of this chapter.

NIH Grants Policy Statement 8.1.1.2 Cost-Related Prior Approvals:

[https://grants.nih.gov/grants/policy/nihgps/html5/section\\_8/8.1.1\\_nih\\_standard\\_terms\\_of\\_award.htm#Cost-Rel](https://grants.nih.gov/grants/policy/nihgps/html5/section_8/8.1.1_nih_standard_terms_of_award.htm#Cost-Rel)

NIH prior approval [Written approval by an authorized HHS official, e.g., a designated IC GMO, evidencing prior consent before a recipient undertakes certain activities or incurs specific costs (see Administrative Requirements-Changes in Project and Budget-Prior Approval Requirements).] is not required to re-budget funds for any direct cost item that the applicable cost principles identify as requiring the Federal awarding agency's prior approval, unless the incurrence of costs is associated with or is considered to be a change in scope.

NIH Grants Policy Statement 8.1.2.15 Re-budgeting of Funds from Trainee Costs:

[https://grants.nih.gov/grants/policy/nihgps/html5/section\\_8/8.1.2\\_prior\\_approval\\_requirements.htm#Rebudget2](https://grants.nih.gov/grants/policy/nihgps/html5/section_8/8.1.2_prior_approval_requirements.htm#Rebudget2)

The re-budgeting of amounts previously awarded for trainee costs (stipends, tuition, and fees) to other categories of expense requires NIH prior approval. This excludes trainee travel, which NIH does not consider to be a trainee cost, and training-related expenses (see Ruth L. Kirschstein National Research Service Awards-Institutional Research Training Grants Re-budgeting of Funds in IIB).

NIH Grants Policy Statement 8.1.3 Requests for Prior Approval:

[https://grants.nih.gov/grants/policy/nihgps/html5/section\\_8/8.1.3\\_requests\\_for\\_prior\\_approval.htm](https://grants.nih.gov/grants/policy/nihgps/html5/section_8/8.1.3_requests_for_prior_approval.htm)

All requests for NIH awarding IC prior approval must be made in writing (including submission by e-mail) to the GMO no later than 30 days before the proposed change, and signed by the AOR. If the request is e-mailed, it must provide evidence of the AOR's approval; a cc to the AOR is not acceptable. A request by a subrecipient for prior approval will be addressed in writing to the recipient. The recipient will promptly review such request and shall approve or disapprove the request in writing. A recipient will not approve any budget or project revision which is inconsistent with the purpose or terms and conditions of the Federal-award to the recipient. If the revision, requested by the subrecipient would result in a change to the recipient's approved project which requires Federal prior approval, the recipient will obtain the awarding IC's approval before approving the subrecipient's request. Failure to obtain required prior approval from the appropriate awarding IC may result in the disallowance of costs, termination of the award, or other enforcement action within NIH's authority. While the PD/PI signature is no longer required as part of the submission to NIH, the recipient must secure and retain such a signature for each prior approval request and make it available to NIH or other authorized DHHS or Federal officials upon request. When multiple PD/PIs are recognized for a particular grant, this requirement applies to all PD/PIs. (See Policies Affecting Applications-Program Director/Principal Investigator, Individual Fellowship and Sponsor Assurance).

E-mail requests must be clearly identified as prior approval requests, must reflect the complete grant number in the subject line, and should be sent by the AOR to the GMO that signed the NoA. Contact information is provided on each NoA and is also available in the eRA Commons. E-mail addresses for NIH staff can be also obtained from the NIH Enterprise Directory. E-mail requests must include the name of the recipient, the name of the initiating PD/PI, the PD/PI's telephone number, fax number, and e-mail address, and comparable identifying information for the AOR.

The GMO will review the request and provide a response to the AOR indicating the final disposition of the request, with copies to the PD/PI and to the cognizant NIH PO. Only responses provided by the GMO are considered valid. Recipients that proceed on the basis of actions by unauthorized officials do so at their own risk, and NIH is not bound by such responses.

Whenever recipients contemplate re-budgeting or other post-award changes and are uncertain about the need for prior approval, they are strongly encouraged to consult, in advance, with the GMO.

Under a consortium agreement or contract, the prior approval authority usually is the prime recipient. However, the prime recipient may not approve any action or cost that is inconsistent with the purpose or terms and conditions of the NIH grant. If an action by a consortium participant will result in a change in the overall grant project or budget requiring NIH approval, the prime recipient must obtain that approval from NIH before giving its approval to the consortium participant.

### **National Oceanic and Atmospheric Administration (NOAA)**

- Prior approval is required for
  - transfer of funds budgeted for Participant support to other categories
  - any adjustment to cost sharing commitments
  - transfer of funds between categories in excess of 10% of the total award
  - transfer between direct and indirect cost categories
- All other re-budgeting between otherwise reasonable, allocable, and allowable costs is allowed, unless it represents a change in scope.

### **National Science Foundation (NSF)**

- Prior approval is required for
  - reduction of PI effort by 25% or more
  - transfer of funds budgeted for Participant support to other categories
  - any adjustment to cost sharing commitments
- All other re-budgeting between otherwise reasonable, allocable, and allowable costs is allowed, unless it represents a change in scope.

#### **NOTE on NSF 635 Re-budgeting of Indirect Cost Funds Provided Under NSF Grants**

([https://www.nsf.gov/pubs/manuals/gpm05\\_131/gpm6.jsp#635](https://www.nsf.gov/pubs/manuals/gpm05_131/gpm6.jsp#635)). If the actual allowable indirect costs chargeable to a grant is less than those funded by NSF under the grant, the grantee may use the difference to pay additional allowable direct costs under the grant. In addition, grantees may elect to charge less than the full amount of allowable indirect costs to grants in order to pay for additional allowable direct costs.

### **Office of Naval Research (ONR)**

- All deviations from the approved budget are required to be reported to the Agency.
- Funds for participant support may not be re-budgeted without prior approval.
- Changes in cost sharing require prior approval.

### **US Department of Agriculture (USDA) National Institute of Food and Agriculture (NIFA)**

For those grants awarded under General Terms and Conditions-A or Federal Demonstration Partnership, approval from NIFA is not required unless funds for an item have been withheld on the award budget or you intend to subcontract (a) more than 50 percent of the total award to another party(ies), or (b) you intend to subcontract with a federal agency. However, if your grant was awarded under General Terms

and Conditions-B and your budget change is greater than 10 percent, NIFA approval will be needed. All grants awarded under the Small Business Innovation Research (SBIR) must have prior written approval from the national program leader. To request approval, prepare a letter outlining a brief description and justification of the requested changes to the budget. Include the signatures of the authorized organizational representative and the project director and a revised budget and narrative.

See also the Research Terms and Conditions Appendix A Prior Approval Matrix:  
[https://www.nsf.gov/bfa/dias/policy/fedrtc/appendix\\_a.pdf](https://www.nsf.gov/bfa/dias/policy/fedrtc/appendix_a.pdf).