

Preparing a Cost Proposal Budget – Training Session

Lab Exercise

Proposal Budget Scenario

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. There will be 2 Tasks in the Project. All budget categories are applicable to both tasks and all budget periods.

Session Exercises

Prepare for Project Development

Read the Budget Instructions and answer the following questions.

1. Required project start date: _____
2. Required total project period, not including option years: _____
3. Required budget period/year length: _____
4. What are the allowed cost categories/elements (in order of listing)?
 - a) _____
 - b) _____
 - c) _____
 - d) _____
 - e) _____
 - f) _____
 - g) _____
 - h) _____
 - i) _____
5. Based on the Budget Instructions for this FOA, what budget categories/sections should we include in Professor Apple's budget? List in the order as identified in the Budget Instructions.
 - a) _____
 - b) _____
 - c) _____
 - d) _____
6. Element: _____
 - a) Costing Method: _____
 - b) Supporting Materials: _____

7. Element: _____

a) Relevant costs from Professor Apple's budget:

1. _____

2. _____

b) Costing Methods and Supporting Materials:

1. _____

2. _____

8. Element: _____

a) Relevant costs from Professor Apple's budget:

1. _____

2. _____

b) Costing Methods and Supporting Materials:

1. _____

2. _____

3. _____

9. Element: _____

a) Relevant costs from Professor Apple's budget:

1. _____

b) Details to include for each _____:

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

c) Costing Methods and Supporting Materials:

1. _____
2. _____

Develop the Budget: Detailed Budget Sections

Direct Labor

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.

A. Direct Labor [\$ _____ , _____ total direct labor]

Basis of Cost

Effort

Effort is tracked at the University of California, Davis (UC Davis) based on the portion of time committed to proposed activities expressed as a percentage of the individual's total activity for the institution, and converted to person months based on type of academic appointment (calendar, academic year, summer.) An effort report will be certified for each employee whose salary (or portion thereof) is charged to the award and/or any employee who has non-paid effort commitments on the project. Each faculty member or professional staff will be required to certify their own effort. Effort for support staff is certified by an administrative head or PI with firsthand knowledge of the work performed and the amount of effort expended on the project. At UC Davis, effort reporting and certification is conducted annually. The annual effort-reporting period aligns with the federal fiscal year of October 1 through September 30. Effort reports are issued on or around November 15 (approximately 45 days after the end of the reporting period). The deadline for certifying effort reports falls on or around January 28 (within 120 days of the end of the reporting period).

Salary

Salary used for named personnel calculations reflects actual salary rates as shown in the Personnel Payroll System. Salary plus a 1.5% fiscal year escalation. For faculty that have academic year appointments, salary is annualized (divided by 9 and multiplied by 12) to reflect actual available, annual salary and to match the annualized effort reporting system. Salary for to be named individuals is based on UC Davis' salary scales by title code and standard hiring rates by involved academic department.

Direct Cost Labor Summary

Personnel	Annual Salary	Period 1	Period 2	Period 3
	\$	\$	\$	\$

Direct Salaries by Task

Personnel Salary		Annual Salary	Salary Request		
			Period 1	Period 2	Period 3
Task 1.0		\$	\$	\$	
Task 2.0		\$	\$	\$	

Fringe Benefits

Fringe benefits will be calculated using UC Davis’ negotiated composite fringe benefit rates. Information on these rates is available on the UC Davis Costing and Policy website: http://afs.ucdavis.edu/our_services/costing-policy-e-analysis/composite-benefit-rates/index.html

Costs in the Composite Benefit Rates include:

- UCRS (employer matching portion)
- Medical (employer contribution portion)
- Dental (employer contribution)
- Vision (employer contribution)
- OASDI (employer matching portion)
- Medicare (employer matching portion)
- OPEB (Other Post Employee Benefits)
- Unemployment Insurance
- Workers’ Comp Insurance
- Employee Support Program
- UC Paid Disability
- UC Paid Life

Each employee is assigned to a benefit rate code based on his or her title code. Codes used in this proposal are detailed below and available via the link above and below.

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%

Detailed below are all planned project personnel, current salaries, proposed effort on the project, and total salary request for each calendar period- inclusive of escalations - by task. Effort is estimated based on the detailed scope of work and historical estimates for similar activities.

Fringe Benefits

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

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.

B. Travel [\$780.00 total travel]

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.

Summary of Travel by Task

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

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

Materials and Supplies

Professor Apple will purchase a computer and software in the first Budget Period to be used equally for Tasks 1 and 2.

C. Materials [\$____, _____ total materials]

The tables below detail proposed materials purchases for the project. All materials will be purchased in accordance with federal and university policies. Please see attachments for selected quotations.

Summary of Materials by Task

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

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

Indirect Costs

Category	Period 1	Period 2	Period 3	Total
Salary	\$	\$	\$	\$
Fringe Benefits	\$	\$	\$	\$
Travel	\$	\$	\$	\$
Materials & Supplies	\$	\$	\$	\$
Total Direct Costs				\$

TDC x Indirect Cost Rate = Indirect Costs

Indirect Cost Rate = 57%

_____ x _____ = _____

D. Indirect Costs [\$____, ____ MTDC base; \$____, ____ total indirect costs]

[Example- attach your agreement]

Facilities and Administrative costs (indirect costs) are calculated at the University of California, Davis' (UC Davis') federally negotiated rate for Organized Research, which is currently 57%. Per UC Davis' rate agreement, attached, this indirect cost rate is applied on a Modified Total Direct Cost basis, which includes all salaries and wages, fringe benefits, materials and supplies, services, travel, and the first \$25,000 of each subgrant and subcontract. Excluded from the modified total direct costs are equipment; capital expenditures; charges for patient care and tuition remission; rental costs; scholarships and fellowships; as well as the portion of each subgrant and subcontract in excess of \$25,000