Making “Cents” of NIFA Budgets & More

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Session Objectives

• Brief overview of the CFAES Research Enterprise

• Learn about:
  • NIFA Budgets
  • Direct Costs
  • Allowable/Unallowable Costs
  • Authority/Legislation
  • Indirect Costs
Our mission is to increase the research capacity of the college by providing resources, programs and direct services to faculty, research staff, postdocs and graduate students.

Guiding Principles

• Increase the quality of proposal submissions.

• Work across all disciplines to make the proposal development process as straightforward and streamlined as possible.

The GDSU has been successful in obtaining more than $101 million in new extramural funding since 2010.
Grant Development Support Unit

The GDSU has been successful in obtaining more than $97 million in new extramural funding since its inception in 2010. Contact us for your proposal development needs!

Read more

The GDSU is a free service provided to all CFAES faculty and staff. We are available to assist you with proposal development and submission and/or answer grant related questions. We have offices on both the Wooster and Columbus campuses. Please stop by or contact us to see how we can help you submit a successful proposal!

NEWS

Research News (August 2018)
JUL 30, 2018
FY 2019 RESEARCH in the COLLEGE OF FOOD, AGRICULTURAL, AND ENVIRONMENTAL SCIENCES

EXPENDITURES
Research expenditures – the funds spent on personnel, supplies and services – reflect the research activity of the college

$44 M
974 active grants

SUBMISSIONS AND AWARDS

<table>
<thead>
<tr>
<th>PROPOSALS</th>
<th>AWARDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>449 proposals submitted</td>
<td>375 awards</td>
</tr>
<tr>
<td>$276 M in funds requested</td>
<td>$56M in awards</td>
</tr>
</tbody>
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INTELLECTUAL PROPERTY

- 4 New Patents Issued
- 22 Invention Disclosures
- 37 New Inventors
- $150,000 Total Licensing Revenue

448 Faculty
1,679 Staff
489 Graduate Students
3,267 Undergraduate Students
$8.9M NIFA Funding (21.56%)

- **Federal** $20 M (42%)
- **State** $13 M (28%)
- **Industry** $5.9 M (12%)
- **Private Agencies** $4.6 M (9%)
- **Other** $4.2 M (9%)

SPONSORED PROGRAM FUNDING SOURCES
TYPES OF EXPENSES

Direct Costs

Personnel Costs

Wages

Fringe Benefits

Non-Personnel Costs

Travel

Equipment

Contractual Services

Materials - Supplies

Tuition/Fees

Publications

Sub awards

Other
Allowable and Allocable Costs

All costs associated with sponsored research must fall into both categories:

**Allowable**

Project costs that are eligible, reasonable, and necessary to the project.

**Allocable**

Project costs that are assignable/chargeable to one or more of the cost objectives related to the scope of work.
Two primary categories

**Senior Key Personnel**
- Principal Investigator
- Co-Investigator(s)

**Other Personnel**
- Post Doc’s
- Technicians
- Graduate Students
- Undergraduate Students

**Considerations**
- Amount of time
- Salary level
- 3% annual increase
FACULTY

9 month or 12 month appointment
- 9 month appointment – Off-duty pay eligible (3 months, 11% per month)
- 12 month appointment – Release time eligible

Percent of Effort Assigned to Grant
With the approval of appropriate administrators, 12-month faculty members and/or exempt staff members can have a portion of their effort reassigned to grant activities. The budget should include the portion of effort that will be assigned to the grant.

EXAMPLE: Assistant Director V is an exempt staff member at 100% effort with a base salary of $35,000. S/He will be re-assigned to the grant for 50% of total effort. $35,000 / 50% = $17,500.
Fringe rates vary by positions; current rates can be found at:

<table>
<thead>
<tr>
<th>Category</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty – off duty pay</td>
<td>15.1%</td>
</tr>
<tr>
<td>Faculty – 9 &amp; 12 month appointments</td>
<td>24.0%</td>
</tr>
<tr>
<td>Students</td>
<td>9.1%</td>
</tr>
<tr>
<td>Staff</td>
<td>31.1%</td>
</tr>
<tr>
<td>Specials (temporary staff, non-enrolled students)</td>
<td>15.1%</td>
</tr>
</tbody>
</table>
EXAMPLE

A Graduate Student is paid $28,000 per year. The student will work 50% on the project.

\[
\begin{align*}
28,000 \times 50\% &= 14,000 \text{ salary} \\
+ 14,000 \times 9.1\% &= 1,274 \text{ benefits} \\
15,274 &= \text{total request for salary and fringe benefits}
\end{align*}
\]

A Postdoc is paid $62,000 per year. The post doc will work 50% on the project.

\[
\begin{align*}
62,000 \times 50\% &= 31,000 \text{ salary} \\
+ 31,000 \times 31.1\% &= 9,641 \text{ benefits} \\
40,641 &= \text{total request for salary and fringe benefits}
\end{align*}
\]
TRAVEL

Two types of travel

- Domestic
- Foreign

Includes airfare (domestic and foreign), per diem, lodging, conference registration, and ground transportation (taxi, car rental, personal mileage & tolls)

- Cannot charge business class or first-class air travel
- Must utilize U.S. flag carriers at the lowest available rates
MATERIALS AND SUPPLIES

General purpose consumable items which commonly have a shorter life span in use than equipment and machines, and which are stocked for recurring use.

• **Allowable:** Chemicals, reagents, glassware, nets, software, seeds, pipets, potting soil, fertilizer, greenhouse and field supplies, etc.

• **Unallowable:** General office supplies – they are included in the F&A calculation (pens, paper, office supplies, etc.)
Equipment

Supplies or tools needed for a special purpose. Remember to obtain a quote of the item to submit with your budget.

For an item to be considered equipment, it must meet all three of the following criteria:

- Cost $5,000 or more
- Have a useful life of at least one year
- Be stand-alone and function independently

When using our full federal F&A rate, F&A (indirect costs) are not charged to equipment.
PUBLICATION COSTS

Publishing of an article in a scientific or technical journal.

- Costs of preparing and publishing the results of a project conducted under the award, including costs of reports, reprints, page charges or other journal costs, and necessary illustrations, may be included.

- Other type of field/program related publication or for commercial printing of brochures and program materials.
EQUIPMENT/FACILITY RENTAL/USER FEES

Equipment Rental
When there is a need to rent equipment for use on the project, provide information on the type of equipment to be rented, the purpose or use on the project, the length of time needed, and the rental rate.

Facility Rental
When it is necessary to rent office or other facility space for project implementation, and the space is located off-site from the organization’s main facility and the space is not owned by the OSU. The cost of the rent may be charged against the award, if the space is used specifically for the project.

User fees/ Greenhouse charges
When there is a charge for using greenhouse space on campus.
SUBAWARDS

An award of financial assistance in the form of money.

- For your purposes, subawards are normally other academic institutions, non-profit entities, or other federal sources
- Must abide by terms and conditions of subcontract with OSU
- Work within their budget
- Subject to audit
- Contributing to the Intellectual property of the proposal
CONSULTANT SERVICES

An individual retained to provide professional services and expertise for a fee. Typically operates in a competitive environment and provides goods and services within normal business operations.

- Meets the independent contractor status established by the IRS
- **Not an OSU employee**

When the consultant is affiliated with another academic institution, the services provided must be:

- Outside of the consultant’s institutional time and commitments
- Without the use of their institutional resources
## Should a PI be a Consultant or a Sub Award?

<table>
<thead>
<tr>
<th>Sub award</th>
<th>Consultant</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Does the entity’s statement of work represent an intellectually significant portion of the programmatic effort of the overall project?</td>
<td>- An individual retained to provide professional advice or services for a fee.</td>
</tr>
<tr>
<td>- Does the entity have responsibility for programmatic decision making?</td>
<td>- Meets the independent contractor status established by the IRS.</td>
</tr>
<tr>
<td>- Could the entity’s work result in development of intellectual property or publishable results (including co-authorship)?</td>
<td>- Provides similar goods and services to many different purchasers.</td>
</tr>
<tr>
<td>- Will the entity be using institutional facilities, students or staff?</td>
<td>- Provides goods and services within normal working hours.</td>
</tr>
<tr>
<td></td>
<td>- Operates in a competitive environment.</td>
</tr>
</tbody>
</table>
OTHER COSTS

An item that is needed but has no specific category

- Lab Testing (MCIC, Star Lab)
- Outreach Materials
- Conference/Meetings
- Service or Maintenance Contracts
- Tuition/Fees
- Advisory Panel Costs
- App Development
- Purchased Services
- Participant Support Services
Unallowable Costs

• Alcoholic beverages
• Proposal preparation costs
• Lobbying Costs
• Goods and Services for personal use
• Membership in civic clubs, community organizations, social or dining clubs
• Fundraising costs
• Entertainment (meals, amusement, tickets, shows)
• You may not use grant funds awarded under this authority to renovate or refurbish research, education, or extension space; purchase or install fixed equipment in such place; or the plan, repair, rehabilitate, acquire, or construction of buildings or facilities (NIFA)
Indirect Costs

Facilities & Administrative Costs (F&A)

Overhead Costs
UNIVERSITY CALCULATION OF F&A

Indirect Costs
- Overhead costs incurred in SUPPORT of research activities
- Depreciation of Bldg. & Equip.
- Operations & Maintenance of labs, e.g. utilities, etc.
- Cost of research space
- Administrative services

Direct Costs
- Costs incurred in performing research activity
- Salaries and fringes of laboratory personnel
- Research lab supplies and materials

\[
\frac{\text{Indirect Costs}}{\text{Direct Costs}} = \frac{\$56M}{\$100M} = 56.0\%
\]
INDIRECT COST RATES FOR OSU

Check the RFP for any rate limitations. If none are mentioned use the full rate:

On Campus Research 56%
Instruction Only 52%
Off-Campus Research 26%
Other Sponsored Activities 30.50%

The off-campus rate applies to those projects in which 50% or more of the salary and wages are incurred in facilities not owned and controlled by the University and for which rent is allocated as a direct cost to the project.

MTDC – Modified Total Direct Costs (less equipment, tuition fees, participant costs, add in first $25K of each subawards)
TDC – Total Direct Costs
NIFA AUTHORITY/LEGISLATION

Funding Restrictions from 2018 Farm Bill Provisions

Section 1462(a) and (c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (NARETPA) limits indirect costs for the *overall* award to 30 percent of Total Federal Funds Awarded (TFFA) under a research, education, or extension grant.

- When preparing budgets, you should limit your request for the recovery of indirect costs to the lesser of your institution’s official negotiated indirect cost rate or the equivalent of 30% of Total Federal Funds Awarded (TFFA).
What does that mean for us?

NIFA has two types of competitive grant programs: mandatory and discretionary. The 2018 Farm Bill increased the indirect cost cap for many of NIFA’s mandatory program from 22% of total federal funds awarded (TFFA) to 30% of TFFA and applies the cap to the total of the prime as well as subs indirect costs. Many of NIFA’s discretionary programs cap remained at 30% of TFFA. Like the mandatory programs, this applies to the total of the prime AND the Subs indirect costs.
Taking a Closer Look

- 2008 Farm Bill  **MANDATORY**
  - Except as provided in law, IC against any ag rsch, ed, or ext grant may not exceed 22% of TFFA

- Appropriation  **DISCRECTIONARY**
  - None of the funds in this act, IC against any ag rsch, ed, or ext grant may not exceed 30% of TFFA

- 2018 Farm Bill
  - Except as provided in law, IC against any ag rsch, ed, or ext grant may not exceed 30% of TFFA – limitation on prime to be applied to overall award (prime + sub)
NIFA AUTHORITY/LEGISLATION

What does it mean??

The IC limitations have changed for most programs


- Prime: Lesser of negotiated rate or 30% TFFA*
- Subs: Lesser of negotiated rate or 30% TFFA
- Add IDC for Prime plus Subs – if the amount exceeds 30% TFFA of Prime’s budget, then adjustments must be made

* may be split between the Federal and any required match
Comparison of NIFA limited OSU F&A rate

So, now that you can figure F&A based on Total Direct, how to you determine which is lesser?

- NIFA’s limit? (30% TFF = 42.867% TDC) or
- Your institutional rate? (56% MTDC)

Can’t compare the percentages, since they are calculated from different bases. So, do it twice:

- Based on NIFA limit
- Based on your institutional rate

Does that mean you have to do budgets twice every time? Isn’t that a lot of work?

*Use Excel!* Have multiple indirect cost rate lines

One at NIFA rate
One at institutional rate
Calculation to choose the lower
Excel to the rescue!

- Have multiple indirect cost rate lines, one at NIFA rate and one at the institutional rate
- Calculation to choose the lower
- If you have subawards, additional calculations are needed

<table>
<thead>
<tr>
<th></th>
<th>Y1</th>
<th>Y2</th>
<th>Y3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Direct Costs</strong></td>
<td><strong>$144,194</strong></td>
<td><strong>$132,666</strong></td>
<td><strong>$137,631</strong></td>
<td><strong>$414,491</strong></td>
</tr>
<tr>
<td>Modified Total Indirect Cost Base</td>
<td><strong>$66,722</strong></td>
<td><strong>$42,254</strong></td>
<td><strong>$43,493</strong></td>
<td><strong>$152,469</strong></td>
</tr>
<tr>
<td><strong>MTDC rate</strong></td>
<td><strong>56.00%</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Costs</td>
<td><strong>$181,558</strong></td>
<td><strong>$156,328</strong></td>
<td><strong>$161,987</strong></td>
<td><strong>$499,874</strong></td>
</tr>
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<td><strong>$137,631</strong></td>
<td><strong>$414,491</strong></td>
</tr>
<tr>
<td><strong>TDC rate</strong></td>
<td><strong>42.857%</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Costs</td>
<td><strong>$205,991</strong></td>
<td><strong>$189,523</strong></td>
<td><strong>$196,616</strong></td>
<td><strong>$592,129</strong></td>
</tr>
</tbody>
</table>
BUDGET JUSTIFICATIONS

• Important non-technical section of the proposal
• Provides additional details for expenses within each budget category and explains the need for the items/expenses
• Highlight, explain, and provide rationale for budget categories and how you arrived at certain cost estimates
• Follow the same line item format as the budget
Once your budget is complete....

• Contact the your Sponsored Program Officer for final budget review and APPROVAL.

• Provide the Sponsored Program Officer (SPO) with:
  • Budget
  • Budget justification
  • RFP (link)
  • Subaward form
  • Equipment quotes

• Once you receive budget approval from your SPO, initiate the OSU internal form – ePA-005

• SPO will submit proposal to sponsor
Contact Information

College of Food, Agricultural, and Environmental Sciences
OFFICE FOR RESEARCH AND GRADUATE EDUCATION
Grant Development Support Unit

grants.cfaes.ohio-state.edu

Lori Kaser.37, CRA, Grants and Contracts Administrator
Pamela Schlegel.33, Senior Grants and Contracts Specialist
"My NIH grant had some money left over from last year."
Questions?