



Developing Proposal Budgets Under Uniform Guidance

The new Uniform Guidance will be applicable to all new and incremental Federal awards issued on or after December 26, 2014. **Effective immediately, please start developing proposal budgets that are consistent with the new guidance.**

Consistent with previous guidance, only allowable cost should be included in a proposal budget. These are: necessary costs that are eligible, reasonable, and allocable to the project according to the Sponsor's guidelines and in accordance with the Uniform Guidance.

Administrative and Clerical Salaries

The rules governing the charging of administrative and clerical staff salaries have not materially changed, but the costs must be explicitly included in your budget (or approved by the sponsor).

In general, administrative and clerical salaries should still not be direct charged, but the rules governing "major project activity" exceptions have been dropped and replaced with the following criteria, **ALL** of which must be met:

1. Administrative and clerical services are **integral** to project or activity;
2. Individuals involved can be **specifically identified** with the project or activity;
3. Such costs are **explicitly included** in the budget or have the prior written approval of the Federal awarding agency; and
4. The **costs are not also recovered as indirect costs.**

Address all 4 of the above items in your Budget Justification.

Computing Devices

Computing devices can be charged as supplies, however, the rules governing their allowability and allocability has not changed.

Computing devices under \$5,000/unit cost may be direct charged to the project or activity under the following circumstances. The computing device is:

1. **essential** for the purposes of carrying out a specific aim of the funded project,
2. **above and beyond what is normally provided** by the department for academic use, and
3. Charged to the grant in some **reasonable** proportion relative to how much it is used for the funded project.

Address all 3 of the above items in your Budget Justification.

Participant Support Costs

Participant support costs must be explicitly included in the budget and excluded from Modified Total Direct Costs (MTDC) base for calculating Facilities and Administrative (F&A) costs.

***Budget Change:** Agency approval will be required for any addition **or** reallocation of Participant Support Costs. These expenses **do not** fall under a budget variance allowance.

Do not confuse participant support costs with patient care costs or subject compensation the definitions are:

Participant Support Costs – defined as direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of the participants or trainees (but not employees) in connection with conferences or training projects. Participant support costs do not include patient care costs or compensation cost for subjects participating in a study.

Patient Care Costs – are the costs of routine and ancillary hospital services provided to individuals participating in research programs. These are not to be included as part of MTDC base for calculating F&A. (note: research scans performed at the MR Research Facility **are not** considered patient care costs and are subject to F&A. Clinical scans are considered patient care costs)

Subject Compensation – reimbursements given to human subjects for participating in a research project/study. Human subjects are defined as living individuals about whom an investigator (whether professional or student) conducting research obtains data through intervention or interaction with the individual or obtains identifiable private information. These compensation costs are included in MTDC base.



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F&A on Subawards

The sub-recipient's negotiated F&A rate or an alternative rate as described below must be used for all subawards included in competitive renewals

- If a federal program has a published F&A cap, that rate must be used by both USA and all of subrecipients.
- For all other federal programs, if subrecipient has a federally negotiated rate it must be used.
- If the entity does not have a negotiated F&A rate, a 10% de minimus F&A rate must be used instead.

PIs may not negotiate or agree to lower rates with their subrecipients. There is no change to USA's recovery of its own F&A, it remains limited to receiving our full F&A on the first \$25K of each subaward.

F&A: The Uniform Guidance *requires* federal agencies and prime recipients to honor federally negotiated F&A rates

If USA is a Subrecipient:

When preparing a budget for another Institution, State Agency or Private entity with pass through funding from a federal agency **the USA is allowed and expected to request our full F&A rate** as applicable to the project.

Fixed Price/Rate Subawards

Prior Agency approval is now required to enter into fixed price/rate subawards, which may not exceed \$150K in total project costs.

Agency prior approval is required to enter into a fixed price/rate subaward rather than a cost-reimbursement subaward, and the total value of each fixed price/rate subaward may not exceed \$150K. To expedite agency approval, PIs/departments must add a new justification statement to proposals contemplating a fixed price/rate subaward.

NIH Modular Budgets

There is somewhat of a conflict between the Uniform Guidance and the non-specific nature of NIH modular budgets. Modular budget funding is only requested in modules of \$25,000 total direct costs, without specific budget line items. The budget narrative only needs personnel detail by position, role, and level of effort and additional narrative is only required if there is a change in MTDC or the number of modules requested varies from year to year.

Thus adherence to the instructions for submitting a modular budget leaves no opportunity to follow the Uniform Guidance requirement that certain costs have prior written approval or be explicitly included in the budget in order to be allowable. Until NIH provides an update to its Grants Policy Statement and modular budget instructions, please be advised that any such costs will likely require NIH approval after an award has been made.

Cost Sharing

Under Federal research proposals, voluntary committed cost sharing is not expected and cannot be used as a factor during the merit review of applications unless explicitly described in the notice of funding opportunity.

Please contact SPA before you include cost sharing in proposal budgets.

CONTACT INFORMATION:

SPA: 251-460-7888 <http://southalabama.edu/departments/research/spa/>

GCA: 251-461-1379 <http://southalabama.edu/financialaffairs/grantsandcontracts/>

At present, there is still ongoing discussion of revision to sections of the Uniform Guidance. Updates will be released as information becomes available impacting new or changing USA policies and procedures associated with sponsored activity.