

Calculating Your Budget

For assistance establishing rates, contact the Assistant Vice Chancellor, Office of Sponsored Programs, Joanne Lee at jlee@mtech.edu

The Office of Sponsored programs is responsible for all pre-award and post-award financial matters dealing with Montana Tech grants and contracts. The Assistant Vice Chancellor for Sponsored Programs acts as the fiscal liaison between PIs and sponsors, negotiating the cost and budget aspects of mutually binding agreements, sub-agreements, and subawards.

Thus, OSP is required to review and approve all proposed budgets and budget modifications for new and continuing proposals. OSP is responsible for post-award compliance with sponsor financial requirements, such as financial reporting and invoicing, cash management, and account close-out procedures.

OSP also responds to requests for fiscal audits of sponsored agreements, and in coordination with the VCR, prepares the facilities and administrative (F&A) cost proposal, negotiates the F&A cost rate, provides support for documentation of direct salary charges and cost share, performs special cost studies for recharge centers, and prepares management information reports on proposals and awards. The Assistant Vice Chancellor of OSP reports to the Vice Chancellor of Research.

The proposal budget provides the framework within which the expenditures for the proposed statement of work will take place. OSP can provide valuable assistance in preparing the project budget. A proposal budget lists and groups the proposal expenditures into categories. For ease in working within Montana Tech's financial system, the major budget categories are:

- **Direct Costs:** Those expenses that will be incurred solely for work on the proposed project. Provide justification to establish the need and benefits of the proposed spending to the project:

Personnel (Salaries & Wages, Fringe Benefits), Supplies and Expenses, Subcontracts, Travel, Student/Participant Support, Capital Expenditures.

- **Facilities and Administrative Costs** (previously called indirect costs). A discussion of the costs that should be included in a proposal budget follows. This discussion is not comprehensive since only the more common costs are

specifically mentioned. Keep in mind, when preparing your proposal budget, that the items should be consistent with the project description. The more realistic the budget, the easier it will be to work within the budget when the project is funded.

Personnel

Salaries and Wages. List the amount of time to be spent by each Montana Tech employee who will work on the project and the rate of pay. Time can be shown in percent of full-time effort or in person-hours, days, weeks, or months. Percent of full-time effort, months, or hours are the preferred methods, because days and weeks vary by pay period, and using these units can create discrepancies in budgeting estimates versus actual costs.

- Compensation on sponsored projects must not exceed an employee's authorized base rate of pay at Montana Tech. OSP can provide assistance in obtaining information on salaries for employees. For multi-year projects, the budget should add potential salary increases. Note that Montana Tech manages salaries and wages. Use of a specific percentage for salary increases does not guarantee an increase.
- New positions must conform to Montana Tech employment classifications and compensation norms as administered by Human Resources.
- Additional justification for administrative, or clerical positions is required, because this type of support is not generally included as direct costs.

Fringe Benefits. Known as "employee-related expenses" (ERE), are employer costs for employee benefits including: retirement, worker's compensation, federal social security (FICA), unemployment tax (FUTA), leave assessment, and health insurance. There are different budgeting rates for faculty, staff, and students. To budgeting rates for faculty, staff, and students. To find the most up-to-date fringe rates, check

Supplies and Expenses

- Materials and Supplies: may include lab supplies, teaching aids, office supplies, and "minor equipment" costing less than \$5,000 each.
- Publication Costs: anticipated cost of publishing the results of the research including page charges, poster production, and reprint costs.
- Consultants: personnel who provide professional service for a fixed period of

time and are not Montana Tech employees. Consultants should be budgeted only where on-campus expertise and collaboration expertise does not exist or is not readily available. May include fees and travel expenses. The use and payment of consultants is often restricted; therefore, discuss it with OSP.

- Photocopying, telephone costs, mailings, equipment, rental and/or lease.
- Space and equipment rental, renovation, and renovation as appropriate. (These expenses are typically covered by F&A)
- Hazardous Waste Disposal Costs (Contact the Montana Tech Office of Environmental Safety and Health).

Subawards/subcontracts

Include the proposed subcontractor's statement of intent to participate in the project if funded, including a statement of work, estimate of time required, proposed budget, and an AOR signed sub-award letter of collaboration. **This signed letter is required by Montana Tech, even if it is not required by the sponsor.**

Travel

Itemize each trip and include transportation costs, number of travel days, registration fees for conferences as appropriate, and per diem. Any travel outside the US and its territories or Canada should be listed separately as foreign travel, since it usually requires specific authorization from the sponsor. All travel is subject to Montana Tech and sponsor regulations. All travel policies and forms may now be found on [MyMtech](#). Once you login, navigate to "Administrative Services" in the left navigation.

Student/participant support costs

Books, tuition, stipends, travel, etc., if allowed by sponsor. Participants are individuals the project is intended to benefit. Tuition payments on behalf of a graduate student doing research for the project are participant costs, but the student's assistantship stipend would be listed as a personnel expense. For a summer program, the travel costs, lodging, meals, and any stipend would all be considered participant support costs.

Direct Sales of Research, Services, and Rent

Rental, research, and campus services are allowable so long as the rates are reasonable and necessary for the project. On campus charge out rates must be established prior to invoicing the project. The scope and pricing of the activity must be reviewed bi-annually and approved by the Vice Chancellor for Research

and the Vice chancellor for Finance and Administration per the [Sales & Service Policy](#).

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Capital Expenditures

Expenditures for the acquisition cost of capital assets (equipment, buildings, and land), or expenditures to make improvements to capital assets greater than \$5,000 that materially increase their value or useful life. Acquisition cost means the cost of the asset including the cost to put it in place. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired.

Equipment means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost that equals or exceeds \$5,000.

Shipping, taxes, insurance, and installation charges should be included in the acquisition cost.

Equipment rental costs should be listed under operations costs. (Montana Tech's full F&A rate includes equipment maintenance and repair so it should not be explicit in the budget; an exception would be if the equipment is *only* being used for this specific project, or if F&A is not allowed or only allowed at a low rate for the project).

Facilities and Administrative Costs (F&A)

Facilities and Administrative costs or "overhead" include all activities essential to support sponsored projects that cannot be directly charged to a specific grant or contract (e.g., lab and office space; utilities and building maintenance; equipment maintenance; administrative services such as purchasing, accounting, human resources; and library resources). F&A cost percentages or rates are determined through a detailed cost accounting procedure and are negotiated with the federal government. Facilities and Administrative rates are applied to Modified Total Direct Costs. For the most up-to-date F&A rate, see policy, [403.0 Indirect Cost Recovery Policy](#)

A few sponsors limit the allowed F&A costs. If applicable, discuss the F&A limitation with the VCR and/or OSP early in the planning and proposal-

writing phase.

Montana Tech charges the full allowable F&A rate on all contracts and grants, unless lower limits are set by the sponsor or MUS policy.

Cost Sharing and Matching Funds

In some instances, Montana Tech may be requested or required to contribute to the costs of a sponsored project. Cost sharing obligations must be met between the effective start date and end date of the agreement. If the obligation is not met, the sponsor may reduce the project funding and any costs not funded must be paid from departmental non-sponsored funds. Montana Tech is subject to audit on any quantified cost sharing. All cost sharing proposals must have consent of the VCR, OSP, Department Head, and Dean or Director of MBMG or other Center director. and the Vice chancellor for Finance and Administration per the [Sales and Service Policy](#).