

GUIDELINES FOR BUDGET DEVELOPMENT

PERSONNEL:

Faculty:

- 1,520 hours during the academic year; 38 weeks
- 560 hours during the summer (extra compensation); 14 weeks
- One month is equal to 4.33 weeks
- To calculate 1 month of salary, divide the academic salary by 38 weeks and then multiply by 4.33 (on average there are 4.33 weeks in one month). Calculation is the same for 1 academic month or 1 summer month
- Anticipate a 5% salary increase each year (January)

Graduate Research Assistants (GRA):

Refer to the 'Sponsored Programs GRA Stipend Budget Estimating Tables' document for stipend ranges. Approval is needed from the Dean of the Graduate School to pay a student above the maximum stipend. When budgeting a GRA, tuition and fees must also be included in 'Other Direct Costs'. GRA stipends can be budgeted in 25% increments.

Other Professionals:

- May include department chairs, technicians, machinists, post doctoral associates, etc. Administrative/clerical support is generally unallowable. Full time post doc salary range is \$47,500 - \$60,000 per year with full benefits.
- 2,080 hours during the calendar year; 52 weeks
- Anticipate a 5% salary increase each year (January)

Temporary:

This category is used for personnel who are receiving minimal employee benefits.

Hourly undergraduates and graduate students:

Hourly rate differs per department. Tuition and fees cannot be budgeted. Tuition and fees are not a benefit for hourly students; only GRA students who are on semester support.

FRINGE BENEFITS:

When funds are entered for various personnel, fringe benefits calculate automatically.

EQUIPMENT:

Defined as an item having a value of \$5,000 or more, a useful life of more than one year and the capacity to function without the assistance of another item. Equipment is not subject to F & A costs. Confirmation from the Property Office may be needed before classifying an item as equipment.

FABRICATED EQUIPMENT:

Defined as an item constructed by combining modular components and/or materials into one functional unit with a unit cost of \$5,000 or more, a useful life of more than one year and the capacity to function without the assistance of another item. Allowable components consist of materials and supplies; unallowable costs include department labor, travel and other departmental operating expenses. Confirmation from the Property Office will be needed before classifying a unit as Fabricated Equipment.

Fabricated equipment is not subject to F & A costs. If, however, equipment is being fabricated for immediate sale or delivery to the sponsor, it must be budgeted as an 'other direct cost' on the spreadsheet and subject to F & A costs.

DOMESTIC & INTERNATIONAL TRAVEL:

Generally allowable for Michigan Tech employees only. In some instances, non-employee travel may be allowable for Advisory Councils and/or collaborators who are not receiving any other form of payment.

PARTICIPANT SUPPORT COSTS:

Participant support costs include stipends, travel, subsistence and other associated costs for participants or trainees (but not employees) in connection with meetings, conferences, symposia or training projects.

Participant support costs are not subject to F&A costs.

OTHER DIRECT COSTS:

Consultants:

If consultants are named, the principal investigator must complete an 'Independent Contractor Questionnaire' located on the Human Resources web page. Michigan Tech employees cannot be paid as a consultant on a sponsored project.

Supplies:

Supplies include technical supplies, not general purpose office supplies.

Services:

May include costs for off campus services or for the use of on-campus equipment, labs, facilities, etc.

Subawards:

When it becomes necessary for a principal investigator to contract or otherwise transfer a significant part of the research to another organization, a subaward will be included in the budget. The subawardee must provide the Sponsored Programs Office / Innovation and Industry

Engagement with a Subrecipient Commitment Form, an approved budget, a budget justification, and a scope of work prior to submission. These documents must be accompanied by a signature of an authorized representative from that entity.

Each subaward is budgeted on two lines on the spreadsheet: the first \$25K, which is subject to F&A costs, and the amount over \$25K. The amount over \$25K is not subject to F&A costs.

Publication/Documentation:

Includes expenses for final reports, publications needed, etc.

Other:

Includes other allowable expenses that are not included in another category.

Tuition and Fees:

Refer to the ‘Sponsored Programs Budget Estimating Tables for Tuition’ document for tuition and fee rates. Summer tuition and fees can be budgeted for 1 or 3 credits. Tuition and fees can be budgeted in 25% increments in conjunction with the stipend.

Tuition and fees are not subject to F & A costs.

FACILITIES & ADMINISTRATIVE (F&A) COSTS:

Also known as indirect costs or overhead. The base amount for this calculation is ‘modified total direct costs’ which means the ‘total direct costs’ are modified to exclude equipment, fabricated equipment, tuition/fees, subawards over \$25,000, participant support costs, and any external 3rd party cost share. The spreadsheet requires the input of an applicable rate and a collectable rate. If the two are not the same rate, a waiver of indirect costs will automatically calculate. Only one F&A rate is applicable per project.

If the sponsor limits the percent of F&A’s to be requested, Michigan Tech will automatically cost share the difference. Documentation of this limit MUST accompany the ‘Cost Share/Matching Support Authorization Form’. This limit must be referenced in the official RFP, Solicitation or Announcement.

IMPORTANT NOTE:

The salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

- (1) Administrative or clerical services are integral to a 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.