I. PURPOSE

The purpose of this operating procedure is to clarify the roles and procedures related to developing a budget for externally sponsored research proposals. The Principal Investigator (PI) works with the RAS to define the budget and develop and finalize the budget justification for each proposal. The Office of Sponsored Programs (OSP) has the final authority on all budgets being submitted to external sponsors and interpreting all sponsor and federal guidelines and regulations.

II. INTRODUCTION

The purpose of the budget and justification is to outline and detail all expenses required to achieve project aims and objectives. Emory budgets must comply with federal regulations, which are to follow uniform federal guidelines and the OSP and FGC Websites. Exceptions to these principles can be made (see Cost Accounting Standards (CAS) Exceptions SOP #2014) but require approval.

The standards established in these guidelines require that all funded expenses must be (1) reasonable, (2) allocable to the project, (3) consistently treated as either direct or F&A (indirect) costs, and (4) allowable by law and under the sponsored research agreement.

**Note:** This SOP should be used in conjunction with the Research Proposal Application Process SOP # 1002 (and Complex Award Management SOP #1003, where applicable)

III. PROCEDURES

Research proposals may include a budget with a detailed breakdown of the financial support requested from the sponsor. The PI must ensure that the budget developed reflects the best estimate of the costs requested to complete the tasks outlined in the proposal.

For some proposals, sponsors may only require a modular budget or abbreviated budget instead of a detailed...
budget. Modular budgets are primarily requested by the National Institutes of Health (NIH) for grants with annual direct costs less than $250,000 per year, do not typically require a categorical breakdown of direct costs, and are based on modules with increments of $25,000. An abbreviated budget is when only limited information is required to be provided in the budget to the funding agency (typically salary of key personnel, but varies by agency). When modular or abbreviated budgets are required by the sponsor, a detailed budget will not be created UNLESS the school/unit or department has a specific policy requiring that detailed budgets are developed during the proposal phase. Each RAS unit should familiarize themselves with the policies of the departments and schools/units they serve.

**Preparation**

1. The Pre Award Administrator will review the budget restrictions and requirements provided by the sponsoring agency and provide support and feedback to the PI in budget preparation. The Pre Award Administrator must be aware of the agency guidelines before preparing/reviewing a proposal budget. A funding opportunity announcement (often called Funding Opportunity Announcement (FOA), Request for Application (RFA), Request for Proposal (RFP), or Program Announcement (PA)) usually lists budget criteria and restrictions. Specifically, the Pre Award Administrator should familiarize themselves with the following budget restrictions found in the opportunity announcement:
   i. Mechanism of Support
   ii. Period of Support
   iii. Funds Available
   iv. Cost Sharing or Matching
   v. Funding Restrictions and/or Exclusions

2. The Pre Award Administrator will determine the proper sponsor format for the budget, including whether the budget will be a modular or abbreviated budget. In addition, the Pre Award Administrator will identify the forms or schedules and any other unique formatting requirements from the sponsor. In most cases, sponsors require detailed budgets with categorical breakdown of direct costs on sponsor-specific forms.

**Define Budget Needs**

3. In order to develop the budget, the Pre Award Administrator will need to work with the PI to determine costs that are necessary and reasonable to complete the work described in the proposal. This can be done through a meeting, phone conversation, and/or email with the PI. Specifically, the following information needs to be determined:
   a. Project period, including period start date
   b. Personnel costs including effort and role
   c. Equipment, Travel, Trainee Costs
   d. Other Direct Costs (including supplies, core services, animal costs, patient care costs etc. – See Section 7.c below for additional examples)
   e. Cost share commitments
   f. Any costs associated with work occurring outside the PI’s home unit/department, and if costs are identified outside the home department, a detailed budget must be developed, regardless of whether the budget is modular or non-modular (e.g., a detailed budget)
   g. Indirect costs (also referred to as Facilities & Administration costs or F&A costs)
   h. Any Subcontracts / Subawards / Contractual / Consortium Agreements (referred to as subcontracts)
      i. The PI is responsible for obtaining from the subcontractor the budget (including direct and indirect (F&A) costs), budget justification, statement of work (SOW), and institutional assurance letter (also known as the consortium letter). Note that subcontractor budgets and assurance letters can take considerable amounts of
time. Allow sufficient lead time prior to submission deadline. The PI may request that the Pre Award Administrator assist in obtaining these documents from the subcontractors.

**Note: Please see section 7 under Develop Budget for detailed list of potential budget elements**

4. The Pre Award Administrator will confirm with the PI the timeline and assignment of responsibility for completing the necessary budget components, including completing sponsor-specific forms (in accordance with overall proposal application timeline (see Research Proposal Application Process SOP #1002))

**Develop Budget**

5. The Pre Award Administrator will create a draft of the budget utilizing a standardized budget template in order to calculate the proposed budget and review with the PI (see Associated Documents 2. Sample Federal Blank Budget Template, 3. Sample Non-Federal Blank Budget Template, 4. Sample NIH SF424 Budget Template and 5. Sample Proposal Budget Template)

   a. For Modular Budget Development (and abbreviated budgets)
      a. Modular budgets typically do not require a detailed breakdown of direct costs. While budget detail is typically not required for modular budgets, PI and personnel roles and effort along with subcontractor direct and indirect costs must be defined and also included in the budget justification (see section below titled “Budget Justification”). In addition, each project, core, consortium or Co-PI (as defined in the FOA) must have an independent budget that lists at a high level the direct costs, F&A, and justification.

   b. For Detailed Budgets (non-Modular Budgets), the following information should be included in the budget:
      i. Personnel
         1) Effort (% of time to be spent on award)
         2) IBS – Institutional Base Salary
            a) Pre Award Administrator is responsible for obtaining/verifying current salaries from the PeopleSoft HR system; If Pre Award Administrator does not have access to the specific staff or faculty member’s salary in the PeopleSoft HR system, contact the appropriate RAS unit or department for information. (Note: Institutional Base Salary corresponds to the time spent on Emory University professional activities such as research, instruction, clinical activities and administrative activities. Separate HR records are often created for each of these activities and should be included in the IBS calculation. Refer to local School/unit for specific guidelines related to IBS.)
            b) For graduate students enrolled in Emory’s Laney Graduate School, contact the Graduate School Financial office for information related to graduate student stipend, tuition and fees. For other graduate students, contact the appropriate school for information related to stipend, tuition, and fees.
            c) For multi-year awards, ensure appropriate escalation for future salary increases is included, based on sponsor and school/unit guidelines, if applicable.
d) For those faculty with separate academic (9-month) and summer term (3-month) appointments (including many faculty members in Emory College of Arts and Sciences), ensure the correct salary is budgeted for both appointments. (See Associated Document 6, *Calculator for Budgeting Effort and Salary for Faculty with 9 month appointments*).

3) Salary Caps / Salary Cost Share
   a) Pre Award Administrator is responsible for verifying if the faculty’s salary is above an agency salary cap and ensuring departments have approved any salary cost sharing commitments that result from salary caps.

4) Fringe Benefits (Refer to current Emory fringe benefit rates [http://www.osp.emory.edu/facts/fac-rates.html](http://www.osp.emory.edu/facts/fac-rates.html))

5) Veteran’s Affairs Appointments

6) Role (see Associated Document 7, *Sample Examples of Roles for Budget Development* for examples of specific roles)
   a) Senior / Key Personnel
   b) Post-Doctoral Associates,
   c) Graduate Students
   d) Other significant contributor
   e) Other personnel

ii. Equipment, Travel, Trainee Costs

iii. Other Direct Costs
   1) Materials and supplies
   2) Animal related costs (e.g., per diem, use fees, vet costs, etc)
   3) Publication costs
   4) Consultant costs
   5) Subawards / Consortium costs [see 3h. above]
   6) Computer services
   7) Alterations and Renovations
   8) Participant Incentives and Support
   9) Tuition
   10) Lab service / Core costs
   11) Other direct costs, as deemed necessary by the PI and/or sponsoring agency
   12) Appropriate annual increases for any recurring costs, based on agency and school/unit guidelines, if applicable (Note: Agencies may allow an escalation factor (i.e. 2-3% per year) for recurring costs applied to future budget periods)

iv. Indirect Costs (also known as Facilities & Administration Costs or F&A)
   1) Ensure the proper indirect cost rate is used (Refer to current Emory F&A rates [http://www.osp.emory.edu/facts/fac-rates.html](http://www.osp.emory.edu/facts/fac-rates.html))
   2) Ensure Indirect Costs are calculated properly using the proper rate and base (Note: most federal agency guidelines, including NIH, require Modified Total Direct Costs (MTDC) as the base for indirect cost calculations. MTDC is total direct costs less exclusions such as tuition and fees, capital equipment, lease or rent of facilities/equipment, patient care expense, and subcontract expenditures in excess of $25,000)
   3) Gather appropriate approval or copy of relevant sponsor guidelines for any deviation from standard indirect cost rate (See Cost Sharing SOP #1005)

6. Before finalizing the budget, the Pre Award Administrator should review to ensure the following
budget items are captured properly in the budget:

a. Appropriate fringe benefit rates
b. Effort committed to the project with no salary requested (cost sharing; See Cost Sharing SOP #1005)
c. Appropriate approvals for cost sharing and matching funds
d. Appropriate approval or copy of relevant sponsor guidelines for any deviation from standard indirect cost rate (See Cost Sharing SOP #1005)
e. Accurate indirect cost rate and calculations
f. Adherence to Cost Accounting Standards (see CAS Exception SOP #2014)
g. Appropriate escalation (e.g., annual cost increases) for salary and other recurring costs, based on agency and school/unit guidelines, if applicable
h. Adherence to all sponsor budget guidelines, including any budget limits or restrictions

**Note:** OSP is the Institutional Official (IO) for Emory and is the final authority on all budgets being submitted for extramural funding and interpreting all federal guidelines and regulations. If PI or Pre Award Administrator needs clarification regarding budgetary guidelines, they can contact OSP for guidance.

7. Pre Award Administrator submits budget by email to PI for review. In the email sent to the PI, if necessary, a request to meet should be indicated. The Pre Award Administrator should be available to review the budget with the PI and to make any changes identified during the budget review.
   a. Pre Award Administrator will make changes identified during budget review with PI and submit revised budget(s) to PI until PI confirms budget is finalized.
      i. If Pre Award Administrator identifies delays in finalizing budget, Pre Award Administrator should raise the issue to the Director of the RAS unit, or appropriate lead staff, to make attempts to resolve any open questions or issues.
   b. If there are no outstanding issues and budget has been finalized, Pre Award Administrator should request PI to complete budget justification (see Section 10 below). Pre Award Administrator will enter budgets into Emory Proposal Express System (EPEX) for routing (see Research Proposal Application Process SOP #1002) and ensure any sponsor-specific budget forms are completed, if applicable.

**Develop Budget Justification**

8. The PI develops a detailed budget justification for each of the cost categories included in the budget, and submits by email to Pre Award Administrator. All personnel listed on the budget along with their proposed effort need to be included in the justification. If proposal requires a non-modular budget, PI must justify all budget components.
   a. Modular budget justification should include personnel justification, subcontract justification and any additional narrative justification, as needed

9. The Pre Award Administrator will review the budget justification to verify that it matches the budget and notify PI of any inaccuracies or potential discrepancies.
   a. Pre Award Administrator will follow up with PI until budget justification is finalized.

**Route Budget and Budget Justification with Proposal**

10. The Pre Award Administrator will compile the budget documents, including the finalized budget template and any sponsor-specific forms, along with budget justification.

11. The Pre Award Administrator will attach all budget documents to proposal in EPEX for routing (see Research Proposal Application Process SOP #1002)
IV. ROLES AND RESPONSIBILITIES

Principal Investigator (PI):
- Defining budget needs and framework
- Preparing and completing budget justification
- Validating and approving budget

Pre Award Administrator:
- Assisting PI in defining budget needs by reviewing sponsor requirements.
- Developing budget
- Reviewing budget justification created by the PI
- Upon notification of the approval from OSP (or disapproval), any proposed changes should be communicated to the PI and updated in the final budget.
- Uploading applicable materials into EPEX for routing with the proposal

Office of Sponsored Programs (OSP):
- Approving budget and justification
- Notifying Pre Award Administrator / PI if changes to budget are needed
- Final authority on all budgets being submitted for extramural funding and interpreting all federal guidelines and regulations.

RAS CENTRAL NOTES:
- Strip checklists/templates from SOP and keep them separate
## BUDGET DEVELOPMENT CHECKLIST

This checklist is a supporting document for SOP #1004, Budget Development. The steps outlined below are a list of the procedures. Please review the SOP prior to completing this checklist for further information and clarification on this process.

### Preparation

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<tr>
<td>1.</td>
<td>Review budget restrictions and requirements as provided by the sponsoring agency. Provide guidance/support to the PI on the sponsor requirements as well as Emory requirements.</td>
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<td>2.</td>
<td>Determine proper sponsor forms and format for budget, including whether the budget will be a modular or abbreviated budget.</td>
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### Define Budget Needs

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<td>3.</td>
<td>Work with the PI to determine costs that are necessary and reasonable to complete the work described in the proposal. The following information is needed:</td>
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<td>a. Project period, including period start date</td>
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<td>h. Any Subcontracts / Subawards / Contractual / Consortium Agreements</td>
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<td>4.</td>
<td>Confirm with PI if a modular or detailed budget will be developed (in accordance with school/unit or department guidelines)</td>
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<td>5.</td>
<td>Confirm with PI the timeline and assignment of responsibility for completing the necessary budget components, including completing sponsor-specific forms (in accordance with overall proposal application timeline (see Research Proposal Application Process SOP #1002))</td>
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### Develop Budget

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<td>6.</td>
<td>Create a draft of the budget based on costs identified in step 3 above, utilizing a standardized budget template</td>
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<td>7.</td>
<td>Review budget to ensure the following:</td>
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h. Adherence to all sponsor budget guidelines, including any budget limits or restrictions

8. Submit budget by email to PI for review. In the email sent to the PI, include request to meet, if necessary
   a. Make changes identified during budget review with PI and submit revised budget(s) to PI until confirms budget is finalized
   b. If any delays in finalizing budget, notify Director of the RAS unit, or appropriate lead staff, to make attempts to resolve any open questions or issues

9. After budget has been finalized, enter budgets into Emory Proposal Express System (EPEX) for routing (see Research Proposal Application Process SOP #1002)

10. Request PI to complete budget justification, and assist as needed

11. Complete sponsor-specific forms, if applicable and as agreed upon with PI

12. Review the budget justification to verify that it matches the budget and notify PI of any inaccuracies or potential discrepancies.
   a. Pre Award Administrator will follow-up with PI until budget justification is finalized

Route Budget and Budget Justification with Proposal

13. Compile the budget documents, including the finalized budget template and any sponsor-specific forms, along with budget justification.

14. Attach all budget documents to proposal in EPEX for routing (see Research Proposal Application Process SOP #1002)