

**ORSO Guideline 2
Proposal Budget Assistance
WASHINGTON STATE UNIVERSITY
Office of Research
Office of Research Support and Operations**

Table of Contents

PROPOSAL REVIEW	2
SALARIES AND WAGES	3
FRINGE BENEFITS	7
EQUIPMENT	8
TRAVEL	10
MATERIALS & SUPPLIES	10
PUBLICATIONS and PRINTING COSTS	11
CONSULTANT SERVICES	11
COMPUTER SERVICES	12
SUBAWARDS	12
OTHER DIRECT COSTS	14
CHARGING F&A COSTS AS DIRECT COSTS ON NONFEDERAL PROJECTS	17
FACILITIES & ADMINISTRATIVE COSTS (F&A)	17
COST SHARING	20
ADDITIONAL INFORMATION	22
SUMMARY BUDGET JUSTIFICATION INFORMATION	23
ATTACHMENT 1:	
CERTIFICATION OF CHARGING ADMINISTRATIVE AND CLERICAL STAFF SALARIES	23

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SUBJECT: Assistance for Preparing Budgets for Sponsored Program Proposals

It is very important to understand that the budget of a Sponsored Project includes direct as well as facilities and administrative (F&A) costs. Direct costs are those easily identified as allocable to a specific project, such as salaries, employee benefits, supplies, and travel. F&A costs are those not readily identifiable with the project, such as administration, building space, equipment use, utilities, janitorial service, accounting, etc. Direct and F&A costs are incurred for all projects and together make up the total project cost.

ORSO recommends using the templates found in the [Excel Budget Workbook](#) to develop budgets for sponsored projects.

Also, any budget prepared for a sponsored project must be approved or developed by an individual who has completed the courses offered on sponsored project budgeting through WSU's HRS Research Administration Series through ORSO. Individuals completing the HRS course, and ORSO's budget-certification process, comprised of 7 practice budgets and 3 real proposal budgets, will be considered "certified" by WSU to prepare sponsored project budgets, and will be given the authority to have their budgets accepted without detailed scrutiny by ORSO. Budgets without approval from a Certified Budget individual will be scrutinized and may be rejected until appropriate corrections and/or certified approval has been given.

PROPOSAL REVIEW:

Budget Approval - You may obtain ORSO budget approval in one of two ways:

- 1) **Departmental Research Administrator:** Many colleges and departments have ORSO budget-certified Research Administrators (RAs). Please check with your area fiscal officer prior to sending your draft budget to ORSO, you may be able to obtain an approved budget from your departmental research administrator.
- 2) **ORSO Grant & Contract Coordinator:** You may email your draft budget to orso@wsu.edu and your budget will be routed to a Grant & Contract Coordinator. If you do not know which Coordinator is assigned to your area, please call ORSO at 509.335.9661 to be directed to your Coordinator, or check the [ORSO Contact Page](#). Your Coordinator will review your budget and return the approved budget to you as soon as possible. If there are questions, the Coordinator will contact you for clarification.

Deadlines:

Please see that your draft budget is submitted to ORSO a minimum of one week prior to the proposal due date. Agency deadlines often overlap, creating a situation where many budgets and proposals are reviewed by ORSO within the same week or even the same day. ORSO requires adequate time to allow processing of all requests.

Information Needed for Budget Approval:

Make sure that your draft budget clearly identifies the following information: (1) PI(s) name, (2) Awarding Agency, (3) RFP/RFA/PA pdf, (4) Proposed Project Period, (5) Full First Name, Middle Initial, and Last Name of each employee listed on the Budget (if known), (6) All direct costs for the proposed project as well as F&A costs at the applicable rate. This information will be used to verify salaries, benefits and other budget data.

Please wait for ORSO budget approval before you finalize your budget and make copies, as there may be necessary changes.

Note: If you are a departmental research administrator, and would like to obtain ORSO budget certification approval, please call ORSO at 509.335.9661 for more information.

[\(Back to Table of Contents\)](#)

SALARIES AND WAGES:

Faculty and Administrative/Professional:

Use the current faculty salary amount with an estimated 4% increase effective July 1 of each year thereafter. If a WSU faculty member will only be consulting on a project, it will still be calculated as a percentage of the appointment.

The current faculty salary shall be defined as the institutional base salary outlined in [BPPM 40.40](#), Institutional Base Salary and Salary Cap

Lastly, ORSO [Guideline #21](#) should be followed for Excess Compensation outside the parameters noted above or you may contact ORSO.

Compensation in excess of full time base salary may not be paid from a sponsored project unless it is specifically identified as such and requested from the agency in the proposal and approved according to the guidelines in the WSU Faculty Manual and ORSO [Guideline #21](#). **Excess Compensation approval must be obtained prior to submitting the proposal.**

Note: Compensation above full time base salary is allowable without the prior approval required for typical excess compensation if the increase is due to hazardous or dangerous conditions related to overseas research, these costs are not disallowed by the sponsor, and they are clearly identified as such in the budget/budget justification. This type of compensation is often referred to as Post Hardship Differential or Danger Pay. These costs must be reasonable and treated consistently. You may wish to consult the [U.S. Department of State Summary of Allowances and Benefits](#) webpage for more specific language and explanation of these items as well as other allowances and costs that

may need to be built into international research project budgets. Again, these costs must be treated reasonably and be allowable by the sponsor. For further detail related to international sponsored project budgets please see the webpage [Working with foreign entities](#) .

University policy permits WSU faculty on academic-year appointment to request summer support for up to three months from a granting agency provided this is consistent with the guidelines of the agency and the policy in the faculty manual is followed. Such support should be calculated at 1/9th of the academic-year support. In the event that three months are requested, the individual is expected to be at work every day with the exception of weekends and university holidays.

Note: Some agencies, such as NSF and NIH, have salary and appointment limits associated with types of appointments. Please make sure you review the Request for Proposal (RFP) and associated agency policies when preparing your draft budget.

NIH publishes information regarding the salary limitations for NIH awards, such as, NIH will generally provide a [3%](#) escalation factor for recurring costs each future year. The current NIH Salary cap and be found [here](#). NIH instructs applicant to input the full salary and they will decrease it at time of award to stay under the salary cap.

NIH Note for FY13: Per [NOT-OD-13-064](#) Non-competing awards will be issued without cost of living/inflationary adjustments in FY 2012. ([12-036 FAQs here](#)) Inflationary increases for future year commitments will be discontinued for all competing and non-competing research grant awards issued in FY 2013, (NRSA): The NIH will implement a two percent increase at all stipend levels. Further information about NRSA stipends in FY 2013 will be published in the NIH Guide in the near future.

The DOD (Dept. of Defense) encourages faculty to distribute their salary over the entire year, and not just in the summer months. This will generate accruals that can pay for summer faculty salary and will more closely reflect actual effort to the project. If work is done in the summer, then a possible adjustment to the payment schedule could be in order so as not to be red flagged for unspent funds.

Retiree Re-employment:

According to the Retirement Plan Rules and Regulations from WSU's HRS, retiree reemployment means the reemployment of a former Participant up to forty percent of full time following the date of retirement under Section 6.1 (for purposes of this Section, such individual is a "reemployed retiree"). A reemployed retiree's maximum salary will be calculated at forty percent of the retiree's average monthly basic salary paid during his or her highest two consecutive years of full-time service.

Note: Information regarding the Retirement Plan Rules and Regulations can be found [HERE](#).

Person Months:

There are agencies (NSF, NIH, etc.) which require the PI, faculty and other senior personnel to report the amount of time spent on a project in Person Months. A person month is the metric used to report this time rather than reporting it as a percentage of time and effort (%FTE). The effort is based on the type of appointment of the individual with their organization; e.g., calendar year (CY), academic year (AY), and/or summer term (SM); and the organization's definition of such. For instance, some

institutions define the academic year as a 9-month appointment while others define it as a 10-month appointment. WSU defines the academic year as a 9-month appointment.

To calculate percent of time and effort to person months, use the “Person Months Calculator” worksheet on the [ORSO Budget Workbook](#). For more information on the usage of person months, please go to http://grants.nih.gov/grants/policy/person_months_faqs.htm#g4.

Classified Staff:

Calculate classified staff salaries at Step L of the associated range for the position title listed on the proposal budget, calculating an estimated 4% increase each July 1. Appropriate salary ranges and steps for each Classified Staff Job Title can be found on the HRS website at [Classification & Compensation](#).

Classified staff salaries shall be defined as the **full-time monthly salary** without differentials for classified staff as outlined in WSU [BPPM section 60.25](#) under Payroll. Refer to the Classified Staff Schema and Salary Schedule.

For Federal awards, 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 from [§200.413\(c\)](#)'s *4 Point Test* as noted below:

- (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.

If it is determined that these costs are appropriately budgeted as direct costs, the certification statement page ([See Attachment 1](#)) must be filled out, signed and uploaded into the eREX form. Also, the PI must state within the budget justification of the proposal: “The (name the type of cost(s) here, e.g. admin. assistant salary/benefits, postage, etc.) cost(s) meets the Uniform Guidance [§200.413\(c\)](#)'s *4 Point Test* of the proposed project”.

Post-Doctoral Candidates/Research Associates:

If the position is a newly-hired employee, contact your departmental research administrator for a normal beginning salary range for these positions; add an estimated 4% increase effective July 1 each year.

If the salary is for a person already in the position, follow the same procedures as for faculty. Note: Some agencies, such as NIH, have salary caps for these types of appointments. Please make certain you review the RFP and associated agency policies when preparing your draft budget. The NIH salary caps for Post-Doctoral Candidates can be found [HERE](#).

Per [NOT-OD-12-033](#): NRSA support is limited to 5 years for pre-doctoral trainees, and 3 years for postdoctoral fellows. The NIH provides eight levels of postdoctoral stipends to accommodate individuals who complete other forms of health-related training prior to accepting a Kirschstein-NRSA supported position.

NOTE: When budgeting for post-docs, remember to review the salary threshold implementation schedule for overtime exempt workers. This will be important to review as you incorporate costs into your budgets.

https://www.dol.gov/whd/overtime/fs17d_professional.pdf

Washington State Department of Labor and Industries

<https://lni.wa.gov/workers-rights/wages/overtime/changes-to-overtime-rules>

<https://lni.wa.gov/forms-publications/F700-207-000.pdf>

Graduate Research Assistants:

Use the current matrices for Graduate Research Assistantship Appointments for all proposals, with the exception of proposals that are for the College of Science or include assistantships for DVM, Nursing, PharmD, and MBA assistantships; include an estimated 4% increase on all but QTR each July 1. QTR has separate inflation rates for each type of assistantship offered, please see the ORSO Budget Template for further guidance on inflation rates. For the assistantships with individual QTR inflation rates, graduate matrices can be found at [Form and Templates](#).

Note: If you wish to hire a Graduate Research Assistant at a higher level than the minimum step listed on the matrices as listed above, use Graduate School Document No. 12 and the Assistantship Salary Grid found on the [ORSO Budget Workbook](#). Calculate salary with a 4% increase each July 1. The minimum steps for GRA Appointments are as follows:

STEP 26 for Masters Candidates

STEP 32 for PhD Candidates

STEP 42 for College of Sciences Masters Candidates

STEP 47 for College of Sciences PhD Candidates

STEP 49 for College of Pharmacy Masters Candidates

STEP 60 for College of Pharmacy PhD Candidates

Graduate Research Assistants cannot be appointed for partial semesters; if you are requesting funding for a partial semester, you are responsible for committing other funds outside of the grant to cover the remainder of the partial semester funded by the grant.

NIH Note: Per [NOT-OD-22-132](#) the maximum amount that NIH will award to support the compensation package for a graduate student research assistant remains at the zero level postdoctoral stipend, as described in [NOT-OD-02-017](#).

Per NOT-OD-12-036: The NIH will implement a two percent increase at all stipend levels. Further information about NRSA stipends in FY 2012 will be published in the NIH Guide in the near future.

Note: There is a second type of appointment similar to the Graduate Research Assistant, but titled Graduate Project Assistant. This position is typically appointed at a higher step than a Graduate Research Assistant, but is not QTR eligible. See [Graduate Appointment Processing](#) document for more information on appointment types.

Wages/Temporary Employees:

Use hourly rates as appropriate for the type of work performed within the guidelines issued by Human Resource Services. You may or may not choose to use a 4% increase effective July 1 each year; this is your decision. You can find the hourly rate ranges by title at <https://hrs.wsu.edu/managers/classification-compensation/>.

NOTE: The current Washington State minimum wage can be found [HERE](#).

NOTE: The current federal minimum wage can be found [HERE](#).

NOTE: If existing personnel are being used, show their names. If a position is to be filled by a new hire, please indicate this on your budget.

[\(Back to Table of Contents\)](#)

FRINGE BENEFITS

Staff, Faculty, and Research Associates:

Faculty, Post-Doctoral/Research Associate(s), and Staff benefit rates can be found on the current budget template at <https://orso.wsu.edu/forms-templates/> under "Budget Template". These are the current estimated rates provided to ORSO by the budget office; these rate(s) are updated on a regular basis.

If you have reason to believe the current rate is too low for an individual in your budget, please contact ORSO; we may need to calculate actual benefits in some cases.

Note: Faculty members are required to make TIAA/CREF payments for summer appointments from grant funds. The grant budget must also include the WSU contribution paid toward employee benefits.

Retiree Reemployment. Retirees who have been re-employed will be allowed benefits including OASI, Medicare, Medical Aide, and Unemployment. The estimated rates for these benefits should be calculated with a rate of 9%.

ADR Only Benefits. If specifically budgeting for an ADR stipend only (no base salary/fringe), please contact payroll for current rates or use the following 2012 weighted ADR Benefits rates: AP should be calculated at 16.62% and Faculty at 16.19%.

Graduate Research Assistants. GRA benefits include Medical Aide, Qualified Tuition Reduction and Health Insurance.

Medical Aide. Graduate Research Assistant Medical Aide benefit is calculated at 1.5% of salary. The 1.5% represents med aid/worker's comp % and is part of the blended benefit percentage shown on the benefits model (12.2% in FY18 for a graduate student without QTR).

Qualified Tuition Reduction. Use the Matrices for Graduate Research Assistantship to locate the appropriate rate of QTR based on the GRA appointment start date. Use an 7% increase effective FY15 and each projected year for QTR, until further notice. For a single semester, use one half of the amount listed for a 9 month appointment.

Health Insurance. Use the Matrices for Graduate Research Assistantship to locate the appropriate health insurance rate based on the GRA appointment start date. Use a 4% increase for each subsequent year. For a single semester, use one half of the total amount for one year.

Note: Health insurance is paid during the academic year only. Summer coverage is through the premium paid the semester prior to summer appointment. If a GRA is appointed with a summer start date, he/she is not covered for that summer.

Time Slip Employees. There are many types of time slip employees; each type has a different fringe benefit rate. Please refer to the [ORSO Budget Workbook](#) for current rates.

Full-time Student Time Slip

* ORSO standard use of time is based on a sixteen (16) week semester.

Part-time Student Time Slip:

Non-student Time Slip (Temporary) benefits are calculated depending on the number of hours they work and how many months of work during a 12 month period. Benefit rates are based on amounts with or without PERS, health and medical insurance. These benefit rates vary for the following:

- If time slip will work less than 70 hours a month and not more than five consecutive months (No PERS or Health)
- If time slip will work 70 or more hours per month in at least five months of a 12 month time frame (PERS with no Health)
- If time slip will work at least six consecutive months at least part-time (PERS, Health, and Medical)

*Employees who work 480 hours or more over a consecutive 6 month period become benefit eligible at the beginning of month 7. Note: An employee must report a minimum of eight hours in month 7 to receive the insurance benefits. After establishing eligibility, if an employee does not work a minimum of eight hours in any month, the employee will lose benefit eligibility and must reestablish eligibility by working a minimum of 480 hours or more over a six consecutive month period.

[\(Back to Table of Contents\)](#)

EQUIPMENT

Capital Equipment: Only individual items costing \$5,000 each should be listed as capital equipment. Cost estimates should include sales tax and shipping; identify each piece of equipment with a corresponding cost.

High End Software: Software purchases are almost always a license for use and therefore categorized under object 03 – Goods & Services. Normally, only software embedded in the hardware of an item of capital equipment is itself classified as capital equipment. However, the Uniform Guidance defines stand-alone software in excess of \$5,000 as equipment, and it should be budgeted as such. (Software capitalization)

Fabricated Equipment: The need to fabricate an asset arises when the equipment does not already exist or additional functionality needs to be added to an existing piece of equipment. Certain criteria must be met in order to fabricate equipment. See [BPPM 40.12](#) and [BPPM 20.50](#) for reference.

The departmental equipment coordinator should notify Property Inventory of the intent to fabricate equipment. Property Inventory then issues an inventory number and tag, and can continue to add purchase costs until the fabricated equipment is finished. The Business Services/Controller's Office recommends referencing the inventory number in the comments sections on all Purchase Orders, P-Card transactions, and departmental charges related to the fabrication process, to capture all costs and code expenses directly to object 06 using the property number.

Based on the guidance above, ORSO recommends budgeting fabricated equipment that will have a completed cost in excess of \$5,000 as object 06, normally excluded from F&A.

Non-Capital Equipment consists of non-expendable equipment costing between \$500 and \$4,999 per item. Cost estimates should include sales tax and shipping; identify each piece of equipment with a corresponding cost.

Note: Object 16 is utilized for *Property Inventory* Items less than \$5,000 that are determined to be 'Small and Attractive', i.e., licensed vehicles, firearms and laptops (regardless of cost).

NOTE Regarding Budgeting for Computing Devices: Uniform Guidance [§200.453](#) provides instruction related to budgeting for computing devices. *In the specific case of computing devices, charging as direct costs is allowable for devices that are **essential and allocable**, but not solely dedicated, to the performance of a Federal award.* Computing devices, including laptops, should be budgeted under Object 16.

Please refer to BPPM [20.50](#) for the criteria. Object 03 Materials and Supplies is the budget allocation object for all non-capitalized equipment that does not apply to these criteria.

Tax Exemption for Research Equipment. Per BPPM [70.42](#), equipment over \$2,500 per item may qualify for tax exemption under Washington State [RCW 82.08.02565](#). For more information on criteria for this tax exemption, please see BPPM 70.42. If you still have questions as to whether or not to budget for taxes for a specific item of equipment, please contact Purchasing Services at 335.3541.

Other Equipment Related Costs. Other considerations to include in estimating project costs related to equipment:

Installation and start-up costs (normally include in object 06 cost estimate as part of the cost of placing a piece of capital equipment "in service")

Contact Physical Plant for estimated charges related directly to setting up or accommodating equipment use above and beyond typical Physical Plant services

Contact Facilities Planning for estimated charges for consultation on construction or alteration of capital facilities when it is necessary to allocate new university space to the project.

If the equipment is already available on campus, make sure to provide an adequate explanation for the need for duplication in the proposal budget justification

Budget costs for necessary maintenance, repair, or upkeep of equipment (including Maintenance Service Contracts) which neither adds to the permanent value of the property nor appreciably prolongs its intended life, but keeps it in an efficient operating condition. These costs should be budgeted in Object 03. Contact the Purchasing Department for further information on Maintenance Service Contracts.

NOTE: In the general procurement standards section of the Uniform Guidance, §200.318(d), there is instruction regarding WSU's avoiding acquisition of unnecessary or duplicative items. To support this analysis, the Office of Research has a [Property Inventory database](#) that can be utilized by units and departments to search for potential unnecessary or duplicative items.

NOTE: In the same section, under (f), WSU is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

Federal Policy Regarding the Purchase of Equipment. Most federal agencies will not provide funds for the purchase of general purpose office equipment. [\(Back to Table of Contents\)](#)

TRAVEL

Check with local travel agencies for transportation costs

Domestic per diem rates, mileage rates, rental car and motor pool rates are listed on the Travel Services website at <http://www.wsu.edu/travel/>.

Foreign Travel per diem rates by location can be found on the U.S. Department of State website at: [US Department of State Travel](#) or by calling WSU Travel Services at 509-335-2034. Please see the "[Additional Information](#)" section for further guidelines related to foreign entities.

Inflation of travel costs is suggested at 4% per year, but not mandatory.

Always provide detail breakdown of estimated travel expenditures.

Agencies often request budget detail at the time of proposal review. Keep in mind that a lump sum travel estimate without destination and detailed cost breakdown may delay the award process.

[\(Back to Table of Contents\)](#)

NOTE: The Uniform Guidance has modified the Procurement Standards as noted under sections [§200.320\(b\)](#), which requires competitive bids for purchases of \$3,000 and above (or \$2,000 in the case of acquisitions for construction subject to the Davis-Bacon Act).

MATERIALS & SUPPLIES

PIs should use their best estimate or a catalog price, plus tax and shipping costs for each item.

Inflation suggested at 4% per year, but not mandatory.

Individual components to be used for equipment fabrication should be identified as such. This can be separately budgeted and F&A will not be assessed to these costs.

“Project/Lab” supplies should be coded as 03AC; supplies that are coded 03AA on the BALANCES system must be allocable to that particular sponsored project.

[\(Back to Table of Contents\)](#)

PUBLICATION and PRINTING COSTS

Publication costs include the costs of printing (including the processes of composition, platemaking, press work, binding, and the end products produced by such processes), distribution, promotion, mailing, and general handling. Publication costs also include page charges in professional publications. Principal Investigator’s should use their best estimate for publication costs related to the project.

If Publication costs are not identifiable with a specific project, they should not be allocated as a direct cost, they are considered as an indirect cost.

Page charges for professional journal publications are allowable as a necessary part of research costs where:

The research papers report work supported by the Federal Government and the charges are levied impartially on all research papers published by the journal, whether or not by federally sponsored authors.

Contact WSU Publications or Mailing Services for pricing and estimated cost information.

Inflation suggested at 4% per year, but is not mandatory.

Per [§200.461](#), publication costs for work supported by the Federal government are allowable after the award end date but prior to closeout as indirect costs.

[\(Back to Table of Contents\)](#)

CONSULTANT SERVICES

Consulting that cannot be accomplished by existing departmental staff or university service departments may be obtained from firms or individuals outside the university on a fee for service or contract basis, provided a proper request is made and approval obtained PRIOR to rendering of the service, whether WSU or agency approves. Consultant fees are a separate category of direct costs and are not listed as part of the personnel budget. Specific provisions should be made in proposals for the compensation of consultants who are vital to the success of the proposal.

Washington State Employees as consultants on proposal budgets:

Provisions made for payment of consultant fees to any member of the Washington State University staff must comply with existing regulations (see ORSO [Guideline 21 – Excess Compensation](#)). Essentially, such compensation is rarely allowed and only under exceptional

circumstances. No consultant fees may be paid to federal employees from federal grants or contracts. Personal Service Contracts have specific statutory requirements that must be addressed. WSU is required to file all object 02 (Personal Service Contracts) with the Office of Fiscal Management in Olympia ten days prior to the start date of the contract. For details and procedures, please contact the Purchasing Department.

The National Science Foundation has recently changed their policy on consultant rate fees. Please review the document at <http://www.nsf.gov/bfa/dias/policy/docs/consultantfaqs06.pdf> to ensure correct consultant rates are charged.

Inflation suggested at 4% per year, but not mandatory.

[\(Back to Table of Contents\)](#)

COMPUTER SERVICES

Call the Computer Center (509.335.4357) for estimates based on type of job, CPU time, etc. <http://www.math.wsu.edu/computerservices/welcome.php>

Inflation suggested at 4% per year, but not mandatory.

[\(Back to Table of Contents\)](#)

SUBAWARDS

Subawards are defined as an award provided by a pass-through entity (WSU) to a subrecipient for the subrecipient to carry out part of an award received by the pass-through entity.

Have each subrecipient prepare and submit a Detailed Budget, Budget Justification, F&A Rate Agreement if F&A is requested, and **Letter of Commitment or Intent, signed/approved by the appropriate institutionally authorized representative (AOR) for that subrecipient.** This documentation needs to be submitted with the proposal to ORSO.

NOTE:

ORSO subscribes to the NIH model for the Letter of Commitment or Intent requirement, based on the [NIH Grants Policy Guideline](#) regarding consortium agreements.

The signature (or electronic equivalent) of WSU's AOR on a proposal containing collaborative/sub-contractual/subaward arrangements signifies that WSU as the applicant organization and all proposed collaborators understand and agree with the following statement:

The appropriate programmatic and administrative personnel of each organization involved in this application are prepared to establish the necessary inter-organizational agreement(s) consistent with institutional and agency policies to implement the proposed collaborative effort.

List each subaward as a separate line item. Calculations on budgets submitted by subrecipients should be checked for errors. If the subrecipient is requesting F&A costs, include the F&A costs in the total with subrecipient direct costs as one line item on the WSU budget.

For NSF flow-through subawards to non-U.S. entities: Effective 12/26/2014: NSF 15-1 PAPPG/GPG Chapter II.C.2.g(vi)(e), Subawards, “It is also NSF’s expectation that NSF awardees will use the foreign subrecipient’s applicable U.S. federally negotiated indirect cost rate(s). However, foreign subrecipients that do not have a U.S. federally negotiated indirect cost rate are entitled to a de minimus indirect cost rate recovery of 10% of modified total direct costs.”

Documentation Options for Subrecipient Indirect Costs (IDCs):

If subrecipient F&A is allowable to the Prime awarding agency (as per the RFP, BAA, or agency website), then provide one of the following forms of documentation in support of the proposed IDCs:

1. Federally-Negotiated Indirect Cost Rate Agreement (ICRA)
2. Institutional or Organizational Indirect Costs Rate Sheet – with an established track record of utilization in prior collaborations, showing F&A base information
3. Detailed Budget – with substantiation/narrative, showing **all items as direct costs** (fullyloaded rate approach).
4. Per [§200.414](#), any subrecipient entity that has never received a negotiated F&A cost rate agreement may elect to charge a *de minimis* rate of 10% of modified total direct costs (MTDC) which may be used indefinitely if they meet the definition of a non-federal entity as specified in the Uniform Guidance
[§200.69](#) Non-Federal entity: Non-Federal entity means a state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient.

A subrecipient will not be required to establish an F&A rate if the organization’s total operations consist of a single grant-supported project or if the organization appropriately and consistently treats all costs as direct costs to projects and accounts for them as such. In the latter case, WSU must be satisfied that the organization’s accounting system can adequately identify and support all costs as direct costs to the project. For WSU procedural support see NIH’s Grants Policy Statement, “[7 Cost Considerations](#).” This includes being able to identify and segregate costs on the basis of a process that assigns costs commensurate with the benefits provided to individual projects. See NIH’s [8.3 Management Systems and Procedures](#)

Davis-Bacon: [40 USC 3141-3148](#), requires that contractors engaged in Federally-funded construction contracts over \$2,000 ensure that **laborers** and **mechanics** employed pursuant to Federally funded **construction** contracts, subcontracts, and construction contracts under Federal grants be paid **prevailing wages** as determined by the U.S. Secretary of Labor.

WSU will occasionally receive a Federal grant under which the University may **contract** out for the construction, alteration, or repair of public buildings. When these **construction agreements** are in excess of \$2,000, the provisions of the Davis-Bacon Act must be applied to the contractor doing the work. The subrecipient will be required to provide a copy of the current prevailing wage determination issued by the Department of Labor, and the award of a subcontract shall be conditioned upon the acceptance of the wage determination.

Note: ORSO [Guideline #22](#) distinguishes the differences between a subcontract, personal services contract, and purchased service relationship. It is important to understand these differences as the type of contract budgeted for compared to how the work will truly be contracted out will cause significant differences in estimated costs on your budget. For example, facilities and administration

costs will be charged on the full amount of a personal services contract (budget object 02) but only on the first \$25,000 of a subcontract.

Note: If the subrecipient doesn't have a Federally Negotiated Indirect Cost Rate and is **NOT** a Non-Federal entity as defined in the Uniform Guidance, they would not be eligible to be funded Indirect Costs. The subrecipients that are not a Non-Federal entity would need to work in their overhead costs as a portion of their direct costs.

§200.69 Non-Federal entity: Non-Federal entity means a state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient.

[\(Back to Table of Contents\)](#)

OTHER DIRECT COSTS

Any WSU service center used should be shown in the Other Direct Cost category and budgeted under object 03 (e.g. Electron Microscopy Center, Lab Animal Resources, etc.). Each center should be contacted by the Principal Investigator to get estimates for services requested.

Note: The Service Center will include an 8% service center administrative service charge in the total with any service center estimate.

Telephone tolls, photocopy charges, equipment maintenance, conference registration fees, etc. also belong in this category. If telephone equipment/line rental is to be charged to the grant, it should be separately identified here as such and not included as tolls. Such costs are usually compensated as F&A and not as direct costs if federal funding is involved, please see [Attachment 1](#) for complete information. Effective FY 2007-2008, budgeting for cell phones on federal programs is only allowable if the proposed project meets the criteria as outlined in [Attachment 1](#). Otherwise, cell phone charges are considered equivalent to other electronic devices that are usually compensated as F&A and not as direct costs. Please also refer to WSU [BPPM 85.45](#) for further information on cell phone use. For proposal budgets being submitted to non-federal sponsors and/or for federal proposals, *cell phone charges shall be handled in the following manner: Please list the amount of the cell phone and service charges under the "Other Direct Costs" line item. Also, include a 10% benefit rate in the line item (please verify this percentage with your department's individual benefit rate percentage). A separate calculation sheet should be kept on file to validate the calculation for the line item. (A notation should be made in the budget justification that the university reimburses employees for the specific cell phone and related charges through wages and benefits and the costs associated to these budget items will be paid out as such.)*

Some Sponsors allow for the inclusion of Proposal Development Costs, however if the Sponsor is federal this allowance would need to be specifically indicated in the RFP as in the case of NIH's K awards.

See: <http://grants1.nih.gov/grants/guide/notice-files/NOT-OD-11-002.html>.

Note: Off-Campus projects (i.e. field work, out of country projects, etc.) that REQUIRE the need for a cell phone may be allowable as a direct cost to a sponsored project. Please provide adequate explanation in the budget justification. These costs may be budgeted as indicated above.

Note: Fees for memberships of Societies, Councils, or other groups to attend a specific conference required by a sponsor within an RFP, may be included as a direct cost in conference expenses.

Dependent Care:

Per [§200.432](#), costs of identifying, **but not providing**, dependent care during conferences associated with dissemination of research results are allowable as a direct cost but must be treated consistently across all funding sources. While in travel status, refer to [§200.474\(c\)\(1\)\(iii\)](#).

NOTE: WSU's Dependent Care Assistance Program is outlined [here](#).

NIH Notice [NOT-OD-21-074](#) Announcement of Childcare Costs for Ruth L. Kirschstein National Research Service Award (NRSA) Individual Fellows

Stipends and Participant Support Costs (PSC) - For Federal Awards:

Definitions:

Stipends: Defined in the NIH Grants Policy Manual as “a direct form of financial support made through a payment to an individual under a fellowship or training grant in accordance with preestablished levels to provide for the individual’s living expenses during the period of the training.” For WSU purposes, WSU [BPPM Form 30.30](#) indicates that stipends are “not considered a wage or a salary and are not subject to federal withholding tax or social security tax.”

Participant Support Costs: Per [§200.75](#) Participant support costs means direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects. Participant Support Costs should be paid via State of Washington Invoice Voucher ([A-19 Form](#)) using object code 03PX to insure F&A costs are not attributed to this expense.

Budgeting for PSCs:

Facilities and Administration Costs are not allowed on PSCs. In addition, per [§200.308\(c\)\(5\)](#) the transfer of funds budgeted for PSCs to other categories of expense require prior sponsor approval.

Inflation for all the above items is recommended at 4% per year, but is at the discretion of the Principal Investigator. For NIH proposals, be sure to check the appropriate NIH Institute to which you wish to apply, for their inflation factors as each NIH institute may have different inflation rates. If the institute has not communicated an inflation factor or the appropriate institution has not been identified, use the standard 4% recommended above.

Note: Some agencies such as the National Science Foundation (NSF) do not allow F&A costs charged to training costs for activities such as symposium, seminars or workshops; these items should be charges as participant support costs. If in doubt, check with ORSO (509.335.9661)

Intellectual Property Costs:

When there is a possibility that IP (Intellectual Property) will be developed from a sponsored research project, we encourage budgeting in direct costs for IP protection and patent filing costs. For domestic

patent applications an estimated cost range from \$7,500 to \$15,000 is considered acceptable and for foreign patent filings an estimated cost range from \$60,000 to \$150,000 is acceptable. For more specific numbers we encourage departments to contact the Intellectual Property Office at 509.335.5526.

Radioactive Waste Costs:

Radioactive Waste is typically charged as a facilities and administrative cost; the Radiation Safety Office (RSO) is factored into the F&A rate for sponsored projects that involve a “normal” amount of radioactive waste. However, if your project will produce a larger than normal volume of radioactive waste, causing an “unlike circumstance”, then you should build these costs into your proposal budget as a direct cost. If your project is determined to be an “unlike circumstance” in regards to Radioactive Waste, please contact the Radiation Safety Office (RSO) for a cost estimate for disposal of this waste.

Other Costs Associated with Foreign Travel:

FOREIGN TRAVEL and budgeting when foreign entities are involved: High Risk Insurance information can be found @ [Working with foreign entities](#). This link also gives helpful advice related to budgeting when foreign entities are involved.

The Defense Base Act (DBA), [42 U.S.C. §§1651–1654](#), covers persons employed at United States defense bases overseas, and is designed to provide medical treatment and compensation to employees of defense contractors injured in the scope and course of employment. The Defense Base Act requires coverage for all employees engaged in performing work on a United States military base outside the United States, including its territories and possessions, provided in the statutory amount. Almost any Contract with a U.S. Agency could potentially require Defense Base Act Coverage. Further information is available at the [ORSO Guidelines](#) website under the “Other Important Guidance Documents”:

For additional guidance in estimating costs for WSU to purchase insurance coverage for compliance with Defense Base Act provisions, please contact WSU’s Office of Risk Management & Insurance at 509.335.5524.

Institutional Review Board (IRB) and/or Human Research Protection Program (HRPP) Costs:

Any extraordinary costs associated with Institutional Review Board (IRB) and/or Human Research Protection Program (HRPP) review and oversight of human subjects research that would typically be budgeted as indirect costs shall be budgeted to sponsored projects as direct costs when they can be specifically identified to the work performed under those agreements or projects. Examples of extraordinary review and oversight costs include:

- IRB review of industry sponsored clinical research (e.g. Phase I-IV drug or device trials).
- Single IRB (sIRB) review for multi-site studies where sIRB is required by the sponsor.
- sIRB review for multi-site studies when requested by the Principal Investigator (PI) or sponsor.
- HRPP review of IRB Exempt multi-site studies when requested by the PI or sponsor.

For more detailed information please visit: irb@wsu.edu and select “IRB Fees” from the menu or contact the IRB/HRPP Office at: irb@wsu.edu.

Animal Purchases and Care:

Animal purchases, animal care (per diem or yardage rates) and animal health care costs are direct costs that shall be charged to sponsored projects when they can be specifically identified to the work performed under those agreements. Animal health care consists of veterinary medical care provided for the diagnosis, treatment, and prevention of diseases or injury of the animals. This includes costs of routine preventative health for maintaining animals such as vaccination and parasite control as well as treatment of anticipated or unanticipated disease or injuries. WSU has multiple centralized and decentralized animal housing facilities under separate managing units. Contact your facility administrator to determine the per diem or yardage rates and what animal health care procedures are included in the rates. If your project will produce additional animal health care costs, then you should also build these costs into your proposal budget as a direct cost. Please contact the Office of the Campus Veterinarian for a cost estimate for animal health care.

[\(Back to Table of Contents\)](#)

CHARGING F&A COSTS AS DIRECT COSTS ON NONFEDERAL PROJECTS

Costs that are normally F&A costs may be charged to *nonfederal* sponsored agreements if permitted by the sponsors' policies/practices or otherwise approved by sponsors. If a nonfederal sponsor does not allow for F&A costs, or allows for a reduced F&A cost rate than WSU's federally negotiated rate, a Principal Investigator may budget the following items to direct costs if allowed by the agency:

- Administrative Assistants and/or Support Staff
- Office supplies
- Postage
- Basic local telephone services on campus (basic services include phone installation, monthly line charges, and basic instruments)
- Memberships

[\(Back to Table of Contents\)](#)

FACILITIES & ADMINISTRATIVE COSTS (F&A)

A. F&A Rates. The University F&A cost rates are calculated on the basis of criteria specified by the United States Office of Management and Budgets and are verified each fiscal year by the auditors of the Federal government. Normal F&A Cost rates will generally be applied on all proposals unless the funding agency prohibits F&A Costs or limits F&A to a specific rate. In addition, renewal proposals to external agencies must request full F&A cost reimbursement to the university, regardless of the rate in place at the time of the original agreement, assuming the federally negotiated F&A rate is accepted by the agency. The following rates are effective for the time period of 7/1/19–6/30/23:

- The Organized Research On-Campus Rate is 51% MTDC until 6/30/16.
- The Organized Research On-Campus Rate is 52% MTDC from 7/1/16 to 6/30/17.
- The Organized Research On-Campus Rate is 53% MTDC from 7/1/17 to 6/30/23.
- The Organized Research Off-Campus Rate is 26% MTDC.
- The On-Campus Instruction Rate is 57.5% MTDC.

- The Off-Campus Instruction Rate is 26% MTDC
- The On-Campus Other Sponsored Activity Rate is 36% MTDC
- The Off-Campus Other Sponsored Activity Rate is 26% MTDC

Note: [BPPM 40.25](#), Facilities and Administrative Costs, contains additional information explaining these costs if further inquiry is necessary.

B. Determining On vs. Off Campus F&A Rates:

In cooperation with the WSU F&A Rate Agreement:

On-Campus: A project is considered on-campus if the activity is conducted in any facility owned and/or operated by the University and direct costs are associated with maintenance and use of the physical plant and libraries.

Off-Campus: Per the WSU F&A Rate Agreement, “A project is considered off-campus if the activity is conducted at locations other than in University owned or operated facilities and indirect costs associated with physical plant and library are not considered applicable to the project.”

Where a project supported by a single grant or contract is conducted at two or more physical locations (split between on and off campus facilities), the following principles should normally be observed for determining the appropriate F&A Cost Rate:

Where the total annual amount (direct costs only) of the grant or contract is less than \$250,000, a single F&A cost rate will be applied. This rate will be the one currently applicable where the preponderance (more than 50%) of project salaries, wages and benefits costs are incurred.

Where the total annual amount (direct costs only) of the grant or contract is \$250,000 or greater, provision should be made for use of appropriate rates to be applied to project costs at each location. Using the salaries, wages, and benefits as a basis for applying the rates to the other MTDC project costs, the rates can then be applied to MTDC project costs at each location.

C. MTDC (Modified Total Direct Costs): MTDC are the direct costs less the following:

- Equipment items costing \$5,000 or more per item – Applicable towards federal proposals only.
- Capital expenditures (alteration and renovation costs)
- Costs over \$25,000 for each subcontract. F&A costs are at the same F&A rate as the proposal on the first \$25,000 of each subcontract only.
- Qualified Tuition Reduction
- Patient Care
- Off-Site Facility Rental
- Scholarships/Fellowships (paid as stipends under budget object 08) □ Stipends/Participant Support Costs

Stipends: Stipends should be paid using the Non-Services Pay Form ([BPPM Form 30.30.6](#)).

Participant Support Costs: Participant Support Costs should be paid via State of Washington Invoice Voucher ([A-19 Form](#)) using object code 03PX to insure F&A costs are not attributed to this expense.

Make sure to code all participant support costs as 03PX; Participant Support Costs coded as 03AA will be charged F&A.

D. F&A Waiver:

F&A Waivers requested prior to proposal submission or post-award are reviewed and approved by either the Associate Vice President of ORSO or the Vice President for Research.

Requests should normally be routed from the PI, via the Unit Chair or Director and the Associate Dean (or delegate) or Vice Chancellor responsible for research and scholarship activities of that Area/College/Campus, to the Associate Vice President of ORSO.

E. F&A Rate Guideline Exceptions:

Agency Restriction of F&A: All sponsored programs are to include facilities and administrative costs at the rates as approved by DHHS and listed above for on and off campus activities with the exception of federal and non-federal sponsors that publish a rate that cannot be exceeded and is followed by all institutions submitting to that source of funds (see additional guidance for industry & foreign government sponsors below). This information will be found in printed sponsor guidelines or procedures and may vary from program to program within a sponsor. Consideration will be given on WSU's ability to support those un-recovered costs prior to the submission of the proposal or request for funding. Please see ["Charging F&A Costs as Direct Costs on Nonfederal Projects"](#) for additional information.

Note: Except as provided otherwise by sponsor regulations, F&A costs on flow-through funds from a pass-through entity must be included at the appropriate F&A rate.

Industry & Foreign Government Restriction of F&A: Appendix III to 2 CFR 200 requires the University to ensure that Federal sponsors do not in any way subsidize the indirect (F&A) costs of activities sponsored by industry and foreign governments. To comply with this regulatory requirement, the University expects the applicable F&A rate from these sponsors regardless of any sponsor-published rate restriction.

Construction Projects: F&A is waived on construction costs.

USDA F&A Rate determination calculator: Most USDA funding requires WSU to use the lower of a rate indicated by USDA or WSU's appropriate rate (See USDA guideline below). To help determine which rate is lower, a calculator is provided at [Budget Workbook](#). Please use the calculator to determine which rate should be applied to the project budget prior to submitting your proposal to ORSO.

Please note USDA-NIFA Indirect Costs: Section 7132 of the Food, Conservation, and Energy Act amended section 1462 of the National Agricultural Research, Extension, and Teaching Policy Act of

1977 (7 U.S.C. 3310) on recovery of indirect costs. The recovery of indirect costs on awards made by NIFA under this program area may not exceed the lesser of the institution's official negotiated indirect cost rate or the equivalent of 30 percent of total Federal funds awarded (42.857% TDC).

Further information on USDA indirect cost recovery limitations is available at these links:

<https://www.nifa.usda.gov/grants/regulations-and-guidelines/indirect-costs>

NIH Special requirements: In some cases, such as with projects which require the purchase of Genomic Arrays (GAs), NIH requires the purchase of such GAs to be subcontracted rather than being purchased as a good or supply. Be sure to consider any special budgeting requirements when developing your proposal budget.

Example: <http://grants.nih.gov/grants/guide/notice-files/NOT-OD-10-097.html>

[\(Back to Table of Contents\)](#)

COST SHARING

A. If Cost Sharing is in the proposal, an obligation will be set up at the time the award is set up. Documentation will be required. Every effort should be made to meet the obligation within the grant period. **Grants whose cost sharing obligation has not been met may be subject to reduction by the agency.**

B. If Cost Sharing obligations are not required, they should not be listed on the budget page and should not have a dollar value assigned in the narrative. Lab space should not be shown as a WSU contribution. Be sure you are not over-committing a person's time beyond 100% effort; if a person is being paid 100% on other projects and that situation will not be changing, do not commit him/her for additional effort unless it is clearly shown and stated as extra compensation and has been approved as such prior to proposal submission. As a general rule, cost share the minimum amount required by the agency. Cost share that is not required by the agency however and is listed on the REX and/or in the budget and/or in the proposal project description is considered voluntary committed cost share. Voluntary committed cost share is not recommended, therefore must be approved by departmental heads through signatures provided on the REX form and will be tracked and accounted for by Sponsored Programs. Voluntary committed cost share is reviewed in our audit processes.

NOTE: NSF prohibits the inclusion of voluntary committed cost sharing.

Voluntary Committed Cost Share:

Per [§200.306](#), the NSF model is adopted for all agencies in that voluntary committed cost sharing is not expected and may not normally be considered in the review of research proposals unless statutorily required.

C. If you are asked to include Other Support not to be considered as committed cost sharing by WSU, please include the following statement within the body of your proposal or budget narrative:

“WSU is including in this proposal, the following information on other resources available which are in support of similar research/activities undertaken by the Principal Investigator (PI). These resources are listed to identify other support for this research/activity and are not included as a commitment of cost-share by WSU.”

D. Using federal dollars as matching or Cost Sharing toward another federal project is not allowed unless you have written authorization from both the cost-sharing federal agency and the funding agency prior to submission of the proposal.

E. Unrecovered or “waived” F&A Costs on the grant portion due to a lower agency allowable F&A rate can generally be claimed as Cost Sharing. F&A Charges on the Cost Share direct costs may also be used as unrecovered cost share unless specifically not permitted by the sponsor. Waived and/or unrecovered F&A costs should be shown separately on the budget.

Note: Unrecovered F&A is defined as F&A that would have been recuperated if not for the sponsors’ policy to not allow for those expenses to be reimbursed.

F. It is highly encouraged that an investigator not offer university cost sharing in categories other than salaries. Since cost sharing is auditable, it must be possible to document without excessive record keeping. Normally the salary of the Principal Investigator and/or other University staff pledged to the project, with related employee benefits and F&A costs, is more than sufficient to show an acceptable level of cost-sharing.

For the purpose of this Memorandum a distinction is made between “cost-sharing” as discussed and “matching costs.” Matching costs are commitments by the University to spend its funds in a certain proportion to funds provided from the granting agency. Normally this commitment is required in equipment or facility grants. Funds so committed are monies which would not otherwise be spent for this purpose in contrast with faculty or staff salaries pledged to a project as “cost sharing.”

G. Third-party cost sharing/matching commitments must be in writing, incorporated into the proposal, and signed off by an authorized representative from the entity committing the cost share/match amount. In certain situations, WSU may require cost share agreements with thirdparty agencies committing funding.

H. Below is a list of examples of suggested cost share items:

- 1) Faculty time: Salaries, wages, benefits, and F & A
- 2) Cash commitments from Departments, Colleges, and Organized Research.
- 3) Straight equipment match
- 4) Purchase of other new equipment
- 5) Replacement parts and maintenance contracts
- 6) Renovation of facilities
- 7) Potential cost share of space lease costs (if it is off-campus)
- 8) Leveraged Gifts
- 9) Leveraged/Related Grants from non-Federal Agencies (e.g. WA State agencies)
- 10) Graduate Research Assistantships (includes fringe and F & A)
- 11) Graduate student tuition waivers
- 12) Graduate Teaching Assistantships
- 13) Third party funding applied for or received
- 14) Subcontractors’ portions of cost-sharing obligations
- 15) Volunteer contributions

NOTE: PERCENT EFFORT REQUIRED WITH NO SALARY PERMITTED (non-federal)

When percent effort is a requirement by a **non-federal** funding agency, but no salary is allowed or expected per the RFP, ORSO will waive the requirement for cost-share documentation. However, if salary is not specifically prohibited (mentioned) in the RFP, the department must either cost share the salary OR acquire a letter/email from the agency stating that the percent effort is not to be construed as cost sharing in either an official or unofficial capacity. This statement must be specific to the proposal being submitted. No blanket statements/waivers will be accepted.

[\(Back to Table of Contents\)](#)

ADDITIONAL INFORMATION

Federal Award Close Out Information:

Per [§200.343\(a\)](#), WSU must submit, no later than 90 calendar days after the end date of the period of performance, all financial, performance, and other reports as required by or the terms and conditions of the Federal award. Departments must have EAAs (and retroactive EAAs), subcontracts, Service Center billings, ETRs, etc. done well ahead of time. Anything done after 90 days past term will **not** be allowable on the account and SPS cannot extend past this date.

FTE and Grant Assignments:

It should be noted that when a faculty FTE, or portion thereof, is vacant due to appointment to a grant budget, the FTE is NOT lost to the department as a permanently budgeted position. The salary equivalent goes to the accruals account each month that the position is vacant. The area has these funds at its disposal for equivalent part-time faculty appointments or conversion to temporary assistantships, to time-slip funds, or other budget categories. This benefit is provided to the areas to encourage extramural funding. The Area Finance Officer for each area should be consulted for details.

Working with Foreign Entities:

When budgeting for projects that will include collaborators or agencies from foreign entities there are specific requirements that need to be considered. Some of these considerations include hazardous pay and high-risk insurance. To ensure that all of these aspects are reviewed please follow the budgeting links at [Working with foreign entities](#).

Rental of Non-University Space:

You may need to contact Business Affairs for information related to rental of non-university space when required.

“Miscellaneous” and “Contingency” categories should be avoided on the budget page.

Revision of budgets and of the scope of work to be conducted for a proposed project is often requested by the external agency. All such revisions, including cost-sharing and matching costs are subject to the same review and require the same authorization as the original proposal. In fact, this review is of greater importance than at the time of submittal because it is at this point where a decision must finally be rendered as to the acceptance of the grant or contract.

[BPPM 40.09](#), Cost Determination Guidelines is another excellent resource for proposal budget development.

[\(Back to Table of Contents\)](#)

SUMMARY BUDGET JUSTIFICATION INFORMATION

Estimated Inflation Factors:

FACULTY/AP/GRA = 4% each July 1
CLASSIFIED STAFF = 4% each July 1 + Applicable PID
QUALIFIED TUITION REMISSION = 7% each year
GRA HEALTH INSURANCE = 4% each year

Note: please use the appropriate inflation factor for the appropriate NIH institute as noted in the announcement/RFP.

DIRECT COSTS include all charges directly allowable, reasonable and allocable to a sponsored project. Direct costs include, but are not limited to, the following: salaries and wages, fringe benefits, materials and supplies, travel, the first \$25,000 of each subcontract, equipment, participant support costs, consultant charges, and purchased services.

MTDC (Modified Total Direct Costs) are defined as direct costs with the exception of the following exclusions: capital equipment, capital expenditures (remodel costs, etc.), charges for patient care, qualified tuition reduction, rental costs from off-site facilities, scholarships, fellowships (stipends), portion of each subcontract exceeding the first \$25,000, participant support costs.

[\(Back to Table of Contents\)](#)

ATTACHMENT 1: CERTIFICATION OF CHARGING ADMINISTRATIVE AND CLERICAL STAFF SALARIES

The proposal application entitled _____ being submitted to _____, a federal agency, proposes a budget where costs that are typically treated as F&A costs have been budgeted as direct costs.

These costs are being directly charged to the federal sponsor because they meet the following WSU Cost Determination Guidelines in [BPPM 40.09](#):

- The project has a special need for the item or service involved that is beyond the level of services normally provided.
- The costs can be specifically identified to the work conducted under the project.
- The costs are specified in the proposed budget of the sponsored agreement, and the special circumstances requiring direct charging are justified in the proposal.
- The sponsoring agency accepts the cost as part of the project's direct cost budget; i.e., the sponsor does not specifically disapprove the cost in the award or in other notices it gives to the University.

Also, per [§200.413\(c\)](#), I certify that the proposed project meets the criteria of the Uniform Guidance's *4 Point Test*.

Principal Investigator Date

Budget Approved by: Date

NOTE: The unit is expected to maintain all documentation justifying the initial and continued need to treat costs traditionally considered F&A costs as direct costs for both internal and external audits and records requests.