

# BUDGET JUSTIFICATION CHECKLIST



Most sponsors require applicants to submit a budget justification, which is a narrative explanation of each of the proposed costs within a budget. Regardless of sponsor requirements, PIs must include a budget justification with all proposals, as both SPA and the grants/contracts team will need this information. Budget justifications should thoroughly explain the necessity of and basis for the costs, specifically addressing why they are required in order to achieve the project aims. The amounts for each budget line item requested must be documented and justified in the budget justification as specified below.

The proposal may request funds under any of the budget categories listed so long as the item and amount are considered **necessary, reasonable, allocable, and allowable** under the applicable cost principles, sponsor policy, and/or the program solicitation. Amounts and expenses budgeted also must be consistent with the proposing organization's policies and procedures and cost accounting practices used in accumulating and reporting costs.

## \* Potential Problem Warning:

Please pay special attention to items marked with this symbol \* and address accordingly. If not regarded closely, a potential problem could result.

Cost principles governing the allowability of costs applicable to grants, contracts, and other agreements are contained in OMB 2 CFR 200 (Uniform Guidance): [http://www.whitehouse.gov/sites/default/files/omb/financial/grant\\_reform/proposed-omb-uniform-guidance-for-federal-financial-assistance.pdf](http://www.whitehouse.gov/sites/default/files/omb/financial/grant_reform/proposed-omb-uniform-guidance-for-federal-financial-assistance.pdf)

## \* Regarding Cost Share

- If cost sharing is required by the sponsor, it must be **identified, itemized, and quantified**.
- If cost sharing is not required by the sponsor, and all required internal documentation has been obtained for voluntary committed cost share, the cost share must be **identified and quantified**.
- If cost sharing is not allowed by the sponsor, please be certain **no** quantifiable language is included in the budget justification.

## BUDGET CATEGORIES

### Salaries & Wages:

- Identify all personnel by name and position.
- Identify committed effort for all personnel.
- Check for Administrative Personnel: Are administrative costs that would normally be considered IDC thoroughly justified as allocable to the project?
- \* Should your project include voluntary uncommitted cost share, ensure there is no quantifiable financial information listed or time committed.

### Fringe Benefits:

- Use the following statement: "Fringe Benefits are calculated on requested salary per the University's federally negotiated Indirect Cost Rate Agreement, with the Department of Health and Human Services (DHHS)."
- Provide a breakdown of fringe benefit rates by project personnel type.

## Permanent Equipment:

Permanent Equipment is defined as *an item of equipment with a cost of \$5,000 or more and a useful life of at least one year.* Note: If a separate sheet of detail is going to be provided, it must be included in the same e-file as the budget justification.

\* If you are anticipating the purchase of permanent equipment, include it at proposal submission. Unbudgeted equipment purchases will require sponsor pre-approval.

- List, by name, each item of permanent equipment.
- List cost for each item of permanent equipment.
- Define its use and allocability to the project.
- Provide vendor quotes if required by sponsor. *(Generally, vendor quotes are required for a contract, but are not required for a grant.)*
- Identify fabrication costs *(for equipment not available "off the shelf")*.
- Identify customization costs.
- Verify that there is not a duplicate reasonably available and accessible for project use.

## Travel:

Domestic and Foreign Travel - for each trip, include the following:

- Destination
- Purpose of trip as related to this project
- Number of travelers
- Travel costs, may include the following: cost for method of travel, per diem rate for lodging and meals, registration costs, ground transportation, vehicle rental, etc.

For Foreign Travel Specifically –

- Clearly specify any foreign travel
- Identify all foreign countries

## Participant Support:

- Identify number of participants
- Verify that participants are non-CU employees
- Identify and document costs in the following categories:
  - Stipends
  - Transportation (Travel)
  - Per Diem (Subsistence)
  - Other *(Any other costs in this category must be intended for the sole use of the individual participant)*

## Other Direct Costs:

Other Direct Costs must be

- Allowable
- Reasonable
- Directly allocable to this project only

Itemize, when applicable, the following Other Direct Costs:

- Materials and Supplies *(consumables only)(upkeep of equipment)*
- Publication Costs
- Electronic Devices *(indicate how device will be used to fulfill the research objectives of this project)*
- Computer Services
- Consultant Services
- Service Agreements
- Shop Charges

- Tuition
- Subject Payments
- Space Rental
- Equipment Rental
- MRI Scanning Costs
- Duplication, FedEx or other shipping, and postage – As these costs are typically included in the Indirect Costs budget category, the inclusion of these costs in the Other Direct Costs category requires a detailed explanation of the specific purpose of these costs.
- Other
  - Special Costs* - Visa Costs: short term project specific visa costs are allowed
  - Special Costs* - Passport Costs: not allowed (*not specifically allocable*)
  - Subawards - Have any and all subawardees been disclosed with the following:
    - Cost
    - Basis for selection
    - Work to be performed

**\* All costs must be specifically allocable to this project only**

#### Indirect Costs:

- For on-campus research, use the following statement:** “Indirect costs are charged according to our federally negotiated rate agreement. The indirect cost rate for on-campus research is 53% of Modified Total Direct Cost (MTDC), predetermined for the period 07/01/2014 – 06/30/2015; 53.5% of MTDC, predetermined for the period 07/01/2015 – 06/30/2016; 54% of MTDC, predetermined for the period 07/01/2016 – 06/30/2018; provisional thereafter per HHS agreement dated 09/10/2014. MTDC consists of all salaries and wages, fringe benefits, materials, supplies, services, travel, and subawards up to the first \$25,000 of each subaward. MTDC shall exclude permanent equipment, capital expenditures, charges for patient care, student tuition remission, rental costs of long term off-site facilities, scholarships and fellowships awarded as part of the project, as well as a portion of each subaward in excess of \$25,000.
- For off-campus research, use the following statement:** “Indirect costs are charged according to our federally negotiated rate agreement. The indirect cost rate for off-campus research is 26% of Modified Total Direct Cost (MTDC), predetermined for the period 07/01/2013 – 06/30/2018, provisional thereafter per HHS agreement dated 09/10/2014. MTDC consists of all salaries and wages, fringe benefits, materials, supplies, services, travel, and subawards up to the first \$25,000 of each subaward. MTDC shall exclude permanent equipment, capital expenditures, charges for patient care, student tuition remission, rental costs of long term off-site facilities, scholarships and fellowships awarded as part of the project, as well as a portion of each subaward in excess of \$25,000.
- Or...** Note percentage, base, any source (or reason) for any other IDC rate being charged (ex 8% MTDC per NIH for a Training grant)

#### Inflation Rate:

- Use the following statement:** “The University of Colorado’s current budget planning parameters include an annual inflation factor of **<insert inflation percentage>** for salaries for investigators, post-doctoral researchers, graduate research assistants, and hourly students. Tuition is estimated to increase **<insert inflation percentage>** per year and all other direct costs are inflated at **<insert inflation percentage>** per year.”