



Office of Grants & Sponsored Research

PRE-AWARD GUIDE

Sponsored Project Budget Planning and Development

with Links to TCNJ Unit Policies & Federal Policies

January 2018

INTRODUCTION

The grant proposal narrative is often the primary focus of grant seekers. However, even the most compelling project narrative stands little chance of being funded if not supported by a carefully considered, well-planned, reasonable budget and budget narrative. Funders need to know that a grant seeker understands fully, and has planned fully for, the practical costs of proposed project implementation. Without such understanding and planning, a funder will not see the project as having a high probability of success.

Therefore, this guide is intended to highlight for faculty and staff seeking grants the critical aspects and steps of budget planning and development.

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A. GETTING STARTED

The funding opportunity announcement, application package, or the funder's website will provide you with the information below that is needed to get started.

1. Determine the funder's budget criteria.

You should look for limits on the types of expenses (e.g., no construction allowed), spending caps on certain expenses (e.g., travel limited to \$10,000), and overall funding limits (e.g., total costs cannot exceed \$300,000 per year).

2. Identify the budget requirements and restrictions of the program for which you are applying.

Consider the following questions:

- What costs are allowed by the funder?
- Does the funder/program require certain expenditures?
- Does the funder require that a certain dollar amount or a certain percentage of funds be spent on specific cost items or activities, e.g., external evaluators?
- Does the funder limit the dollar amount or percentage of the total budget that may be spent on certain cost items or activities, e.g., salaries?
- Does the funder prohibit certain cost items, e.g., equipment?
- Does the program require cost share/matching funds?
 - If cost share/matching is required, does the funder require or limit cash or in-kind matching?
- Does the funder does allow indirect costs, what is the percentage and on what base is that percentage applied, e.g., salaries and wages, total direct costs, modified total direct costs?
- What are the maximum and minimum individual awards (range of award amounts)?
- How many awards are anticipated to be made by the funder under the program?
- Is it a single-year or multi-year grant? What is the anticipated budget period?

3. Determine which budget forms are required.

This information will be found in the funding opportunity announcement and/or the application package. The SF-424a is the form most commonly required by federal funding agencies; however, some federal agencies (e.g., US Department of Education, NSF) have their own forms. All federal budget forms are accompanied by basic instructions for completion. Other funders (e.g., state entities, foundations) may have their own required forms. In all cases, it is important to review the instructions.

4. Determine the requirements for the budget narrative.

The requirements for this section are agency specific and may even vary by program within a given agency. For example, NSF generally limits the budget narrative to three (3) pages, whereas many programs sponsored by the U.S. Department of Education do not have a page limit for the budget narrative. The requirement for a budget narrative may take a different form with other funders (e.g., foundations).

5. Determine which regulations are relevant for your proposed budget.

This information is typically found in the funding opportunity announcement and/or grant application package, but you may need to request additional information from a program officer if the information is not available. Different regulations apply depending on the funding agency, the type of applicant institution, and in some cases, the type of program or activity. Program officers and/or program documents may refer to these regulations as 2 CFR Part 200.X, 2 CFR Part 200.XX, or 2 CFR Part 200.XXX (where the Xs indicate the number of the specific subsection of Part 200). These regulations may be particularly important if the proposal includes any of the following:

- Consultant services;
- Services or products obtained through a bidding process;
- Discounted products; and
- Products or services provided by official program partners.

B. PLANNING AND BUILDING YOUR BUDGET

The budget planning process should parallel planning for and development of the proposal narrative. This will ensure that the costs associated with the proposed activities do not exceed the maximum allowable request. Identify all the costs that are **necessary** and **reasonable** to complete the work described in your proposal. Determine your budget requirements for the program for which you are seeking funding. In other words, figure out how much money you need to implement your program or project.

Overview

- Prepare a draft budget for each year of the project. Using the information gathered from the steps in the “Getting Started” section above, identify your key areas of cost and prepare a budget for each year of the project. (OGSR staff can assist you in this process.) For all proposed costs, provide the costs basis, i.e., identify how the cost

was arrived at. In most cases, the cost basis will be in the form of an itemization (e.g., unit costs x quantity = total cost).

- Include indirect costs. Calculate indirect costs using the institutional indirect costs rate for the funding agency as directed by the funding opportunity announcement and/or grant application packet.
- Separate federal from non-federal funds. In some cases you will be required to identify specifically how the federal and non-federal portions of the budget will be allocated overall and in each year. Record these in the appropriate places on any required forms.

See also the TCNJ Grants Policy on [Allowable Costs](#).

Common Major Areas of Costs

For each project activity, goal, or objective, you should consider the following items:

Personnel: Faculty/Staff

What personnel are essential for this specific activity? What percentage of their time will be spent on this specific activity? Apply the appropriate percentage to the salary for each person associated with the specific activity.

- Determine whether the percentage of time or personnel required will be different in any or all grant years.
- For multi-year grants, add two (2) percent to the budgeted salary for each subsequent year of the grant to account for projected annual salary increases.
- Summer salary for faculty is generally calculated at 10 percent per month of work, based on the salary from the preceding year.
- Full-time, non-exempt employees cannot be hired to work on a grant, as those employees may not go above 100 percent effort.
- New grant hires (i.e., new grant-funded positions) must follow TCNJ policies and procedures for position classifications. Budgets prepared at the time of proposal development may not represent the actual pay for the position.

See also the TCNJ [Compensation Policy](#).

Personnel: Student Workers

Will student workers be engaged on the project? Grants often include undergraduate or graduate students as personnel because they represent a cost-effective way to staff a project. Students are often in a unique position to make contributions to a project and benefit from the experience. There are three primary options to budget for students:

- *Student workers at an hourly rate:* Undergraduate and graduate students can be paid with grant funds at an hourly rate. Because students have a broad range of skill levels and can be engaged in a wide variety of duties, the TCNJ Career Center should be contacted to determine the appropriate rate for students on specific projects. It is important to note that students may not work more than 15 hours per week during the regular academic year.
- *Graduate student assistantships:* Graduate assistantships (GAs) can generally be included in grant proposals. GAs do not involve direct payment to students; rather, they are 'compensation' in the form of tuition waivers. There are no fringe benefits associated with these tuition waivers. The main purpose of a graduate assistantship is to further the professional and/or academic development of the graduate student. While the graduate assistant's duties may involve some clerical work, the assistantship is expected to serve as a meaningful learning experience. The graduate assistant's responsibilities may include, but are not limited to, support of teaching, research, administration, and other professional activities. Efforts will be made to place students in areas related to their own studies. The following rates below apply for graduate assistant tuition waivers for FY18, FY19, and FY20. (Rates are updated annually, with a 5% annual increase for 1 course and 2 course rates.)

FY18 Grad Assistant Rates for Academic Year

10 hours per week of work = 1 course/semester = \$2,800.17

15 hours per week of work = flat \$5,000/semester

20 hours per week of work = 2 courses/semester = \$5,589.84

FY19 Grad Assistant Rates for Academic Year

10 hours per week of work = 1 course/semester = \$2,940.18

15 hours per week of work = flat \$5,000/semester

20 hours per week of work = 2 courses/semester = \$5,869.34

FY20 Grad Assistant Rates for Academic Year

10 hours per week of work = 1 course/semester = \$3,087.19

15 hours per week of work = flat \$5,000/semester

20 hours per week of work = 2 courses/semester = \$6,162.81

For information on the graduate assistantship application process, visit the [TCNJ Graduate Studies website](#).

- *Student Stipends*: Stipend payments to students are not for work-related activity or for an hourly rate; no services are required to be performed by the students receiving a stipend. Stipends are a specified amount of money paid directly to the student, typically as an extension of their educational program (e.g., participation in MUSE). Depending on the student's tax status, the stipend payment may be taxable.

Fringe benefits

What are the fringe benefits costs associated with the budgeted personnel? Whenever grant funds are used to pay salaries and wages, associated fringe benefits must also be charged to the grant. Apply the appropriate fringe rate to each salary amount determined in the personnel section. These rates are negotiated annually by the State of New Jersey with the Federal government.

- For multi-year grants, consult with OGSR regarding adjustments to fringe rates for each subsequent year of the grant.
- Fringe benefits costs should not be calculated or included for graduate assistants, those receiving stipends, consultants, or others providing services on a contractual basis.

Participant Stipends

As with stipends to students, stipend payments to other participants are not for work-related activity or for an hourly rate; no services are required to be performed by the stipend recipient(s). Stipends are a specified amount of money paid directly to the participant, typically as an incentive for recruitment or participation in a project.

Participant Support Costs

Participant support costs may include expenses related to travel, supplies, food, housing, etc. These costs must be budgeted in the proposal, and supporting documentation is required for expenditures to be approved.

Reimbursement is provided to participants in accordance with TCNJ's normal policies and procedures for reimbursement and travel. For travel procedure details, review the [TCNJ Travel](#) website, and see also [TCNJ Guidelines for Entertainment, Meals, and Refreshments](#).

Travel

When calculating travel costs, research the actual cost of travel to and from the location. Airport parking is not an allowable expense under most circumstances. Include airfare, mileage, or rental car and fuel expense. Apply the appropriate reimbursement rate for mileage where appropriate. Use the [US General Services Administration's \(GSA\) mileage reimbursement rates](#).

Include ground transportation after arrival at your destination (e.g., train, subway, taxi, rental car). Use the [GSA's per diem rates](#) to calculate per diem for all domestic travel. Include lodging, meals, and incidentals. If the specific travel location is not available in the GSA information, use the county or state rates assigned.

Note: Meals and incidentals for the first and last day of travel may be charged only at 75 percent of the full cost. Including this level of detail and information in your budget calculations and budget narrative indicates to reviewers that you have carefully evaluated the costs associated with proposed activities rather than randomly assigning an amount. Separate the travel amounts by year of the award.

For travel procedure details, review the TCNJ [Travel](#) website, and see also [TCNJ Guidelines for Entertainment, Meals, and Refreshments](#).

Equipment

This is one of the categories that varies considerably by agency and program. Many federal programs do not allow equipment purchases or do not allow purchases of equipment that will be usable beyond the award period. Other programs limit the minimum or maximum purchase amount for a single piece of equipment or for equipment overall.

For TCNJ purposes, equipment is defined as a tangible article that has a useful life of more than one (1) year and an acquisition cost of \$3,000 or more. (Funding agencies may have a different definition (threshold) for equipment.) For procedures on how to requisition equipment for a grant, see the [Purchasing Guidelines](#) on the Office of Finance and Business Services website.

In general, the Federal government requires that all equipment requests with a unit acquisition cost of \$5,000 or more receive prior approval from the funding agency. This prior approval should be obtained through one of the following formats: (1) the sponsor funds in accordance with the proposed budget; (2) a written request to the sponsor to purchase unbudgeted equipment.

Note that most computers do not fit within this definition and are thus commonly included in the category of supplies or other, depending on how they will be used. But again, consult the documentation for the program. If in doubt, contact a program officer.

Supplies – What consumable supplies are associated with this specific activity?

- *Office/operating supplies* – The types of supplies will vary widely based on the project’s nature, scope, duration, and objectives. Consider the costs associated with each activity identified in the grant program narrative to ensure that the budget is comprehensive and includes sufficient funds to operate the project and achieve the established objectives.
- *Supplies for participants* – Some projects may include supplies that will be given to participants as part of the project services/activities (e.g., professional development projects may provide resources for participating teachers, youth-serving projects may provide important school supplies such as calculators or books to participants, etc.).
- *Computers and printers* – Often, and particularly in situations where additional staff will be hired as part of the grant program, the purchase of computers and/or printers will be required to implement the project.
- *Peripherals and other technological devices* – Some projects may require the purchase of peripherals or other technological devices (e.g., scanners, digital cameras, etc.) in order to implement the project. These items are considered supplies as long as they do not cost \$3,000 or more.

Note: For all technology-related budget items, including software, refer to TCNJ [Policy X.3.9, Grant Funded Support](#), for additional information.

Consultants/Contracted Services

Common costs include consultants, evaluators, and service contracts.

- *Cost limitations* - Many funding agencies have limitations on daily or hourly consulting fees, or on the total compensation to consultants that can be paid for from grant funds. There are also many factors that will influence the amount of compensation to be budgeted for consultants and contractual expenses. It is important to be fully aware of the funder’s guidelines when planning and building your budget.

- *Competitive bidding* – Typically, the College collects bids from potential contractors (vendors/consultants) and awards contracts through a competitive bidding process. However, in some instances where grant funds will be used to pay for the consultant/contractor services, it may not always be possible to utilize the competitive bidding process (e.g., because the grant program requires that you name the proposed consultant/contractor in the proposal, because there is only one individual/organization that can perform the specified services, etc.). In cases where a consultant/contractor must be named in a proposal, contact the Office of Finance and Business Services, Purchasing Department, to complete a [Sole Source Waiver Justification](#). The form must be completed and approved before a contract may be executed. Also see the TCNJ [Purchasing Guidelines](#) for a list of ‘threshold amounts’ for contracts and their associated requirements.

If a grant proposal/budget identifies an individual or organization with which TCNJ will subcontract, it is important to make sure that the individual/organization is not on the [NJ Department of the Treasury debarment list](#). Questions regarding identifying debarred individuals/organizations may be directed to the Office of Finance and Business Services, Purchasing Department.

Special note regarding external evaluators: Some programs do not require evaluation by an external evaluator or the services of other consultants/contractors, whereas others require extensive evaluation plans and/or other consultative/contractual services (and their associated costs). Almost all programs that require external evaluators, in particular, place some importance on naming the evaluator and providing evidence of experience in the proposal narrative and supplemental documents. However, the expense associated with most evaluation plans requires that external evaluators be selected through a bidding process that complies with the relevant regulations. However, many federal programs are announced and concluded faster than most institutions can complete a regulations-compliant bidding process. Thus, in some cases the evaluation line item will be an estimate rather than a specific figure. For most programs that require an external evaluator, a fee of eight (8) percent to 15 percent is standard, though the specifics of the program, the size of the budget, and the expectations of the agency can push the percentage much lower or higher. If you are using a percentage rather than a set fee, determine the full budget for all other activities before applying the percentage. For projects that include cost share, the evaluation percentage should typically be applied to the total budget rather than the federal contribution.

Subcontracts

As a pass-through entity, the College must make case-by-case determinations whether agreements for the disbursement of sponsored project funds makes the party receiving the funds a subrecipient or a contractor. Judgment is required in making this determination and the substance of the relationship is more important than the form of the agreement. See section F., Working with Collaborators, in this Guide.

Construction

Most federal programs do not allow construction costs, and those that do typically have detailed instructions describing how to figure construction costs. Estimated construction costs must be supported by documentation including architects' drawings and estimates, formal bids, etc. As with all other costs, follow the specific requirements of the program, as well as the relevant regulations.

Other Costs

These may include participant support costs (e.g., stipends, course materials), printing costs that can be specifically assigned to a grant activity, testing associated with evaluation, etc. Reevaluate any costs identified at this point to ensure they do not fit in one of the other categories. See also [TCNJ's Guidelines for Entertainment, Meals, and Refreshments](#).

- *Printing/duplication* – As with general office/operating supplies, printing and duplication expenses are routinely provided to faculty and staff and, therefore, covered by F&A costs. These costs should not be included in grant budgets except in circumstances where 1) the costs can be directly attributed to a specific sponsored project and 2) the cost is treated consistently by the institution in similar circumstances.
- *Participant stipends* – Some grants allow for stipends for various forms of participation. For example, some research projects include stipends for research subjects; some professional development projects provide stipends for participating professionals; student support projects may include educational materials for participants, etc.
- *Tuition support* – Some grants allow tuition support for students enrolling in various educational programs. Typically, tuition support will be included on grant programs where the purpose is to recruit students/prepare personnel in a particular discipline. Carefully review the funder's guidelines and requirements in this regard: in some cases, applicants are required to set aside a certain

amount or percentage of the grant request to be used exclusively for tuition support; in other cases, tuition support may be specifically prohibited. To budget for tuition, see the [Office of Student Accounts](#) website for current tuition and fees. For multi-year grants, consult with OGSR to budget tuition and fee costs for each subsequent year of the grant.

- *Communication/Telephone/Fax* – Some projects may involve communication expenses such as the installation of telephone or fax lines, monthly telephone/fax charges for local services, and long-distance charges. Note: If a grant is charged for phone installation and monthly service, then that phone should be used only for grant activities and not for other departmental/office purposes.
 - Installation – If a telephone line will be installed to enable the project director to conduct project business, include installation fees (cost/line) and monthly charges for local calls (\$12/month/line) in the budget.
 - Long distance charges – Consider whether the project will require funds for long-distance charges. Funds for long-distance calls may be necessary to coordinate activities with partners (where applicable), recruit and communicate with participants, communicate with funding agency personnel, etc.
 - Cell phones and other wireless communication devices – In rare instances, it may be necessary to budget for cell phones or other wireless communication devices as part of a grant project. Generally, TCNJ cell phones are issued to employees upon approved request when the employee’s responsibilities necessitate availability via phone or when off-campus travel is frequent. Review the funder’s guidelines for allowability of cell phone or other wireless communication costs. Note: See the [Office of Telecommunications](#) regarding cell phone types and plans if including such costs in a grant budget.
- *Insurance* – TCNJ personnel working on approved grants or contracts have liability insurance coverage under the New Jersey Tort Claims Act. However, in some cases it may be prudent to use grant funds to purchase additional insurance for project participants. Questions regarding additional insurance coverage should be directed to the TCNJ [Office of Risk Management](#).

F&A (Indirect Costs) – Nearly all grants will include indirect costs, also known as Facilities and Administrative Costs (F&A) or overhead costs, which are the costs of

doing business and conducting activities that are necessary for the day-to-day general operation of the College. These are those costs that are incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity.

Indirect cost recovery from grants/awards helps cover the costs of administering and supporting grant funded work and fulfilling all of the requirements of research conduct at the College. It is important to note that funds obtained through F&A do not represent “profit” to the institution; rather, F&A costs are expenses that the College would otherwise incur and absorb to help support grant/award projects. OGSR will provide the current standard indirect cost rate and work with the PI to apply an appropriate, acceptable rate to each grant.

[Cost Share](#) Requirements – Some grant programs require that grantees contribute to the cost of a project. This is referred to as ‘cost sharing’ where the grantee provides a ‘cash match’ or ‘matching funds’ or ‘in-kind support’. TCNJ prohibits budgeting for voluntary cost share. Refer to the [TCNJ Cost Share Policy](#) for more information.

Mandatory or voluntary committed cost sharing that is contained in a funded sponsored program proposal becomes a binding commitment to the college upon either formal acceptance of the award document or expenditure of funds if no formal acceptance is required. This commitment creates the requirement for each department to track all cost sharing.

- Cost sharing refers to the portion of project costs that are not funded by the award; cost sharing cannot generally be funded by a federal award.
- If cost sharing is required in the award, it must be provided and documented in College’s general ledger. (Any voluntary cost share permitted by the College must also be documented in the general ledger if the award is received.)
- Cost sharing expenses must meet the criteria for allowable costs (reasonable, allocable and consistently treated) to be considered as legitimate. See the [TCNJ Allowable Costs Policy](#).

C. GENERAL SUGGESTIONS & SPECIAL CONSIDERATIONS

General Suggestions

- Throughout the budgeting process, round to whole dollars and use only U.S. dollars and provide itemized costs in all cases (e.g., unit cost x quantity = total cost).
- The best strategy is to request a reasonable amount money to do the work, not more and not less because:
 - Reviewers look for reasonable costs and will judge whether your request is justified by your aims and methods.
 - Reviewers will consider the person months you've listed for each of the senior/key personnel and will judge whether the figures are in sync with reviewer expectations, based on the research proposed.
 - Significant over-estimating or under-estimating costs could suggest to reviewers that you may not understand the scope of the work.
 - Proposing a cost-sharing (matching) arrangement where you only request that funder support some of the project while the College funds the remainder will not guarantee a more favorable evaluation of your proposal.
- Be realistic. Both "padding" and deliberately under-budgeting will be recognized by reviewers.
- Try to identify specific individuals for each position requested. Use "to be named" personnel only when necessary.
- Break out supply costs into major categories (instructional materials, laboratory supplies, etc.).
- Check indirect costs. TCNJ has on-campus and off-campus federally approved indirect cost rates. OGSR can help you determine the appropriate rate to apply.
- Provide adequate justification for the need to use outside consultants, if applicable.
- Prorate service contracts to the percentage of time applicable to the proposed project.

Additional Expenses

Identify any additional expenses not directly associated with the identified activities. In some cases this may include additional personnel (e.g., administrative assistant), travel (e.g., required travel to national meetings), etc. Review the program design and/or proposal narrative to identify any other expenses that may be incurred for the project.

Special Considerations for Foundation Funding

Foundations almost always require a project budget. Typically the requested format is a budget summary including all expected expenses *and* revenues for the proposed project or program. Foundations are interested in the income or revenue that an organization will acquire to support the project and the expenses for carrying it out. The budget should always equal zero when subtracting the revenue from its expenses—the goal is to break even. Also, it is critical that budgets not include items a foundation has expressly stated it is not willing to fund.

D. DEVELOPING THE BUDGET NARRATIVE

The process for developing a budget narrative is essentially the budget planning process in reverse. Thus if the budget planning process is orderly and documented, developing a budget narrative is straightforward. The purpose of the budget narrative is to describe to reviewers how the budget is related to the proposed activities.

Unless otherwise directed by the funding opportunity announcement or grant application package, the budget narrative should include separate statements for each project year. Within each project year, identify the line items indicated in the overall budget on the required budget form and describe and justify the expenses included in the line item.

- Provide brief descriptions of duties for all positions listed in the budget, with the number of person months requested each year and any anticipated fluctuations.
- Special skills or accomplishments of a designated person may be included if not discussed elsewhere. For guidance on current salary limitations, contact your office of sponsored programs.
- Describe how each supply item relates to the project activities/objectives.
- The budget narrative/justification should describe how each item (e.g., peripherals or other technological devices) is related to the project activities/objectives.

- Justify all equipment purchases. The proposed acquisition of major pieces of equipment (where allowable) is likely to be scrutinized very carefully. Details are important, especially for non-project specific equipment e.g., FAX machine and computers.
- Provide special justification for any unusual expenses requested.
- Explain any year-to-year fluctuations in the budget, including the level of effort of personnel, especially if they cannot be attributed to routine salary increases. Changes should parallel the research plan and project aims.

E. COMMON BUDGETING PROBLEMS

There are some common problems that many encounter when preparing their grant budget, particularly their very first grant budget. OGSR staff will guide the PI through the budget development process; however, it is important that each PI be aware of these common problems.

Insufficient Funds

The most common problem reviewers identify in budgets for federal grant programs is insufficient funds budgeted for the proposed activities. This problem typically occurs when applicants develop a program and proposal without considering the budget requirements and then develop a budget that fits the available funding rather than the proposed activities. Proposals with this problem will almost never be funded.

Maximum Funding Request

Requests for the maximum available amount or for an amount within a few pennies or dollars of the maximum available amount does not necessarily suggest to reviewers that the budget was prepared based on the funding available rather than on the actual costs of the proposed activities. However, proposals requesting the maximum award must clearly demonstrate in the budget narrative that the proposed expenditures are truly consistent with the actual costs of the proposed activities.

Personnel Problems

Budgets often contain requests for personnel that are a) not needed, b) not fully justified, or c) insufficient for the tasks proposed. The requests for personnel who are not needed

can be divided into two further groups: those that truly are not needed and those that are needed but that cannot be justified by the proposal narrative or budget narrative.

Insufficient requests can also be divided into two groups: not enough personnel (or time) are requested to accomplish the task or not enough money is requested to fund an individual with the requisite skills and experience. Salaries must be in line with expected norms and with proposed responsibilities, and all responsibilities outlined in the project narrative must be covered by personnel, even if the applicant offers these personnel in-kind. Anything unusual must be clearly justified in the budget narrative.

Inadequate Cost Share

Proposals that do not meet the cost share requirements will not be funded. Occasionally, a match is inadequate only because the budget narrative does not adequately describe the match. Most match or cost share inadequacies result from a failure to consult the program documentation and relevant regulations regarding which types of matches are allowed.

F. WORKING WITH COLLABORATORS

Proposals for collaborative projects usually involve faculty from more than one institution and are subject to the same policies and procedures as single-institution proposals. In most cases, when a portion of the project is going to be carried out at another institution or organization (third parties), a subcontract or subagreement between the prime grant recipient and the third party is required in order to ensure compliance with sponsor requirements. The third party is required to provide the necessary resources to conduct the work, including providing an investigator at the work site to oversee the project activities. Costs normally associated with third party effort could include: labor, employee benefits, materials and supplies, travel, equipment, subcontracts, consultants, other direct costs, and indirect costs. The lead institution should be so designated based on its substantive role in carrying out the project's activities and its assumption of overall administrative responsibility for the project.

For any collaborative proposal, evidence of institutional approvals in the application is important for proposal review. Letters of endorsement and signatures of authorized officials from participating institutions are helpful for indicating to the funding agency that collaboration has been established at the time of proposal submission; that all parties are fully aware, and in approval, of the content of the study and the institution's commitment to the project; that the budgetary request is consistent with institutional policy and

negotiated rates; and that award negotiations between collaborating institutions and the funding agency will be facilitated.

A proposal with subawards generally has a lead agency budget, which includes subaward agreements for the other participating organizations. The total direct costs and F&A costs, listed as a single amount, for each subaward agreement must be included in the lead agency budget. In addition, separate detailed budgets for each subaward should be attached to the lead agency budget. Subaward recipients are generally allowed to include F&A costs at their organization's negotiated rate when full F&A is allowed by the funding agency. When F&A is restricted or disallowed by the funding agency, the subaward recipient must follow the agency's application (RFP) requirements.

If TCNJ is the lead agency with subaward recipients under its budget, the other institutions must submit (1) an approved work statement and timeline, (2) signed itemized budget with justification, and (3) a signed letter of intent to TCNJ for inclusion in the proposal. A signature from the authorized institutional signatory of the subaward recipient institution is required on both the letter of intent to collaborate and on the budget prior to including the budget and other documents in a TCNJ proposal.

If TCNJ is the subaward recipient on a proposal submitted by another institution serving as the lead agency, the TCNJ portion of the proposal, must be reviewed and approved by appropriate chair and dean prior to submitting the materials to the lead agency for inclusion in the proposal. All required agency forms, budget, work statement or proposal narrative, and other proposal sections for TCNJ must receive final approval by OGSF before submission to the lead agency.

Once an award is received, the lead agency will enter into a written agreement with each subaward recipient.

G. GRANT POLICIES (LINKS)

[Allowable Costs](#)

[Compensation](#)

[Cost Sharing](#)

[Direct Charging](#)

Cost Transfer

Subrecipient Monitoring

Effort Verification

Procurement

Grant Funded Support (for technology and technical services)

H. GLOSSARY OF BUDGET TERMS

Budget Narrative: Describes the specific expenses in each line item of a budget and that describes the purpose of the expenses and how they were calculated; typically presented by line item within each funding year.

Budget Period: usually 12 months, one or more budget periods make up the Project Period. See “Project Period.”

Buyout (Course): see “Reassigned Time.”

Cash Match: see “Match/Matching Funds.”

Cognizant Agency: the cognizant agency for non-profit organizations is determined by calculating which Federal agency provides the most grant funding. The Department of the Interior is the cognizant agency for all Indian tribal governments. For hospitals, HHS serves as the main cognizant agency. The Department of Health and Human Services (HHS) is the cognizant agency for all States and most cities.

Contract: legal document used for the purpose of obtaining goods and services for the College’s own use and to create a procurement relationship with the contractor. Characteristics indicative of a procurement relationship between the College and the contractor are when the non-federal entity:

- provides the goods and services within normal business operations;
- provides similar goods or services to many different purchasers;
- normally operates in a competitive environment;
- provides goods and services that are ancillary to the operation of the sponsored project; and

- is not subject to compliance requirements of Federal or other program requirements as a result of the agreement, though similar requirements may apply for other reasons.

Contributions: Cash or in-kind donations to a program.

Cost Share/Cost Sharing: a contribution, mandatory or voluntary, of cash or services provided by the grantee institution or a third-party to the overall costs of a sponsored project. If cost sharing is required by the funding agency (mandatory cost share), the level and type of contributed support are generally specified in program guidelines or application instructions.

Cost Transfer: the reassignment of an expense (labor or non-labor) to or from a sponsored project after the expense was initially charged to another sponsored project or non-sponsored project. A cost transfer is an after-the-fact reallocation of the cost associated with a transaction from one account to another. A cost transfer is any transfer of expenditures to a sponsored project via a journal entry or a personnel action form. Although it is preferable to charge costs to the correct account when they are incurred, cost transfers are, on occasion, necessary. To be allowable, cost transfers must be timely, fully documented, conforming to the grant agreement and have appropriate authorizing signatures.

Course Buyout: see “Reassigned Time.”

Direct Costs: those costs that can be specifically identified and charged to a particular project or program, such as salaries and benefits of project personnel, travel, equipment, services, and supplies.

Equipment Rental/Purchase: actual cost of equipment to be rented or purchased for the proposed project; equipment is typically valued >\$3,000 with a lifetime of >1 year. Check agency regulations for specific definitions of equipment.

Equipment: often otherwise defined by a funding agency, for TCNJ purposes, equipment is defined as a tangible article that has a useful life of more than one (1) year and an acquisition cost of \$3,000 or more.

Event Income: income produced by project activities; contrasted with pre-event income that is generated by project requests, donations, or other activities.

F&A: see “Facilities and Administrative Costs.”

Facilities and Administrative Costs: facilities and administrative (F&A) costs, sometimes referred to as indirect costs, are those expenses related to research that cannot be easily identified with a particular sponsored project, instructional activity, or any other institutional activity. Costs not attributable to a specific activity, goal, or objective within the proposed project; usually covers institutional expenses for utilities, maintenance and upkeep, administrative costs, etc., that are incurred by the project but that are not charged directly to the project indirect cost. Indirect costs, also known as Facilities and Administrative Costs (F&A) or overhead costs, are the costs of doing business and conducting activities that are necessary for the day-to-day general operation of the College.

Fiscal Year (FY): a 12-month period for which annual accounts are kept. TCNJ's fiscal year begins on July 1 and ends on June 30. The federal government's fiscal year begins on October 1 and ends on September 30.

Fringe Benefits: direct costs associated with salaries and wages and include the following items: FICA (Social Security); retirement; insurance for medical, dental, life, unemployment insurance, long-term disability and employee liability coverage; and worker's compensation. Non-salary compensation associated with personnel; typically includes FICA, health insurance, and similar expenses as a percentage of personnel salary

FTE (Full-Time Equivalent): personnel time commitments for project activities are commonly reported as a portion of FTE. For example, if a project director contributes 50% of his or her time to the project that is represented as 0.5 FTE. Likewise, three full-time technicians would be 3.0 FTE.

Full-Time Equivalent: see "FTE."

In-Kind Contribution: contribution of services, goods, space, or personnel rather than cash.

Indirect Costs: see "Facilities and administrative costs."

In-Kind Match: see "Match/Matching Funds."

Indirect Costs: see "Facilities and Administrative costs."

Leveraging: the use of a small initial investment, credit, or borrowed funds to gain a very high return in relation to one's investment, or to control a much larger investment; using one funding source to attract other funding sources and to gain a commitment from another funding source.

Match/Matching Funds: see "Cost Share/Cost Sharing."

Materials/Supplies: consumables required for project activities. Examples: office supplies, books.

Necessary Costs: a purchase or other expenditure that is essential to the operation of a particular program or project.

Official Partner: a technical and legal term designating a particular type of partner allowed (or required) under certain federal programs; only official partners can receive subcontracts under certain program types.

Other Costs/Expenses: costs/expenses directly attributable to program activities but not included under the other itemized options on standard budget forms.

Personnel: individuals paid to provide services for the program; may be named or listed as TBD (to be determined). Typically assigned percent (%) time or portion of FTE.

Procurement: the process of obtaining (purchasing) goods, supplies, equipment, services, etc.

Professional Fees: fees paid to consultants, evaluators, or other professionals not directly employed by the project (i.e., not personnel).

Project Period: the total time approved by the funding agency for a supported project, including any extensions approved by the institution or the funding agency. The project period consists of one or more budget periods which are usually 12 months each.

Reasonable Costs: a cost that, in its nature and amount, does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. (§200.404 Reasonable costs) In determining reasonableness of a given cost, consideration must be given to:

- (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.
- (b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, tribal, and other laws and regulations; and terms and conditions of the Federal award.
- (c) Market prices for comparable goods or services for the geographic area.
- (d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government.

- (e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.

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Reassigned Time: time and effort for an employee is temporarily reassigned from normal duties to other approved assignments such as, for faculty, research or administrative duties.

Registration Fees: fees associated with attendance at or participation in conferences, workshops, courses, or professional meetings.

Release Time: see "Reassigned time."

Sponsor: See "Cognizant Agency."

Stipend: payment made to an individual to provide for the individual's living expenses during the period of training or education as part of the grant. A stipend is not for services rendered; it is not salary or wage, subject to income tax withholding or FICA/Medicare taxes, although the value of a stipend may be taxable as income.

Subcontract, Subgrant, Subaward: Financial agreements to acquire specific services or goods from a partner or vendor for the program; only allowed under select programs and subject to strict regulation. A subaward is for the purpose of carrying out a portion of a sponsored project and creates an assistance relationship between the College and the subrecipient. See "Subcontractor, subrecipient, subawardee."

Subcontractor, Subrecipient, Subawardee: Characteristics that support the classification of the non-federal entity as a subrecipient include when the non-federal entity:

- determines who is eligible to receive what assistance (if applicable to the sponsored project);
- has its performance measured in relation to whether objectives of a program were met;
- has responsibility for programmatic decision making;
- is responsible for adherence to applicable Federal or other program requirements specified in the award; and
- uses the funds, in accordance with its agreement, to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods and services for the benefit of the pass-through entity.

Supplies/Materials: consumables required for project activities, e.g., office supplies, books.

Travel: Costs associated with transportation, lodging, meals, and incidentals incurred when conducting program activities away from the primary project site or when program recipients or certain personnel travel to the primary site from other locations to participate in planned program activities.

Unrecovered Indirect Costs: the portion of indirect costs for which the applicant is eligible but for which the applicant does not request reimbursement in the budget; may be considered part of the required cost share by some agencies. *Example:* institution is eligible for 25 percent indirect costs but only requests 10 percent in the budget and uses the unrecovered 15 percent as cost share.