



**Northeastern University**

Guide for  
Principal Investigators

**PREPARING YOUR PROPOSAL  
BUDGET  
FOR SUBMITTAL TO A  
FEDERAL FUNDING AGENCY**

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# PREPARING YOUR PROPOSAL BUDGET FOR SUBMITTAL TO A FEDERAL FUNDING AGENCY

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## INTRODUCTION

Next to writing up the substance of your project, the proposed budget is the most important element of the proposal you will be submitting to the sponsor or funding agency. The guidelines provided here apply to proposals submitted to federal agencies.

**We urge you to contact the Division of Sponsored Project Administration (DSPA) for assistance in developing the budget (ext. 5600). If the proposed project budget is a large and complex one, a preliminary meeting with DSPA staff may be necessary prior to the draft budget preparation.**

**Researchers planning to submit proposals are encouraged to provide *draft budgets* and other proposal materials to DSPA for *early review*.**

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## BUDGET GUIDELINES FOR PROPOSALS TO NON-FEDERAL SPONSORS

*For Proposals to Non-Federal Agencies and/or Sponsors:*

For proposals to be submitted to non-federal agencies—these include corporations and other business entities, non-governmental institutions, foundations, and state and municipal agencies—the preparation of budgets is somewhat different, although the same budget categories generally apply.

If you are submitting your budget to:

- \* **a corporation or business, contact the Division of Technology Transfer (ext. 8810) for assistance with your budget;**
- \* **non-governmental institutions, foundations, and state and municipal agencies, contact the Division of Sponsored Project Administration (ext. 5600) for budget preparation assistance.**

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## YOUR PROPOSAL BUDGET: WHAT DOES IT REPRESENT?

A proposal budget is an *estimate* of the costs of a project. In building the budget for a proposal, the principal investigator should provide the best estimate of anticipated expenses for the project. You should avoid inflating the numbers or underestimating the expenses. If you propose a multi-year project, you can include realistic inflation increases for recurring expenses, especially salary increases. You might find it helpful to talk to colleagues with past experience on other research projects.

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## OBTAINING BUDGET FORMS & GUIDELINES

Agencies generally provide their own budget forms in their application packets. Forms are available from the Division of Research Development (ext. 8770) or from the Division of Sponsored Project Administration (ext. 5600). You can also contact the agency or sponsor for application and budget guidelines, or, in many cases, download the materials electronically. One of the most useful sources of information, for forms, and links to sponsors, for both public and private funding sources can be obtained from the Society of Research Administrators' Web page:

<http://sra.rams.com/cws/sra/resource.htm>

Another helpful source for many agency forms—as well as information on funding opportunities—is the TRAM website at Arizona State University East:

<http://tram.east.asu.edu/>

Budget forms should be clearly filled out in accordance with any agency instructions that may be provided. You should make photocopies of these forms and use the copies to draft your budget. Although there are variations among the budget forms provided by the agencies, they generally have the common elements that are discussed below. Where an agency does not provide a budget form, principal investigators should follow the same applicable budget categories.

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## SPECIAL PROCEDURES FOR NSF AND NIH

1. *National Science Foundation*. Proposals to the NSF can now be submitted electronically via the **FASTLANE** process, including proposal budgets. Note that as of October 1, 2000, all proposals submitted to NSF must be submitted by FastLane. Budget forms can be downloaded; for NSF forms and FastLane instructions, contact DSPA (ext. 5600) or

[www.fastlane.nsf.gov](http://www.fastlane.nsf.gov).

2. *National Institutes of Health*. NIH has instituted its **MODULAR GRANT APPLICATION SYSTEM**. The modular grant application format is an extension of NIH's streamlining and reinvention initiatives. The modular grant initiative was designed to focus the attention of investigators, their institutions, peer reviewers, and NIH staff on science rather than budget details. Through its simplified budget

reporting features, the modular grant application also addresses the broader NIH goal of reducing time between application receipt and grant award.

Contact DSPA for information about the Modular process. Complete information on modular grant applications is also available at:

<http://grants.nih.gov/grants/funding/modular/modular.htm>

Unlike traditional grant applications, the budget for modular grants is requested in \$25,000 modules, eliminating the need to compile detailed and separate budget categories. Additional narrative budget justification is required only if there is a variation in the number of modules requested.

- ◆ Applications will request direct costs in \$25,000 modules, up to a total direct cost request of \$250,000 per year for all unsolicited new, revised, and competing continuation R01, R03, R15, R21, R41, and R43 grants and competing supplements, as well as applications responding to RFAs for these mechanisms. Specific grant mechanisms, e.g., R03, R15, R21, and Institute/Center programs may define a particular number or range of modules allowed.
- ◆ A typical modular grant application will request the same number of modules in each year.
- ◆ Application budgets will be simplified. Detailed categorical budget information will not be submitted with the application; budget form pages of the application kits will not be used. Instead, total direct costs requested for each year will be presented. Information, in narrative form, will be provided only for Personnel and, when applicable, for Consortium/Contractual Costs.
- ◆ Additional narrative budget justification will be required only if there is a variation in the number of modules requested.
- ◆ There will be no routine escalation for future years. In determining the total for each budget year, applicants should first consider the direct cost of the entire project period. Well-justified modular increments or decrements in the total direct costs for any year of the project that reflect substantial changes in expected future activities may be requested. For example, purchase of major equipment in the first year may justify a higher overall budget in the first, but not in succeeding years.

We suggest that it will be easier for you to begin by preparing your budget in the old, standard, format before determining the number of modules that may be required for the modular grant application.

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## **BUDGET BUILDING PRINCIPLES**

Accuracy and attention to detail are important in constructing your budget. All its parts should reflect the activities in your project and provide support for necessary project costs that are allowable and reasonable.

When DSPA reviews your proposal budget it will be applying the cost principles contained in the U.S. Office of Management and Budget “Cost Principles for Educational Institutions,” which is commonly referred to as OMB Circular A-21, available from the Society of Research Administrators web site:

<http://sra.rams.com/cws/sra/resource.htm>.

It is important to follow sponsor guidelines exactly, and to accompany the budget with a “Budget Justification” section where you provide the sponsor agency explanations in support of the items included in your budget.

Multi-year projects should include an escalating factor, especially for personnel costs, and other relevant items. Annual estimated increases for the second and subsequent years should be built into the budget; contact DSPA (ext. 5600) for the appropriate percentage increases.

The components of a budget consist of the following:

- ◆ Direct Costs
- ◆ Facilities & Administrative Costs (F&A)
- ◆ Cost Sharing (if applicable)
- ◆ A Budget Justification

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## DIRECT COSTS

Direct costs are those that are specifically and directly identified with the costs required to carry out the work of the project.

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### DIRECT COST CATEGORIES

#### A. Salaries and Wages

A sample summary budget, a detailed budget, and explanatory notes, appear at the end of this Guide.

The Salaries and Wages section of the proposal budget includes the cost of persons *paid on Northeastern University payroll for the portion of effort directly related to the project*. Key, or senior, personnel are always identified by name, title, and percentage of effort to be expended on the project. Salaries and wages from a sponsored project constitute some portion, up to 100%, of a Northeastern employee’s University salary or wages. Faculty PIs should first determine, or make the best estimate of, the percentage of time they expect to devote to the project, and then check with department chairs to ensure that the PIs time will be available if the project is funded. Note, however, that a PIs involvement in funded projects may not exceed 100% of the academic year. In summers PIs can devote up to 100% of the time available except if restricted by sponsor regulations. Personnel in other positions may be identified by name, to-be-announced (TBA), or title of job classification.

**NU Personnel.** Amounts for salaries and wages of NU personnel on academic year salary—the academic year appointment is nine months or 10.5 months, regardless of the time period over which the faculty member chooses to be paid—are based on the employees’ actual salary rates. Some sponsors, however, such as NIH, impose salary caps on the 12 month salary rate.

**Persons to be recruited.** An amount within the salary range of the job classification involved should be budgeted. Human Resources Management—HRM—(ext. 2230) should be contacted in advance for assistance in establishing salary ranges for all new positions or potential upgrades. Note that there are already established PCDs (Position Content Description) and pay ranges for several research positions, so expedited hiring for these positions is possible (See *Streamlined and Enhanced Services for Principal Investigators* prepared by HRM, in the Appendix)

Do not include Consultants under the “Salaries & Wages” category. The “Salaries & Wages” category is reserved for employees of the University. Consultants are not NU employees; but are contracted to perform specific tasks. Consultants should be listed elsewhere in the budget (see p. 7 below).

**Summer Salary** must be shown as separate line items from the academic year salary. Summer compensation is calculated at one-ninth of the academic year salary for each month of summer compensation.

By University policy, three months is the maximum number of months that an academic faculty member may be paid for summer compensation. However, some sponsors impose limitations at less than three months. For example, the National Science Foundation will not fund more than two months of summer salary. Persons seeking salary support for all three summer months should note that 100% effort on the project for this entire time is expected—no vacations.

**Administrative or Clerical Staff** salaries are usually not included in the budget for federal grants; this is because administrative or clerical staff salaries are included as part of indirect costs (F&A). Salaries of administrative or clerical staff may be requested as direct costs, however, for a project requiring an extensive amount of administrative or clerical support and where these costs can be readily and specifically identified with the project with a high degree of accuracy. The circumstances for requiring direct charging of these services should be clearly described in the budget justification statement in the proposal. Such costs, if not clearly justified, must be omitted. (DSPA can advise on these types of charges)

**Graduate Students.** Verify rates for graduate students with dean’s office or department chair. Salary levels must be consistent with established University rates for the home unit.

**Undergraduate Students.** Verify Student Weekly Wages Rates with Cooperative Education (ext. 3400).

**Tuition Remission Costs:** whether tuition remission costs should be included in your budget depends on a variety of circumstances. If tuition remission may be a

factor as you construct your budget, be sure to contact DSPA staff to determine whether you *should*, or *should not*, include this item in your budget.

### **B. Fringe Benefits**

Fringe benefits cover the University contribution for FICA, retirement, health insurance, group life insurance, and unemployment insurance. Estimates for these employee-related expenses are to be included in the proposal budget at the current federally-approved rate for that employee's job classification.

Note the two-tier rates: the higher "Fully Benefitted Position" rate for faculty, senior project personnel, technicians, post-docs and clerical/administrative positions. The lower rate is for part-time personnel and students employed on the project.

To find out NU's current federally-approved fringe benefit rates, call DSPA (ext. 5600) or refer to the DSPA web site

[www.neu.edu/dspa/general\\_information.html](http://www.neu.edu/dspa/general_information.html)

### **C. Equipment**

Equipment is defined as a device with a useful life greater than one year and a unit acquisition cost of \$500 or more.

Include the cost of acquiring equipment to be used specifically for the performance of your project. Identify each item separately by name and estimated cost in the budget. You need not provide vendor names, but you should obtain vendor quotes; factor in possible long lead time, delivery dates. Some sponsors require price and delivery quotations.

Note that most sponsors will NOT fund the purchase of general purpose equipment (e.g., office equipment and furnishings, refrigerators, automatic data processing equipment, etc.) unless the reason for using such equipment is research specific, and justification is provided. Check sponsor guidelines for the allowability of the purchase of general purpose equipment.

### **D. Travel Costs**

Include costs of trips necessary for the performance of the project. Examples of travel costs that would normally be included as part of the project budget are: trips to the sponsor's facility, trips to appropriate scientific meetings, trips to collect field data, to consult with agency project monitors. The travel budget is presented on a cost basis, using University travel guidelines. For NU travel policies contact DSPA (ext. 5600) or review <http://www.neu.edu/purchasing>. Domestic and foreign travel must be listed separately.

**Domestic travel.** Includes the U.S., its territories, Mexico and Canada. Consult Navigant International (phone 617-864-3600) for air fare estimates. Also you should check NU travel policy at [www.neu.edu/purchasing](http://www.neu.edu/purchasing) for estimating daily subsis-

tence rates. Costs generally include fares, ground transportation, car rentals, hotel, per diem subsistence, and conference registration. If a personal automobile is to be used, indicate the number of miles and calculate the total cost using the current NU mileage reimbursement rate (contact DSPA, ext. 5600).

### ***Foreign Travel***

Obtain estimates of travel fares from Navigant International (phone 617-864-3600), NU's designated travel agency. Travel on U.S. flag carriers is required. Daily subsistence rates varying according to which city you are visiting. Check with federal government daily rates at [www.gsa.gov/travel.htm](http://www.gsa.gov/travel.htm).

On the justification page you need to explain the purpose of each trip—especially foreign travel—and to indicate the names of the travellers, destination, and duration.

### **E. Supplies and Materials**

Supplies and materials are defined as consumables used in the performance of the project, regardless of cost. Examples include laboratory supplies, laboratory notebooks, raw materials for fabrication of equipment, duplicating materials and data processing supplies.

A reasonable amount should be budgeted for these items; it is not necessary to break-down the cost of each item, but general categories should be listed (e.g., glassware, chemicals).

### **F. Publication Costs**

Publication costs may include page charges made by professional journals or other publications for printing material arising from your project, and for the cost of reprints.

### **G. Computation Costs**

Costs for computer use and data processing are allowable only if services are contracted for with outside (non-NU) vendors.

### **H. Consultants**

Consultants who are to be involved in your project are independent contractors; accordingly they may not be NU employees. Furthermore, they may not be spouses or other family members pursuant to NU's anti-nepotism policy. The Internal Revenue Service establishes the criteria for distinguishing independent contractors from employees and imposes severe penalties for paying individuals as independent contractors who should have been paid as employees. For definitions of "Independent Contractors/Consultants" refer to

[www.nuway.neu.edu/publications/admin\\_manual/policy\\_77.html](http://www.nuway.neu.edu/publications/admin_manual/policy_77.html)

In general, if an individual is subject to the control or direction of another merely as

to *the result* to be accomplished by the work and not as to the means and methods for accomplishing the result, he is not an employee. Consultants are required to submit a letter of intent at the proposal stage to be included in the proposal.

Anticipated consultant services should be justified and information furnished on each individual's expertise, primary organizational affiliation, normal daily compensation rate, and number of days of expected service in the budget justification statement. Consultants' travel costs, including subsistence, may also be included.

In the budget list each consultant by name and indicate the nature of the service to be performed and normal daily compensation rate, and number of days of expected service. Costs may also include fees, travel, accommodations, and other related expenses. Payment for a consultant's services, exclusive of expenses, may not exceed the consultant's normal rate or the daily maximum rate established by a sponsor, whichever is less. Note that some sponsors, in their guidelines, impose restrictions on maximum daily rates. Consultants may be required to substantiate their rates.

### **I. Participant Costs**

Stipends, tuition and registration fees, student health insurance, and student travel are included in the participant cost budget category. Generally, participant cost is associated with training grants and is not included in the budget for a research project. Students receiving participant cost stipends are not considered employees of the University, and, as such, are not providing services for compensation.

### **J. Subcontracts (Subawardees)**

See Appendix 1 for DSPA's procedures on how the potential subcontractor's budget in to be incorporated in your proposal and its budget.

If your proposal requires that a portion, or portions, of the work is to be performed by—contracted out to—another institution or firm, or by more than one institution or firm, the proposed subcontractor(s) must provide, among other items, a proposal and the subcontractor's budget. You must enter the total cost of each subcontract as a *separate* line item on your budget along with each subcontractor's name. Do not merge the subcontract cost categories (personnel, operations, capital) with the NU portions of the budget.

In addition to a budget, the subcontractor must furnish you with a memorandum of understanding, or letter of intent indicating a willingness of the that entity to enter into a subcontract with NU, signed by the authorized official of the proposing subcontractor before it may be submitted as part of a Northeastern University proposal.

The subcontractor's proposal must also include a statement of work, a detailed budget, the period of performance, identification of key personnel, and a copy of the subcontracting organization's indirect cost rates. It is desirable to attach the subcontractor's formal proposal to your proposal.

You should also provide an explanation in your budget justification for selecting the named subcontractor(s). If the named subcontractor is the *only* organization capable of performing the work specified, provide an explanation. An adequate explanation in the budget justification will satisfy the University requirement for a sole-source

justification. Otherwise, the subcontract will go out for bid.

NOTE: It is important not to confuse a subcontractor (subrecipient) with a vendor. If the entity receiving the funds has responsibility for programmatic decision making, it is a subcontractor. If there is no transfer of programmatic decision making, the transaction is considered to be procurement of goods or services and the entity is a vendor to the University, rather than a subcontractor. The substance of the relationship is more important than the form of the agreement in distinguishing between a vendor or subrecipient.

### **K Other Direct Costs**

Your proposal budget may also include other items depending on the nature of the project. Some examples of these are:

1. Human subject fees: if appropriate, include fees paid to participants in your research project either on an hourly basis or a flat fee. Travel, child care costs may also be charged
2. Animal subjects: if appropriate, include cost of obtaining subjects, and cost of maintenance (available from Division of Laboratory Animal Medicine (DLAM), 21 Mugar Life Sciences Building, ext. 3958. ).
3. Communication costs, telephone, postage, shipping costs. However, phone and fax costs normally should not be included in the budget; unless it can be demonstrated that dedicated lines are required for the conduct of the project. (In Budget Justification page.)
4. Maintenance contracts, photographic services, etc.

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## **FACILITIES & ADMINISTRATIVE COSTS (F&A)**

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### **WHAT ARE FACILITIES AND ADMINISTRATIVE COSTS?**

F & A Costs is the official term now used for what was more generally referred to as “overhead” or “indirect costs.”

NU’s F & A cost rate is established after negotiations with our cognizant federal agency, the U.S. Department of Health & Human Services (DHHS).

The procedures for establishing this rate are well established and complex. In determining F&A rates, the University is requested to provide information on what the federal government considers an allowable, indirect—and real—costs incurred by Northeastern University in the conduct of a research project (e.g. utilities, debt costs, support services, administrative costs). Typically, F&A costs are costs that the federal government has determined are infrastructural research costs that are not directly attributable as project costs but are allowable costs for which the University can be reimbursed on a percentage basis. (Most other private and public organizations automatically include indirect costs when pricing a product or service.)

For information of NU’s current F&A rates for on-campus and off-campus research, check DSPA web site

[www.neu.edu/dspa/general\\_information.html](http://www.neu.edu/dspa/general_information.html)

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## NORTHEASTERN'S F & A POLICY

NU's policy is to **recover full allowable F&A costs** for all extramurally sponsored activities, unless the sponsor or agency has published guidelines for its own official rates. If the agency specifies an F & A rate lower than NU's rates, you must provide DSPA with a copy of that agency's guidelines.

If your proposed project is budgeted at less than the full allowable F&A rate, or the full rate allowed by the agency, the reduced rate in your budget will require the approval of DSPA in the first instance, subject to final approval by NU's Office of the Vice Provost for Research and Graduate Education. If you request approval of a reduced F&A rate in your budget, you must so indicate on the **Proposal Processing Form**, together with a statement of justification for the reduced rate, explaining the benefit to the University for accepting the project at the reduced rate.

**Caution:** It is important that you understand that any reduced, or waived, F & A will result in the reduction, or elimination of overhead return to yourself, as PI, to your department and to your college

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## HOW TO CALCULATE F & A COSTS

The procedure for calculating F & A Costs is as follows:

1. obtain the total of all the Direct Costs;
2. from the total Direct Costs deduct:
  - equipment costs;
  - costs of alterations or renovations (if any);
  - participant costs (if any);
  - that portion of each subcontract or subaward (if any) in excess of \$25,000 (regardless of the period covered by the subcontract or subaward);

the result is called the **Modified Total Direct Cost (MTDC)**;

3. multiply the MTDC by the negotiated, (on-campus or off-campus) F&A rate to yield the F&A Costs.

Note: For proposals that include one or more subcontracts, the University F & A cost is calculated on the first \$25,000 of each subcontract. If the first year subcontract amount is more than \$25,000, the indirect cost amount is calculated on only the first \$25,000, and no indirect costs are budgeted in subsequent years. If the first year is less than \$25,000, indirect costs are calculated on the full amount. In the next budget year, indirect costs are calculated on only that portion up to a cumulative amount of \$25,000. In the following years, no indirect costs are budgeted on the subcontract.

Note: The off-campus F & A rate is applicable only to those projects that are conducted in facilities not owned or operated by the University. On many occasions a portion of the project may qualify as off-campus, and the off-campus rate may be applied to that part of the budget. A project may be considered off-campus if more than 50% of the project activities (excluding subcontracts) are conducted off-cam-

pus. Consult with DSPA if your project involves the application of the off-campus F & A rate.

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## CALCULATING THE TOTAL PROJECT COSTS

Finally, the total project costs are the sum of the project total Direct Costs plus the F&A Costs.

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## COST SHARING OR MATCHING COSTS

Sponsors sometimes require that a portion of the total project costs be contributed from other sources. Contributions may be in the form of cost-sharing or matching viewed as a statutory requirement for program eligibility. Cost sharing beyond the statutory requirements will be clearly stated in the program announcement, solicitation or other mechanism which generate the proposals.

Cost-sharing funds provided by the University must be approved by the authorized budgetary source of the funds, Dean of the College, the Department Chair, or other University officials as appropriate before the proposal is submitted to DSPA for review. Information regarding the amount and source of the cost share commitment, with approval signatures from those committing the cost share funds, must be entered on the second page of **Proposal Processing Form**. These funds must be contributed in conjunction with, and specifically for, the proposed project.

If cost share funds are contributed by sources outside of the University, a letter of commitment from the provider is required, together with a date when the check will be sent. In-kind cost share must define the type of cost involved.

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## ENTERING THE COST SHARE AMOUNTS IN THE BUDGET

The cost sharing amounts—both direct and F & A—must be entered on the proposal budget, arranged by appropriate budget categories in a separate column, as shown on the **sample budget**. The University's F & A share of cost share amounts, calculated as indicated above, must be added to determine the total amount contributed to the project from sources other than the sponsor.

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## BUDGET JUSTIFICATION

A good budget justification section is an important part of your proposal budget. This is your opportunity to convince the sponsor agency that the budget items are critical to the performance of your project.

The budget justification should clearly refer to the individual budget items enumerated in the proposal budget, and should provide clear, detailed, explanations for the inclusion of the personnel, items and amounts requested.

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## APPENDIX 1: Subcontracts and Your Proposal Budget

### III. Subcontracting Procedures

#### A. Subcontractor Selection

1. It is the responsibility of the Northeastern University Project Director to comply with federal procurement requirements in selecting a subcontractor. There are two primary methods of selecting a subcontractor, competitive bidding or sole source procurement. Competitive bidding is to be used as the normal method of subcontractor selection. This method requires the Project Director to solicit proposals from a number of sources and make a final selection from those responding based on technical merit and cost objectives - normally the lowest bid from a technically qualified respondent. When the nature of the program requires performance from a single entity because requisite services or expertise are not available from other sources, the Project director is required to provide sole source justification identifying the need for the particular services and why the selected subcontractor is the only source available for the needed services. Inclusion of a specific Subcontractor in a proposal, and subsequent approval of that proposal as written, is an acceptable basis for sole source. A statement in the justification section of the Request to Issue a Subcontract form that the award was based on a joint proposal from Northeastern University and the Subcontractor is required. (NOTE: Sole source selection is not justified simply by the fact that there has been on-going collaboration between scientists. A sole source justification in these situations must be further justified with respect to the unavailability of the services or expertise from other sources.)

#### B. Subcontract Proposal

1. Regardless of the method used in selecting a subcontractor there must be adequate time between the receipt of the subcontractor's proposal and the Sponsor's proposal due date to allow Northeastern's Project Director time to discuss and negotiate the scope of work to be performed by the subcontractor. If the subcontract involves human subjects or animal experimentation appro-

priate subcontractor concurrence to their policy must also be included in the proposal.

2. A budget is submitted by the subcontractor which includes an itemization of budget categories, such as appropriate salaries, wages, fringe benefits, materials, supplies, equipment, travel, and other direct costs, that are needed to accomplish the specific aspects of research that the subcontractor has been requested to perform. Indirect costs should be calculated using the subcontractor's current indirect cost rate(s). A copy of the subcontractor's current negotiated rate agreement should be submitted to the Project Director as part of the subcontractor's proposal. (A copy of the rate agreement is needed to verify the amount of indirect cost requested and to support costs in the event of an audit.)

3. The subcontractor's proposal should be signed by a designated business official of the subcontractor. This individual should be someone who is authorized to commit the subcontractor's resources toward the completion of the subcontract.

#### C. Incorporating the Subcontractor's Proposal into the Northeastern Proposal

1. Subcontract costs are included in Northeastern University's budget as a direct cost to Northeastern. When calculating Northeastern indirect costs, exclude that portion of each subcontract contained in the proposal which exceeds \$25,000 as required by the Office of Management and Budget (OMB) Circular A2 1. (Note: Northeastern calculates indirect cost only on the first \$25,000 of each separate subcontract issued under any single sponsored prime award regardless of the number of budget periods involved during the performance.)

2. During proposal processing by the Division of Research Development the Subcontract portion of the Northeastern proposal is reviewed to ensure that items discussed in this Section m, Parts A and B above have been incorporated. It may be necessary to clarify costs or other items with Northeastern's Project Director and/or the Subcontractor's business official. ☞

## **APPENDIX 2**

Guide for  
Principal Investigators

# **SAMPLE PROPOSAL BUDGET**

Explanatory Notes  
Budget Summary  
Budget Details

## **EXPLANATORY NOTES TO ACCOMPANY SAMPLE BUDGET**

### **A. SALARIES & WAGES**

1. a. Percent of effort must be concurred in by department chair and/or dean.
1. a. Three months summer salary allowable, except NSF which imposes 2 months maximum.
1. a. Summer salary should be escalated (see below) for next fiscal year.
1. b. Compensation rates should be verified with Human Resources Management (ext. 2330).
  2. a. Verify rates with Human Resources Management (ext. 2230).
  2. b. Verify rates with dean's office or department chair.
  2. c. Verify Student Weekly Wages Rates with Cooperative Education (ext. 3400).
  2. d. Verify rates with Human Resources Management (ext. 2230).
  2. e. As a rule, administrative/clerical wages should not be included in the budget unless a strong case can be made that the person is necessary to the project, and that the person's percentage/effort will be exclusively dedicated to the project. (In Budget Justification page.)

### **B. FRINGE BENEFITS**

For current fringe benefit rates check DSPA's web site,

[www.neu.edu/dspa/general\\_information.html](http://www.neu.edu/dspa/general_information.html)

Note the two-tier rates: the higher "Fully Benefitted Position" rate for senior personnel, technicians, post-docs. and clerical/administrative positions. The lower rate is for part-time personnel and students.

### **C. EQUIPMENT**

Specify items; obtain catalogue/vendor prices/written quotes; factor in possible long lead time, delivery dates.

### **D. TRAVEL**

Air Fares: Consult Navigant International (phone 617-864-3600) for estimates. Travel must be on US flag aircarriers.

1. Daily Subsistence Rates, Domestic travel: obtain reasonable estimates of costs.
2. Daily Subsistence Rates, Foreign travel: check with federal government daily rates for relevant city or cities at

[www.gsa.gov/travel.htm](http://www.gsa.gov/travel.htm)

NOTE: travel costs should be detailed on the Budget Justification page.

**E. SUPPLIES**

Obtain catalogue/vendor prices; or provide reasonable estimates.

**G. COMPUTATION COSTS**

Can only be included if services are contracted for with outside (non-NU) vendors.

**H. CONSULTANTS**

Daily rates should be based on the normal fees for that discipline. Or check with DSPA (ext. 5600).  
Consultants may be asked to provide names of past clients for rate verification.

**J. OTHER DIRECT COSTS**

1. Phone, fax, costs normally should not be included in the budget; unless it can be demonstrated that dedicated lines are required for the conduct of the project. (In Budget Justification page.)

**ESCALATING FACTOR – BUDGETING FOR MULTI-YEAR PROJECTS**

Multi-year projects should include an escalating factor, especially for personnel costs, and other relevant items. Annual estimated increases for the second and subsequent years should be built into the budget; contact DSPA (ext. 5600) for the appropriate percentage increases.

**SAMPLE PROPOSAL  
BUDGET SUMMARY**

Department of Critical Sciences

Project period: July 1, 2000 - June 30, 2001

	<i>Requested from Agency</i>	<i>NU Costshare Amount</i>	<i>Total Cost</i>
A. Salaries and Wages	\$211,433	\$24,500	\$235,933
B. Fringe Benefits (see DSPA Website for current rates)	\$45,49:	\$3,063	\$48,563
C. Equipment ( <i>Note: not charged with F&amp;A costs</i> )	\$29,280	\$3,250	\$32,530
D. Travel	\$3,940		\$3,940
E. Supplies	\$27,970		\$27,970
F. Publication Costs	\$1,800		\$1,800
G. Computation Costs	\$7,850		\$7,850
H. Consultant Fees	\$2,680		\$2,680
I. Subcontracts ( <i>Note: F&amp;A charge on first \$25K of ea. subcont</i> )	\$56,500		\$56,500
J. Other Direct Costs	\$11,300		\$11,300
TOTAL DIRECT COST	\$398,253	\$30,813	\$429,066
Modified Total Direct Cost (MTDC)	\$320,383	\$27,563	\$347,946
K. Facilities & Administrative (Indirect) Costs	\$187,424	\$16,124	\$203,548
<b>L. TOTAL COST</b>	<b>\$585,677</b>	<b>\$46,937</b>	<b>\$632,614</b>

# SAMPLE PROPOSAL BUDGET

Department of Critical Sciences

Project period: July 1, 2000 - June 30, 2001

Notes: for illustrative purposes, this budget is overly detailed. Most project budgets are less complicated. See explanatory notes.

		<i>Requested from</i>	<i>NU Costshare</i>	<i>Total</i>
		<i>Agency</i>	<i>Amount</i>	<i>Cost</i>
<b>A. SALARIES AND WAGES</b>				
<b>1. Senior Personnel (list faculty &amp; professionals)</b>				
<i>a. Faculty</i>				
Academic Year Faculty				
A. Best, (PI) Associate Professor	25% x \$60,000 (A.Y 39wks)	\$7,500	\$7,500	\$15,000
S. New, Assistant Professor	10% x \$35,000 (A.Y 39wks)	\$3,500		\$3,500
Summer Salary				
Anne Best	2 mo. @ \$6,666.67/mo.	\$13,333		\$13,333
Sam New	1.5 mo. @ \$3,888.89/mo.	\$5,833		\$5,833
<i>b. Senior Professionals</i>				
J. Technic, Electronic Engineer	100% x \$50,000	\$50,000		\$50,000
R. First, Sr. Staff Associate	50% x \$19,500	\$9,750		\$9,750
To Be Determined, Systems M	100% x \$27,500	\$27,500		\$27,500
<b>2. Other Personnel</b>				
<i>a. Post Doctoral Associates</i>				
K. Ace	100% x \$26,000	\$26,000		\$26,000
V. Smart	100% x \$26,000	\$26,000		\$26,000
<i>b. Graduate Research Assistants</i>				
N. Degree, 9 months, acad.yr.	100% x \$17,000		\$17,000	\$17,000
B. Brain, 9 months acad.yr.	100% x \$17,000	\$17,000		\$17,000
B. Brain, 3 months summer	100% x \$5,666	\$5,666		\$5,666
<i>c. Undergraduates (2)</i>				
2 TBD @ \$6.25/hr	30 hrs/wk x 10wks	\$1,875		\$1,875
	30 hrs/wk x 10wks	\$1,875		\$1,875
<i>d. Technical Support</i>				
H. Current, Electronic Tech	50% x \$20,000	\$10,000		\$10,000
<i>e. Administrative/Clerical Support</i>				
P. Files, Admin. Assistant	20% x \$28,000	\$5,600		\$5,600
<b>TOTAL SALARIES AND WAGES</b>		<b>\$211,433</b>	<b>\$24,500</b>	<b>\$235,933</b>
<b>B. FRINGE BENEFITS</b>				
<b>1. Senior Personnel (23.5% x \$117,417)</b>		\$27,593	\$1,763	\$29,355
<b>2. Other Personnel</b>				
a. Post Doctoral Associates (23.5% x \$52,000)		\$12,220		\$12,220
b. Graduate Research Assistants (7.65% x \$22,666)		\$1,734	\$1,301	\$3,034
c. Undergraduates		\$287		\$287
d. Technical Support (23.5% x \$10,000)		\$2,350		\$2,350
e. Administrative/Clerical Support (23.5% x \$5,600)		\$1,316		\$1,316
<b>TOTAL FRINGE BENEFITS</b>		<b>\$45,49:</b>	<b>\$3,063</b>	<b>\$48,563</b>
<b>TOTAL PERSONNEL</b>		<b>\$256,933</b>	<b>\$27,563</b>	<b>\$284,496</b>
<b>C. EQUIPMENT</b>				
<b>1. Spectrometer Model PDQ-450</b>		\$25,600		\$25,600
<b>2. Anti-Gravity Gadget</b>			\$3,250	\$3,250
<b>3. Cash Generators</b>	2 @ \$1,840	\$3,680		\$3,680
<b>TOTAL EQUIPMENT</b>		<b>\$29,280</b>	<b>\$3,250</b>	<b>\$32,530</b>

			<i>Requested from Agency</i>	<i>NU Costshare Amount</i>	<i>Total Cost</i>
<b>D. TRAVEL</b>					
<b>1. Domestic Travel</b>					
Two persons to New York, NY					
	<i>People</i>	<i>Days</i>			
a. Airfare (rt) \$400	2	1	\$800		\$800
b. Subsistence \$150/day	2	4	\$1,200		\$1,200
<b>TOTAL DOMESTIC TRAVEL</b>			<b>\$2,000</b>	<b>\$0</b>	<b>\$2,000</b>
<b>2. Foreign Travel</b>					
One person to Brussels, Belgium					
a. Airfare (rt) \$850	1	5	\$850		\$850
b. Subsistence \$218 GSA Rate	1	5	\$1,090		\$1,090
<b>TOTAL FOREIGN TRAVEL</b>			<b>\$1,940</b>	<b>\$0</b>	<b>\$1,940</b>
<b>TOTAL TRAVEL</b>			<b>\$3,940</b>	<b>\$0</b>	<b>\$3,940</b>
<b>E. SUPPLIES</b>					
<b>1. Mechanical Components</b>					
a. Electronic Box and Cables			\$4,990		\$4,990
b. Thermal Doodads			\$9,300		\$9,300
c. Supporting Platforms			\$3,850		\$3,850
<b>2. Electronic Components</b>					
a. Encoders			\$980		\$980
b. Data Buffers			\$2,150		\$2,150
c. Gadgets, magnets and chips			\$3,000		\$3,000
<b>3. Computer Supplies</b>					
a. Disks, ink cartridges, etc.			\$3,200		\$3,200
<b>4. Books, Journals</b>					
			\$500		\$500
<b>TOTAL SUPPLIES</b>			<b>\$27,970</b>	<b>\$0</b>	<b>\$27,970</b>
<b>F. PUBLICATION COSTS</b>					
<b>1. Journal of Gravitational Pull</b>					
a. Two papers	10 pp. ea. @ \$85/page		\$1,700		\$1,700
b. Reprints	2 articles @ \$50/art.		\$100		\$100
<b>TOTAL PUBLICATION COSTS</b>			<b>\$1,800</b>	<b>\$0</b>	<b>\$1,800</b>
<b>G. COMPUTATION COSTS</b>					
<b>1. Cambridge Megabyte Associates</b>					
	125 hrs @ \$22/hr		\$2,750		\$2,750
<b>2. Big Computer Services Inc.</b>					
	200 hrs @ \$25.50/hr		\$5,100		\$5,100
<b>TOTAL COMPUTATION COSTS</b>			<b>\$7,850</b>	<b>\$0</b>	<b>\$7,850</b>
<b>H. CONSULTANT FEES</b>					
<b>1. Dr. I. Knowitall, MIT</b>					
	4 days @ \$345/day		\$1,380		\$1,380
<b>2. Dr. X. Pert, Boston Univ.</b>					
	5 days @ \$260/day		\$1,300		\$1,300
<b>TOTAL CONSULTANT FEES</b>			<b>\$2,680</b>	<b>\$0</b>	<b>\$2,680</b>
<b>I. SUBCONTRACTS</b>					
<b>1. Univ. of New Hampshire</b>					
			\$23,500		\$23,500
<b>2. Brilliant Research Corporation</b>					
			\$33,000		\$33,000
<b>TOTAL SUBCONTRACTS</b>			<b>\$56,500</b>	<b>\$0</b>	<b>\$56,500</b>

	<i>Requested from Agency</i>	<i>NU Costshare Amount</i>	<i>Total Cost</i>
<b>J. OTHER DIRECT COSTS</b>			
<b>1. Communication &amp; Shipping</b>			
<i>a. Telephone, fax</i>	\$2,000		\$2,000
<i>b. Shipping</i>	\$3,000		\$3,000
<b>2. Services</b>			
<i>a. Equipment maintenance costs</i>	\$5,500		\$5,500
<i>b. Photographic Services</i>	\$800		\$800
<b>TOTAL OTHER DIRECT COSTS</b>	<b>\$11,300</b>	<b>\$0</b>	<b>\$11,300</b>
<b>TOTAL DIRECT COST</b>	<b>\$398,253</b>	<b>\$30,813</b>	<b>\$429,066</b>

<b>Calculation of Modified Total Direct Cost (MTDC)</b>			
<i>MTDC = Total Direct Cost minus exclusions</i>	\$398,163	\$30,813	\$428,976
<b>Exclusions</b>			
<b>1. Equipment</b>			
	\$29,280	\$3,250	\$32,530
<b>2. Subcontracts up to the first \$25,000 of ea. subcont.</b>			
<i>a. Univ. of New Hampshire</i>	\$23,500		\$23,500
<i>b. Brilliant Research Corporation</i>	\$25,000		\$25,000
<b>MODIFIED TOTAL DIRECT COST</b>	<b>\$320,383</b>	<b>\$27,563</b>	<b>\$347,946</b>

<b>K. FACILITIES &amp; ADMINISTRATIVE (Indirect) COSTS</b>	<b>\$187,424</b>	<b>\$16,124</b>	<b>\$203,548</b>
<i>(Modified Total Direct Costs (MTDC) x 58.5%)</i>			
<b>L. TOTAL COST (Total Direct + F &amp; A Costs)</b>	<b>\$585,677</b>	<b>\$46,937</b>	<b>\$632,614</b>

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