Budget Justifications:
What You and Your PI Need to Know

Windy Batten, Psychiatry
Valorie Cook, SSRI
Michael Albright, Elect. & Computer Engineering
Randy Best, Physics
Mollie Sykes, ORA

Effort/Salary and Fringe Benefits

Windy Batten, Psychiatry
Before you Justify

Review announcements/guidelines/manuals
- Minimum effort requirements
- Administrative or clerical staff

Personnel Effort
Miscellaneous - NIH
- Justify significant effort increases or decreases
- If not listed as key/senior, list the names, role, associated months, salary and fringe benefits for all Postdoctoral Associates and Graduate Students included in the budget
- For NIH modular proposals, do not provide individual salary information (e.g., do not state personnel are over the salary cap)
- The maximum amount awarded by the NIH for the support of a graduate student is tied to the zero level NRSA stipend
Personnel Effort

Miscellaneous - NSF

• NSF: As a general policy, NSF limits salary compensation for senior project personnel to no more than two months of their regular salary in any one year. This limit includes salary compensation received from all NSF-funded grants.

Personnel Effort

Include:
• Name
• Role on project
• Number of person months or percentage
• Narrative justification for each person
Personnel Effort
Examples - NIH

✓ John Doe, Ph.D., Principal Investigator (1.5 calendar months). Dr. Doe is an Associate Professor of Psychiatry and Behavioral Sciences. He will provide scientific leadership over all aspects of the study. He will ...

✓ Jane Doe, M.S.W., L.C.S.W. (Therapist): Ms. Doe will serve as one of the therapists working with couples. During the first nine months of the grant, she will be trained in the intervention condition. In the third quarter of Year 1 and Years 2-4, her responsibilities will include conducting therapy sessions (including scheduling sessions, preparing for sessions, and writing session notes) and preparing for and participating in weekly supervision. She will devote 4.5 calendar months (37.5% effort) for Years 1-4. She is not included in the grant in Year 5.

✓ We request 7.2 months (60%) support throughout the project for Little Doe, Professional Psychometrician, who will ...

Personnel Effort
Examples - DoD

✓ Dr. John Doe is an expert in optomechanical systems and large-scale optical system integration. He will dedicate 1.5 summer months (Periods 1, 3, and 4) and 0.5 academic month (Periods 1-3) to this project. Dr. Doe will be responsible for optical testbeds and testing (Task area II). An iForm is provided for verification of monthly disbursement.

✓ Dr. Jane Doe, Research Scientist, will dedicate 100% effort to this project (12 calendar months). Dr. Doe is an expert in computational optical imaging systems. She will be responsible for project reconciliation, optical design and testing and integrated sensing and processing. Dr. Doe's rate of pay is based on her appointment letter effective 3/1/10 (see attached).
Personnel Effort
Examples - NSF

- Assistant Professor Jane Doe, serving as the PI for this effort, will actively work with a graduate student research assistant toward developing energy efficient logical localization technologies. Support is requested for the equivalent of 1% of 1 month summer salary (.03 month) for year one, 1 month summer salary for year two, and 2 months summer salary for year three of the proposed project research.

- Support is requested for one Graduate Student Research Assistant to work for a 12 month period at an annual rate of $25,307 for year one, $25,933 for year two, and $26,453 for year three. The RA will be responsible for ...

Personnel Effort
Special Statements

- **Over the salary cap**: Dr. Doe’s salary exceeds the currently approved NIH salary cap.
- **Concurrent effort**: Dr. Doe has a mentored career development award from NIH; no salary support is requested from this project.
- **HHMI scholars and other instances of voluntary cost-sharing**: Dr. Doe requests no salary support from this project as he/she is fully supported by an award from the X.
Personnel Effort

Special Statements - PDC Effort

• Dr. Doe holds both university and non-university appointments. His commitment of x calendar months of his university appointment to this project represents x calendar months of his total professional effort.

✓ John Doe, Ph.D. (Principal Investigator): 13% or 1.56 calendar months Years 1-2; Dr. Doe holds both university and non-university appointments. His commitment of 1.56 calendar months of his university appointment to this project represents 0.6 calendar months of his total professional effort.

• Dr. Doe holds both university and non-university appointments. His commitment of x calendar months of his university appointment to this project represents x calendar months of his total professional effort.

✓ Jane Doe, Ph.D. (Co-Investigator): Dr. Doe is an Professor in the Department of Biostatistics and Bioinformatics at Duke Medical Center. Dr. Doe will ... We request 4.5 calendar months in years 1-5 which represents 37.5% of her institutional effort. The effort requested represents the share of Duke University time only; this is equivalent to x.x months of total professional effort. Dr. Doe has a 7/8 VA appointment.
Fringe Benefits

- Fringe benefits are charged at the currently approved and anticipated rates.
- Use the correct rate [http://www.finsvc.duke.edu/resources/docs.php](http://www.finsvc.duke.edu/resources/docs.php)
- Some contracts will only allow approved rates for all years, no projections

The Department of Health and Human Services (DHHS) has now formally approved Duke University's federal fringe benefit rates for FY11. The negotiated rates for FY11 are summarized below.

<table>
<thead>
<tr>
<th></th>
<th>Faculty/ Monthly Staff</th>
<th>House Staff/ Postdocs</th>
<th>Hourly Staff</th>
<th>Students</th>
<th>PhD Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 10/11 Projected Non-Federal</td>
<td>25.9%</td>
<td>17.3%</td>
<td>23.7%</td>
<td>7.7%</td>
<td>8.4%</td>
</tr>
<tr>
<td>FY 10/11 Projected Federal</td>
<td>24.0%</td>
<td>17.3%</td>
<td>22.9%</td>
<td>7.7%</td>
<td>8.4%</td>
</tr>
</tbody>
</table>

Fringe Benefits Examples

- **Fringe Benefits.** Duke University's projected fringe benefit rates applicable to the PI are prorated at 24.1%, 23.95%, and 23.7%, respectively, for each consecutive twelve-month period beginning January 1, 2011. Duke University's projected fringe benefit rates applicable to the Research Assistant are prorated at 8.7%, 9.7%, and 10.4%, respectively, for each consecutive twelve-month period beginning January 1, 2011.

- Fringe benefits are applied to salaries at the following rates:
  - PI's salary: 23.9% for the 1st yr, 25.67 for 2nd yr and 26% for 3rd yr
  - Graduate students: 6.52%; 7.48%; 7.7%
  - Undergraduate student: 7.7% for all three years
Budget Justifications
Contractors and Subcontracts

Valorie Cook
Social Science Research Institute

PRINCIPLES FOR DETERMINING COSTS APPLICABLE TO GRANTS, CONTRACTS, AND OTHER AGREEMENTS WITH EDUCATIONAL INSTITUTIONS

J. General provisions for selected items of cost.
32. Professional services costs.
   a. Costs of professional and consulting services, including legal services rendered by the members of a particular profession who are not employees of the institution, are allowable, subject to subsection b and Section J.11 when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Federal Government. Retainer fees, to be allowable, must be reasonably supported by evidence of services rendered.
   b. Factors to be considered in determining the allowability of costs in a particular case include (1) the past pattern of such costs, particularly in the years prior to the award of sponsored agreements; (2) the impact of sponsored agreements on the institution's total activity; (3) the nature and scope of managerial services expected of the institution's own organizations; and (4) whether the proportion of Federal Government work to the institution's total activity is such as to influence the institution in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under sponsored agreements.
Contractors - Guidance

- Reference Chart for Obtaining and Paying for Outside Services - http://www.finsvc.duke.edu/gap/ossvc.php
- Relevant Gaps:
  - GAP 200.130 - 200.134

Contractors – What to include in budget justification?

- State name (if known), brief description of work to be done, hourly or daily rate, amount of hours or days expected to do the stated work

- Example (NSF): Valorie Cook will serve as an ethnographic consultant for the project. She will provide feedback and guidance on data analysis protocols, the interpretation of study findings, and the development of conceptual models and research design templates. Funds are requested to provide an honorarium of $5,000 (20 days @ $250/day) per year in years 1 and 2 plus $2,000 per year for travel to Duke (flight, lodging and per diem for 4 to 5 days) once in each year of the project.

- Use the budget justification post-award as an aid in filling out the outside services agreement paperwork
Contractors - Effort

- If a consultant is key on a project, their effort should be stated in person months similarly to the key personnel.
- Example: (NIH) Windy Batten will work as the Consultant on this project. She will provide expertise in developing methods of detecting common genetic variants, associated with human diseases and longevity, and help researchers to perform effective selection of genetic variants and evaluate their joint effects on phenotypic traits of interest. 0.5 calendar months will be devoted during each year of the project.

Contractors – Foreign Nationals

- There is additional paperwork and different tax liability for foreign nationals who work as consultants on Duke projects.
- Jacqueline Pollmiller
  Foreign National Tax Specialist
  Corporate Tax Reporting & Services
  jackie.pollmiller@duke.edu
  +1 919 668 5225(tel)
- Also utilize your ORS/ORA and Procurement offices for guidance.
When Duke faculty are Consultants

- Faculty are allowed to serve as consultants outside of their Duke employment up to a pre-determined amount of time as stated in the Faculty Handbook.

Subcontracts - Guidance

- [GAP 200.280, Monitoring Subrecipients - Federal Funds]
- ORS/ORA
- Common Sense
Subcontracts – What to include in budget justification?

- Subcontract budget justification should be like a mini justification within the parent description.
- State name of subcontracting institution/organization, brief statement of work for subcontractor, subcontract PI and any other personnel, describe all other budget categories, state their indirect rate.

Example:

- Sponsor: Office of Naval Research (DoD)
- Randy Best will serve as a subcontractor for the project. Best, one of the developers of affect control theory, has extensive experience with cross-cultural studies of affective meaning and event processing. His research site at ABC University will program the Arabic questionnaire in Java for implementation on laptop computers and receive and process the data as they are collected. (See the full Budget Justification in the ABC University subcontract for more detail. The subcontract budget is $40,618.00 for Best’s time, a programmer, data analysis programs and a graduate student assistant at ABC University. He will also make several trips to Duke to consult on data collection and model implementation.) ABC’s F&A rate is 54%.
Subcontracts

• On federally sponsored projects, F&A is charged on first $25,000 only (SPS will do this automatically)

Subcontracts

• Subcontractor is not necessarily restricted to sponsor indirect limits

• Example: DoD has an indirect rate of 53.84% which applies to Duke as the prime applicant, but a subcontractor on a Duke proposal can charge their federally negotiated rate even if it is higher than 53.84%.
When Duke is the Subcontractor

- ORS/ORA prepares cover letter or federal cover page demonstrating its approval of the project
- Duke submits cover letter/cover page, subcontract scope of work, budget, budget justification, biosketch, and any other items requested by the primary applicant.

Example:
A subcontract will be awarded to Duke University to support the effort of Amy Hogaboom and a programmer. Each year during the first three years $25,000 in direct costs, and $14,000 in indirect costs, for a total of $39,000 will be awarded to Duke University.

Hogaboom will devote 1 month during the academic year and 1 month during the summer, during each year of the project to be a Co-Investigator for this study; She will share existing SAS, Fortran, and Excel code and will create additional code that summarizes information across a number of variables. She will be supervising a programmer at Duke who will be constructing code and validating imputed variables.

The TBD programmer will devote 1 calendar month in each year to this project.
Materials & Supplies
Patient Care Costs
Capital Equipment

Michael Albright
Electrical & Computer Engineering

Materials and Supplies

Consumables, regardless of cost; Equipment
– unit value < $5K, OR useful life < 2yrs.
Itemize / classify by type. Provide relevant basis of cost/estimate, to substantiate.
– Including, but not limited to, ...
– Prior experience, comparable complexity
– Duke preferred vendors (negotiated discounts), purchasing procedures
– Duke is private, not-for-profit; no sales tax
Funds are requested for materials, supplies, and general lab consumables including, but not limited to aluminum, chemical reagents, electrodes, AFM tips and labware. Estimates are based on prior experience; the PI has instrument development grants with supply costs in line with the proposed supply budget. As a private, not-for-profit institution, Duke doesn’t pay sales tax on purchases made through NC vendors.

Materials and Supplies

Some sponsors (DoD, other Federal), and sponsors using certain award mechanisms (Contract), via BAAs/solicitations, require a more in-depth cost analysis of budgeted materials and supplies (i.e. Cost Proposals).

Specify, for each supply item proposed, the source of the unit price (i.e. vendor quote, engineering estimate, etc.) and provide description of the item to be purchased.
Funds are requested for materials, supplies, and general consumables, including, but not limited to, the items listed in the table below. Items are requested using pricing on current costs (online vendor quotes), and utilizing historical trends, quantities, and prior experience with projects of similar scope and comparable complexity. Duke has negotiated discounts with many vendors, and pays no sales tax on NC vendor purchases.

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount Year 1</th>
<th>Amount Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vacuum Equipment Supplies (e.g., gaskets, pump oil, pump rebuild kits, fittings, small vacuum components)</td>
<td>$12000</td>
<td>$7000</td>
</tr>
<tr>
<td>Standard laboratory consumables (e.g., glassware, chemwipes, common solvents)</td>
<td>$6000</td>
<td>$4500</td>
</tr>
<tr>
<td>Reagents, including gasses for carbon nanotube deposition, trace explosive compounds, and gas mixtures for mass spectrometer system calibration and testing</td>
<td>$10000</td>
<td>$6500</td>
</tr>
<tr>
<td>Licensed, specialized software. AccelerEyes Jacket software platform</td>
<td>$5000</td>
<td>$5000</td>
</tr>
<tr>
<td><strong>Year 1 Total</strong></td>
<td><strong>$33000.00</strong></td>
<td><strong>$23000.00</strong></td>
</tr>
<tr>
<td><strong>Year 2 Total</strong></td>
<td><strong>$56000.00</strong></td>
<td></td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Animal Costs

Provide details about how you developed your estimate for animal costs

- Number of animals you expect to use
- The purchase price for the animals
- Your animal facility’s per diem care rate, if available

Since the pig is an established animal model for researching the biocompatibility of blood-contacting surfaces and one of the most accepted models for the study of coagulation biology, thrombosis and inflammation, we have chosen to use swine for our study. The minimum number of pigs per study group is 10 (40 for 4 groups) in order to obtain statistically meaningful results (assuming an effect size of 40% for our biomarkers, which would give our study power of 91%). Because no animal experiment has a 100% survival rate (animals may be lost during surgery or during the post-operative period), we approximate the number of animals needed to undergo surgery to be 48. Based on our experience and preliminary data, we will be 80% successful in isolating the endothelial progenitor cells from a blood sample from pigs after they are purchased from a local breeder. Therefore, we will obtain 60 pigs at the beginning of the study. Three of those 12 pigs from which we cannot isolate EPCs on the first attempt will be utilized for acute, non-survival surgeries.

Per diem charges per pig are $15. In Year 1, 12 pigs will live 28 days, costing $5,040. Also in Year 1, 28 pigs will live for 56 days, costing $23,520, for a total of $28,560 for year one. In Year 2, 20 pigs will live for 56 days, costing $16,800. The transportation cost per pig is $25, which will add $1,000 in year one and $500 in year two.
Patient Care Costs

• The names of any hospitals and/or clinics and the amounts requested for each.
• If both inpatient and outpatient costs are requested, provide information for each separately.
• Provide cost breakdown, number of days, number of patients, costs of tests/treatments.
• Justify the costs associated with standard care or research care.

» NIH Grant Proposal Guide

CT Guided Biopsy (tissue collection): $2,500 per biopsy. This project will collect tissue samples through research biopsies across a number of oncology disciplines, including breast, ovarian, prostate, and lung. The biopsy site and method (CT, ultrasound or other radiologic guidance) will depend on the type of cancer and the metastatic disease location. For these biopsies, the following costs deemed not standard of care will be covered. We anticipate that this will include items such as: conscious sedation, needle, needle placement, biopsy trays, radiology fees, and surgeon’s fees. The cost of the biopsies will vary from patient to patient depending on disease location. $2,500 represents the most expensive procedure anticipated: a CT guided biopsy of the liver. We anticipate that two thirds of the patients will require a biopsy. 2/3 x 500 participants =

• 333 patients x $2,500 = $832,500. Year 1 $417,500, Year 2 $415,000.
Capital Equipment

Capital equipment is defined by the University as a permanent asset costing $5,000 or more per unit (costs of shipping and installation, and software purchased in conjunction with hardware are included in equipment cost) and having a useful life of at least two years. Specify cost estimates, including equipment name and manufacturer, whenever possible. Narrative should discuss why equipment is necessary, be tied to project objective(s), deliverables, scope of work, and confirm percentage dedication to project.

Capital equipment is defined by the University as a permanent asset costing $5,000 or more per unit and having a useful life of at least two years. Funds totaling $12,000 are requested in year 1 of the proposed project, for partial support of a Solartron Model 1255B Frequency Response Analyzer. The Analyzer will extend the capability for Electrochemical Impedance Spectroscopy (EIS) to characterize the carbon nanotube electrodes in the proposed work from a maximum frequency of 330 kHz to 1 MHz. This will enable better understanding of the charge transfer processes at the interface that are expected to operate when the electrode is used for high slew rate charge injection. The equipment will be used approximately 75% for the proposed project. It will be housed in CIEMAS 3570. Duke’s F&A cost rate agreement confirms that capital equipment expense as defined above is exempt from Facilities and Administrative costs, and as such may not be assessed these costs.
This project will develop a computer algorithm and code to perform large scale 3D image reconstruction for high-resolution MRI scans. The objective is to complete 1024x1024x1024 image reconstruction rapidly. To that end, a high end computer workstation is necessary, and funds totaling $10,000 are requested in year one of the proposed five year project. The computer purchased under this project will be solely (100%) dedicated, used for this research in MRI reconstruction, and will be housed in either the Electrical and Computer Engineering (ECE) computer room, or in the PI’s Lab in the The Fitzpatrick Center for Interdisciplinary Engineering, Medicine and Applied Sciences (FCEMAS). This equipment will utilize the linux operating system, will not function as a personal computer, and as such will not be used by any of the project team for non-project research related tasks.

Fabricated Equipment

Multiple items purchased to create / fabricate an integrated unit of equipment with total aggregate cost of $5K or more. All costs associated with the fabrication are classified as equipment.

- Define the equipment/system (name and description) to be fabricated.
- Provide detailed list of items, quantity, and price to build the unit.
Funds are budgeted to cover the costs of fabricating an NGA CASSI hyperspectral testbed. The major components will include:

• an astronomical grade visible focal plane array (e.g., Santa Barbara Infrared, Inc.), costing $2000;
• custom optical components (lens/prism assembly from Shanghai Optics, Inc.), $10,000;
• stock optical components, filters, camera lenses, $2,000;
• mechanical housing and control stages, $3,000;
• dedicated control computer and interface software exclusively for use in the control and operation of the testbed, needed to conduct the proposed scientific research, $3,000;
• a spatial light modulator (Meadowlark Optics), $10,000.

It is anticipated that components needed to fabricate the testbed will be procured in the first year of the project. When a completed item of fabricated equipment has an aggregate cost of $5,000 or more and when that item will be recorded as capital equipment in the University's system, the individual component costs associated with the fabrication (regardless of the individual amounts) will not be assessed the Facilities & Administrative (F&A) rate.
Travel

- Domestic
- Foreign

One Catch...

*Fly America Act*

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The "*Fly America Act*" refers to the provisions enacted by section 5 of the International Air Transportation Fair Competitive Practices Act of 1974.

Travel using Federal Funds must use a U.S. Flag Air Carrier unless such service is not available.

Cost Difference is...
Not in the Equation.
Domestic Travel

Most Federal Sponsors now require detailed information...

For Each Trip:

- Reason
- Traveler Names or Titles
- Travel Location
- Length of Stay
- How Costs were Estimated (Coach)
- Conference Fees

DOD Domestic Travel Example

Support is requested for the PI, Co-PI and/or Graduate Research Assistants to travel to domestic destinations yet to be determined for technical exchange, planning, and review meetings. Two technical meeting are planned for the PI and Co-PI to attend in periods two, three and four of the base period, as well as, periods five through seven of the option period. For each trip, $300 is estimated for the air fare (per person); $219 (x1), rental car; $20 (x2), parking; $17.00 (per person) local mileage to and from the airport; $175 x 2 night (per person), lodging; $40/day x 2.0 days/trip (per person) for meals; total, approximately $1,000/person.
Foreign Travel

For Each Trip:

• Reason
• Traveler Names or Titles
• Travel Location
• Length of Stay
• How Costs were Estimated (Coach)
• Conference Fees
• Visa Expenses
• Immunizations

Per Diem Expenses are Allowed

http://www.state.gov/travel/

Strategy: Internally Established Per Diem
Cap Lower than Allowed
DOE Foreign Travel Example

Trip by the PI to Kamioka labs in Japan for a collaboration meeting. This trip will be for five days. The trip cost is:

- $1800 (airfare)
- $200 (accommodation)
- $150 (meals)
- $350 (local transportation & miscellaneous)
- Total $2,500

This cost is based on recent travel to the Kamioka labs in Japan.

“OTHER”

- Publications (costs and page charges)
- Shipping (for equipment)
- Interdepartmental Service Centers/User Fees
- Photocopying
- Equipment Maintenance Contracts
- Extended Warrantees
- Long Distance/Fax Charges
- Continuing Education (Conference Registration Fees when not staying the night)
- Employee Relocation Expenses
- Space Rentals
Watch Out for CAS Items

Cost Accounting Standards (CAS) Items not allowed on Federal Projects
- Postage/Freight
- Computers/Computer Software
- Computer Supplies
- Dues and Subscriptions

Salaries and Wages CAS Item:
- Clerical Support

Budgeting CAS Items
- If you are going to have them, it is better to have them in your approved Budget.
- Justifying CAS Exceptions and Re-Budgeting may still be required.
- In some cases, for some projects, Duke may not allow any CAS Exceptions
Facilities and Administration
Mollie Sykes, ORA

Office of Management and Budget
Circular A-21

Facilities and administrative (F&A) costs 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. F&A costs are synonymous with "indirect" costs, as previously used in this Circular [A-21].
Understanding Duke University’s F&A Rate Agreement

Predetermined: Effective July 1, 2009

- Organized Research On Campus 56.0%
- Organized Research Off Campus < 50 miles 28.5%
- Organized Research Off Campus > 50 miles 26.0%
- Research Vessels 25.0%
- Instruction On Campus 55.5%

<table>
<thead>
<tr>
<th>COMPONENT</th>
<th>RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Operations &amp; Maintenance</td>
<td>15.0</td>
</tr>
<tr>
<td>Building Depreciation</td>
<td>7.5</td>
</tr>
<tr>
<td>Equipment Depreciation</td>
<td>3.0</td>
</tr>
<tr>
<td>Interest</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Subtotal: Facilities</strong></td>
<td><strong>27.5</strong></td>
</tr>
<tr>
<td>General Administration</td>
<td>3.6</td>
</tr>
<tr>
<td>Sponsored Programs Administration</td>
<td>2.9</td>
</tr>
<tr>
<td>College and Departmental Admin.</td>
<td>19.5</td>
</tr>
<tr>
<td><strong>Subtotal: Administration (CAPPED)</strong></td>
<td><strong>26.0</strong></td>
</tr>
<tr>
<td>Library</td>
<td>2.5</td>
</tr>
<tr>
<td><strong>TOTAL (MTDC)</strong></td>
<td><strong>56.0</strong></td>
</tr>
</tbody>
</table>
Duke University Symposium for Research Administrators

Understanding Duke University’s F&A Rate Agreement

Predetermined: Effective July 1, 2010

- Organized Research On Campus 57.0%
- Organized Research Off Campus < 50 miles 28.5%
- Organized Research Off Campus > 50 miles 26.0%
- Research Vessels 27.0%
- Instruction On Campus 57.0%

Predetermined: DFARS 2231.303
DOD Contracts Effective July 1, 2010

- Organized Research On Campus 59.5%
- Organized Research Off Campus < 50 miles 31.0%
- Organized Research Off Campus > 50 miles 28.5%

Why is DoD Contract rate different? Excludes the 26% limitation on administrative indirect costs imposed by OMB Circular A-21.
Sponsor Imposed Limits

Department of Defense Appropriations
Rate Cap - 35% of Total Costs
  – Applies only to prime awards
  – Applies only to new awards
  – Applies only to 6.1 funds (basic research)
  – Applies to the entire period of the award

Calculation
  – Continue to apply full research rate
  – OSP will calculate at the end of project

Revised budgets may be required by DoD

Sponsor Imposed Limits

Subject to Statutory and Administrative Limitation by Federal, State, and Local Government Agencies

Caps by Non-profit Sponsors – must be published on website or solicitations

Corporations
  – Clinical trials 28% - must meet definition
    • Human subjects utilized in the study
    • Purpose to determine safety or efficacy of a drug, device or procedure
    • Trial takes place in Duke clinical or hospital, or in spaced leased to Duke University
  – Research – negotiated federal rate
Understanding Duke University’s F&A Rate Agreement

Split rates? No.

- Grants or contracts will not be subject to more than one F&A cost rate. If more than 50% of a project is performed off-campus, the off-campus rate will apply to the entire project.

Off-Campus Definition:

- The off-campus rate applies to all activities performed in facilities not owned by the institution and to which rent is directly allocated to the project.
Types of Calculations

Methodologies

- Modified Total Direct Costs (Duke Standard)
- Total Direct Costs
- Salary and Wages
- Agency Mandated

Modified Total Direct Costs (MTDC)

At Duke, we use a Modified Total Direct Cost base to calculate the F&A costs.

Total Direct costs = $106,000 (including $6,000 Equipment)

MTDC = $100,000
F&A (57.0%) = $ 57,000
Total Cost = $163,000

Modified Total Direct Cost base (MTDC)

<table>
<thead>
<tr>
<th>Includes</th>
<th>Excludes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary + Fringe Benefits</td>
<td>Equipment &gt; $5,000 (per item)</td>
</tr>
<tr>
<td>Consultants</td>
<td>Patient care</td>
</tr>
<tr>
<td>Supplies, Materials, Services</td>
<td>Tuition remission</td>
</tr>
<tr>
<td>Travel</td>
<td>Rental Costs of off site facilities</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>Renovations &amp; Alterations</td>
</tr>
<tr>
<td>First $25,000 of each subcontract</td>
<td>Subcontract costs &gt; $25,000</td>
</tr>
</tbody>
</table>
Example

- Salaries + Fringe Benefits = $240,000
- Equipment = $ 10,000
- Travel = $ 5,000
- Consortium (2 subcontracts @$50K each) = $100,000
- Total Direct Cost = $355,000

\[
\text{MTDC Base} = \frac{(240,000+5,000+[25,000*2])}{\text{Total Direct Cost}} \approx $295,000
\]

- F&A = $168,150
  \[
  \text{F&A} = (295,000*.57) = 168,150
  \]

- Total Cost = $523,150
  \[
  \text{Total Cost} = (355,000+168,150) = 523,150
  \]

Example

- Salaries + Fringe Benefits = $160,000
- Equipment = $ 8,000
- Travel = $ 6,000
- Consortium (3 subcontracts @$50K each) = $150,000
- Total Direct Cost = $324,000

\[
\text{MTDC Base} = \frac{(240,000+5,000+[25,000*2])}{\text{Total Direct Cost}} \approx $241,000
\]

- F&A (57.0%) = $137,370

- Total Cost = $461,370
Variance from Negotiated Rates

Requires Institutional Approval

Campus
- Department Chair/Business Manager
- Dean/Director
- Jim Siedow, Vice Provost for Research

School of Medicine/Nursing
- Department Chair/Business Manager
- Billy Newton, Vice Dean for Administration

THANKS