

## **Budgets and Budget Justifications**

Hello, and welcome to one of a series of virtual informational videos developed by DPR's Grants Program.

My name is Jordan Weibel. I am the Research Grants Program lead.

Today, we will be discussing budgets and budget justifications.

First, the purpose of the budget and budget justification sections.

Grant budgets are provided for reviewers to understand in greater depth the value of the project.

These budgets serve to demonstrate that a project's costs are appropriate and the described work has been well-planned.

These are important facets of the competitive review process.

Some definitions right up front: direct costs.

These are costs which can be identified specifically with a particular grant project and which can be directly assigned to the grant activities.

These include things like lab consumables, postdoctoral research salaries, travel costs, and more.

The modified total direct costs include all salaries and wages, fringe benefits, materials, supplies, services, travel, consultants, and subcontractors, and that is only up to the first \$25,000 of each subcontractor.

We will discuss this more later.

Indirect costs are the percentage of the modified total direct costs (not the direct costs) that cover costs of conducting business that cannot be identified readily and specifically with specific grant projects or with a specific grant activity.

Some examples of these include: building maintenance, support services, library operations, administrative services, and more.

An overview of the budget and budget justification sections.

Budgets and budget justifications must be submitted using the provided scope of work and budget section of the proposal application and associated budget tables worksheets.

These can be downloaded from our website.

Applicants may use internal software to prepare the budget calculations, but keep in mind that values must be transferred to the documents provided in the application materials.

DPR will manually verify all the values in the budget using the numbers provided in the budget justification and budget tables worksheet.

An overview of the budget tables worksheet.

This is a separate document that is an Excel file and can be downloaded from our website.

A separate version must be completed for the main budget, each subcontractor, and each subrecipient.

The proposal application budget table and budget justification values must match the associated budget table worksheets.

Next, the main budget table.

This section is intended to be an overview of the costs allocated to each budget category for each year of the project, and this table is found within the proposal application itself.

The amount of personnel, travel, materials, and supplies for each year must be entered into the appropriate categories, as well as any other categories included in your budget justification.

Enter cost to the nearest whole dollar using values from the budget table worksheet.

The totals in the worksheet will be rounded up for values ending in 50 cents or greater and down for values ending in 49 cents or less.

The total cost per year and total cost for the overall project period must add up correctly, and all budget values must match what is calculated via the required budget tables worksheet.

Again, complete one for the main budget and one for each subcontractor or subrecipient.

All values must be fully justified in the budget justification section that follows after the budget table.

Let's go through sections of the main budget table one by one.

First, fill out the name of the principal investigator and their organization.

Do not change the project dates, but do plan costs appropriately based on the start date.

For Research Grants, projects are expected to begin July 1st, and for Alliance Grants, projects are expected to begin September 1st, and this makes year 1 only 10 months long.

For the Personnel line item: To receive grant funds as Personnel, staff must be paid through the same organization as the principal investigator.

If they cannot be, they must instead be listed as subcontractors.

Combined salaries and fringe benefits for all individuals being paid through the principal investigator's organization on the Personnel line.

And, ensure again that salaries and fringe benefits are calculated in year 1 using those correct start dates - July 1st for Research and September 1st for Alliance.

Next, travel.

An important note - only travel within the state of California is allowed using grant funds. Out of state travel cannot be funded.

Any travel funded by the grant must be included in this budget table, and combine all travel costs for all individuals being paid through the principal investigator's organization on this single travel line as with personnel.

Some further notes about travel.

Travel and reimbursement for travel cost shall be in accordance with appropriate policies.

For non-University of California or Cal State University applicants you must adhere to the CalHR travel policy.

For UC or CSU applicants, you have specific travel policies that must be followed and can be found on your institution websites.

Federal or tribal agency applicants should reach out with any specific travel policy questions prior to submitting your proposal application, as requirements may differ.

Next: Materials and supplies.

Again here, combine all material and supply costs, such as laboratory consumables, tools, compost, software subscriptions, and much more on the materials and supplies line.

The addition of any materials if not included in this initial budget may require a grant amendment once a project is executed, so try to be as complete as possible.

Next, equipment. Equipment has a specific definition within our Grants Program.

It is defined as having a useful life of at least one year, having an acquisition unit cost of at least \$5,000, and having been purchased with grant funds.

Equipment also can be defined as any product, object, machinery, apparatus, implement, or tool purchase used or constructed within the grant including those products, objects, machinery, apparatus, implements, or tools from which over 30% of the equipment is composed of materials purchased for the grant.

This definition is rarer and if you have questions concerning any of these definitions, please reach out.

Combine all equipment line costs on the equipment line.

The next section is rent.

This section is for any rental costs for facilities or items, and all costs should be combined on this rental line.

Next, we have sections designated for subcontractors.

A subcontractor is an independent entity that will be collaborating with, or providing a service to, the applicant to complete the objectives of the grant.

Recall that if staff cannot be paid through the principal investigator's organization, they must be listed as a subcontractor.

Combine all of the costs for a specific subcontractor on that subcontractor line, and add additional subcontractor lines as needed for additional subcontractors.

Note that each of these subcontractors will need a separate complete budget table worksheet, budget table, and budget justification.

If a project has multiple subcontractors, once again include an additional subcontractor line in the budget table for each subcontractor.

Subrecipients are a specific classification of subcontractor that applies only to UC and CSU applicants.

Applicants should refer to their UC or CSU institution for guidance on whether a subcontractor meets the criteria of a subrecipient.

Subrecipients, unlike subcontractors, cannot include indirect costs in the main budget table.

Like subcontractors, they should have their own budget for all costs, including indirect costs, as well as their own budget table worksheet, budget table, and budget justification.

Next, we have a section called other direct costs.

This is a catchall category for things that don't fall neatly within the other categories.

These include things like insurance, graduate student tuition, information technology costs, and more.

Note for each other direct cost whether they are subject to indirect costs - Y for yes and N for no - and add additional lines as needed.

The total direct cost line should be imported directly from the budget table worksheet.

Enter these total costs by year and in total.

The modified total direct cost is calculated for each year by totaling all of the direct costs that are allowed to associate indirect costs.

This includes salaries and wages, fringe benefits, materials, supplies, travel, and subcontracts - up to the first \$25,000 of each subcontract in total.

Costs associated with equipment, capital expenditures, patient care charges, tuition remission, rental costs, scholarships and fellowships, portions of subcontract in excess of \$25,000 for each subcontract, and any subrecipient costs cannot be included in the modified total direct cost.

Enter this modified total direct cost both on a yearly basis and in total.

Indirect costs, otherwise known as F&A - or facilities and administrative costs - should be entered as a percentage used by your organization on the left hand side of the sheet.

Indirect costs themselves should be calculated based off this percentage.

Note again that indirect costs are capped at 25% and indirect cost should be inputted on a yearly basis and in total and should be directly imported from the budget table worksheet.

They are found by calculating the modified total direct cost multiplied by the indirect cost rate.

Total cost should be entered and should be imported directly from the budget table worksheet.

Make sure to use the total direct cost rather than the modified total direct costs for this step.

Calculate the total cost for proposed project period by summing the total direct costs and the indirect costs over the entire project period.

Here is an example of a main budget table that has been completed for one of our sample Alliance Grant scope of work and budgets.

This can be found within the supplemental guidance document found on our website.

Ensure the total cost per year and total cost for proposed project period add up correctly.

Ensure costs are entered to the nearest whole dollar and ensure that values match between the budget table, budget justification, and budget table.

A sample scope of work and budget can be found, again, on our proposal application materials website for each Grants Program.

This version represents the Research Grants sample scope of work and budget, and it can be useful to review both scopes of work and budgets even if you only intend to apply for one of our two programs.

Next comes the budget justification section.

This section is intended to fully justify the amounts in the main budget table and give transparency for the proposed use of public funds.

A budget table worksheet must be completed prior to the justification, and values from the budget table worksheet should be entered into the appropriate categories.

If the category is not relevant to a project, the text can be deleted and "not applicable" can be entered.

First, the personnel section.

Here's an example of a personnel section of the sample budget table worksheet.

In the budget table worksheet, there are instructions for completing the document.

If you have any questions as you work to complete the budget table worksheet, please contact us.

Here is an example of the budget justification personnel section.

We see the name of all the personnel filled out and their role on the project described.

The salary or wages section of the personnel part of the budget tables worksheet is meant to give options for staff paid either via salary or wages.

Some important notes – Alliance Grant projects again should budget for 10 months in year 1 rather than the full 12 months, as the projected start date is September 1st, and place all the values in the budget justification directly from the budget tables worksheet.

Here are some examples.

Here, on the top right, we see the Research Grants sample scope of work and budget example where salaries are entered for each personnel.

Similarly, for Alliance Grants on the bottom right.

Ensure again that these use the correct start date.

Next we have fringe benefits.

Input values into the budget table worksheet and use the calculated information to fill out the budget justification.

Again, carefully consider the start date for Alliance Grants projects.

In this example, note that the values match between the budget table worksheet example on the top and the budget justification on the bottom.

Total personnel cost should be filled out in two sections.

First, the budget table worksheet will provide values that can be used to enter into the budget justification where the summed totals should be used to input into the main budget table.

Here is an example.

For we see again, on the top, values for the total salary, total fringe benefits, and total personnel costs that match the values placed in the budget justification on the bottom.

Here, again, is another specific example for the personnel totals.

Note the highlighted sections match exactly the totals found in the budget table worksheet on the bottom.

The top example is from the budget justification and the middle is from the main budget table.

Next, travel.

The travel section of the budget table worksheet is shown here and should be filled out completely.

Here is the section of the budget justification relating to travel.

An example of a trip in the sample Alliance Grant scope of work and budget is shown here, and here we see an example of calculated total travel costs.

Again, on the bottom information from the budget tables worksheet is shown that automatically calculates totals based off of inputted values.

These values are mirrored in the total travel cost section of the budget justification

On the top and in the middle, the main budget table.

Next, materials and supplies.

Here is an example of the materials and supplies section of the budget table worksheet.

On the left, you can see sections that are filled out by the applicant, and on the right are automatically calculated sections used to determine yearly totals.

In the budget justification, we see there are two important sections to fill out.

First is a materials and supplies justification.

This is a written section that must be completed and describes the use of all materials and supplies included in the budget tables worksheet.

Then we see a second portion on the top right:

A total materials and supplies costs by year for the budget justification that again mirrors the values found in the main budget table and budget table worksheet on the bottom.

Next, equipment.

Here, we see the equipment sections of both the budget table worksheet on the top and the budget justification on the bottom, and note how the values match exactly.

We see an example of the equipment justification section of the budget justification, similar to the materials and supplies.

This is a written justification of the need for the equipment included in the project.

Here is an example of the matching values from all three sections.

Again, the budget table worksheet on the bottom, the budget justification on the top, and the main budget table in the middle.

Next, rent.

Here we see an example of the rent section of the budget table worksheet on the bottom and the budget justification on the top.

Here we have an example of matching cost between the budget table worksheet on the bottom, the budget justification on the top, and the main budget table in the middle.

For rent, again, note that Alliance projects should ensure that their budget matches the 10-month project performance period in year one starting on September 1st. Next come the sections for subcontracts and subrecipients, and these are the line items within the main budget.

Recall that subcontractors are independent entities that collaborate with, or provide a service to, the applicant to complete the objectives of the grants.

Subrecipients are a specific classification that is only applicable to UC or CSU applicants, and each subcontractor and subrecipient will need their own complete budget table, budget justification, and budget tables worksheet.

Here is a simplified example showing how the \$25,000 cap works for indirect cost calculations on subcontracts.

Again, note that \$25,000 total is the limit for subcontracts to charge indirect costs on.

On the right, we see an example of year 1, year 2, and year 3 costs.

The subcontractor total costs by year are \$155,000, \$112,000, and \$7,500 for a total of \$34,500.

We see that in year one, all of the direct costs can be factored into the main budget modified total direct cost.

In year 2, only the first \$10,000 that then meets the cap of \$25,000 total can be factored into the main budget modified total direct costs.

The remaining \$2,000 in year two cannot be factored into the main budget modified total direct cost. In year three none of the remaining \$7,500 can be factored into main budget modified total direct cost, and all of those \$7,500 are not subject to indirect cost calculation.

Here are examples of the total subcontractor costs. We see four sections that should be mirrored exactly on the bottom right: we see the total from the subcontract budget table worksheet; just above that we see the total from the subcontractor line of the main budget budget table worksheet; above that we have the budget justification in the main budget, and above that we have the main budget table's subcontractor line.

Again, all four of these should match exactly. Here we see demonstrated the three sections that each subcontractor and subrecipient will need to fill out their own separate subcontractor or subrecipient budget table on the left, a subcontractor or subrecipient budget justification in the middle, and a budget tables worksheet for each subcontractor or subrecipient on the right.

Next, other direct costs.

Here is an example of an other direct cost for tuition and fees. We see in the budget table worksheet on the bottom the values inputted and match the budget justification on the top.

The other direct cost totals on this slide are shown to match between the budget table worksheet on the bottom, the budget justification on the top, and the main budget table in the middle.

Again, for any other direct costs that are affected, remember that Alliance Grants for year 1 should only budget for 10 months and a start date of September 1st. For any unneeded categories in the



budget justification, please mark them as N/A – not applicable - and in the budget tables worksheet, leave that section blank.

Next, indirect costs.

Here we see an example of the indirect costs section completed on the bottom in the budget table worksheet, on the top in the budget justification, and in the middle for the main budget table.

Please note here that for each of these, the indirect cost rate - here we see it as 25% - must be completed, and all values should match exactly.

Again, remember that Alliance Grants should budget for 10 months in Year 1. Ensure that you are calculating the modified total direct costs correctly before calculating indirect costs.

To find more information about DPR's Grants Program and to access the application materials, please visit [cdpr.ca.gov/DPR grants](http://cdpr.ca.gov/DPR%20grants).

If you have any additional questions, please consider emailing us at [IPMgrants@cdpr.ca.gov](mailto:IPMgrants@cdpr.ca.gov)