

Virginia Tech Subcontract Budget Instructions

OIRED – IPM CRSP
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General Instructions

A. Which budget template do I use?

The IPM CRSP subaward policy is designed to maximize the amount of funding going to the host country by not charging indirect costs on host country subawards. The budget form you utilize will depend upon whether your institution is willing to waive indirect costs on the subawards to your host country institutions.

Option 1: *Lead PI's institution waives indirect costs on host country subawards:* If the lead institution agrees to waive indirect costs on the expenses of its host country subawards, then it can manage the financial aspects of all of its subawards and can take indirect costs on the first \$25,000 of its U.S. and IARCs partners' expenses (as applicable). In this case, **the lead institution will complete Budget Form 1 located at:**

http://www.oired.vt.edu/ipmcrsp/IPM_2008/RFA_90706/IPM_Budget_Form_1_070609.xlt.

Option 2: *Lead PI's institution does not waive indirect costs on host country subawards:* If the lead institution canNOT waive indirect costs on the expenses of its host country subawards, then Virginia Tech will manage the financial aspects of all of its subawards. Virginia Tech will not charge overhead on any host country institution expenses, but will take the overhead on the U.S. partners and IARCs subawardees' expenses, as applicable, and this amount is deducted from the total available for your project. In this case, **the lead institution will complete Budget Form 2 located at:**

http://www.oired.vt.edu/ipmcrsp/IPM_2008/RFA_90706/IPM_Budget_Form_2_070609.xlt.

Please note the following:

- a. Any indirect costs taken on U.S. institutions' expenses **does reduce** the actual amount remaining for actual allocation for project work.
- b. Indirect costs taken on the first \$25,000 of U.S. subaward expenses must always be shown in the budget and must be included in determining the total budget. (For example, if a lead institution is awarded \$100,000 for their Year 1 budget, any indirect costs taken on the first \$25,000 of its U.S. subawardees' expenses is part of that \$100,000.)
- c. A lead institution who will be using a Virginia Tech faculty member as a collaborating partner cannot take overhead on Virginia Tech's first \$25,000 in expenses, and the ME will manage that faculty member's financial reporting, budget, and invoicing.
- d. The rate of indirect costs taken on the first \$25,000 must match the institution's overhead rate being used on the project.
- e. **Regardless of which budget form is used, the lead institution is still responsible for managing all of the programmatic components of the project.**
- f. IPM CRSP funding comes annually from USAID, and budgets must be presented according to the federal budget year, October 1 through September 30. The budget you

are preparing will cover the five year period beginning October 1, 2009 through September 30, 2014.

B. How do the budget worksheets work?

The budget forms are Excel spreadsheets in an Excel Template format (.xlt) which show standard budget categories matching Virginia Tech's and provided to USAID in the proposal. Each line item has a base rate, and the number of units (or other method used to calculate the cost) for each line item. For consistency, this format must be used for all budgets submitted.

Once you open the template, you should immediately save the form under another filename in a standard Excel file (.xls or .xlsx). Please keep the original templates as separate files, blank and intact, for future use, in case you have problems with your working copy. Submit the budget with a filename that includes your institution's name, abbreviation, or acronym in the filename (for example, *OSU budg-IPM RFA.xls*).

Notice that different cells have different colors. ***The green cells will be automatically filled when you complete the others—do not alter those.*** The section totals and line item totals are also driven by formulas and shouldn't be altered. Please make sure that all formulas are intact and are calculating correctly prior to submission. It's sometimes easy to type over a formula or add or subtract lines which all would cause your totals to be incorrect. You should utilize the check total column in each spreadsheet to help identify errors. Descriptions in the cells for line items are purely illustrative. Please change them to reflect what you will actually be expending funds on (for example: lab supplies, airfare to Uganda, vehicle rent/usage, telephone calls, etc.)

An escalation factor (the second printed column entitled "Esc Factor") is incorporated in the formulas to calculate automatically for annual cost increases. The rate budgeted must be reasonable and not exceed established institutional policy (3% has been used in prior awards.)

There are separate worksheets that must be completed – the SF424a (which derives its figures from other sheets) and the Budget Detail are summaries of both the lead institution's budget and all of its subawardees' budgets. The individual worksheets thereafter are to be used for each subaward you are planning to issue. Subawardee budgets are to be detailed by line item. The total budget figures for each subaward are automatically brought forward to the Budget Detail page.

C. What else is required for budget submission?

In addition to the budget, a detailed budget narrative must be included. The narrative justifies each cost as appropriate and necessary for the successful completion of the program. The narrative must provide a clear explanation of the basis and reasonableness of each cost. (The Detailed Instructions section below will assist in providing the information that needs to be included on this form.) The format for this narrative is in a separate Word document found at: http://www.oired.vt.edu/ipmcrsp/IPM_2008/RFA_90706/Budget_Narrative_Form.doc

Detailed Instructions

Below are listed the budget categories and what types of items should be included in them. This will also assist you in deciding the descriptions and information which need to be included on the budget worksheet.

1. Personnel

This category includes salaries and wages of each long-term and short-term paid position for the total estimated life-of-project. Student wages and graduate student assistantships, as appropriate, should also be included. List each position title and name of employee, if available. The unit cost is the full salary amount or wage rate per hour. The “Unit” is the description of the measurement basis being used – such as level of effort (LOE, as shown as an example in the budget worksheet), a percentage (for example, of salary), or a number of hours (for example, for wage employees). The number of units can be expressed as percent of salary, level of effort, or number (such as HRS for “number of hours” in the case of wages or students).

2. Fringe Benefits

This category includes the institution’s approved fringe benefit rates for personnel identified above. The description, such as “Person 1,” is automatically linked to a row in the personnel section and will automatically be posted. Usually, the “Unit Cost” figure is the percent fringe rate charged on that person’s position.

3. Travel

This category includes all projected international and domestic travel, per diems, and other travel-related costs. Include in the budget narrative the method by which airfare costs were determined (examples: “quotes for coach rates are average rates based on information obtained from a local travel agent;” “International per diem rates are based on the State Department rates posted on their website”).

Note: The per diem rates for international travel to and from, or within a host country (which includes both lodging and meals) should not exceed the State Department rates (these rates can be found on their website: http://aoprals.state.gov/content.asp?content_id=184&menu_id=78).

Some representative travel detail line items are included. These descriptions should be modified to match your expected travel line items (for example, “Airfare, location 1” should be changed to “Airfare, Uganda”; “per diem, location 1” should be changed to “per diem, Uganda”; etc.)

4. Equipment

In accordance with 22 CFR 226, “equipment” is defined as “tangible, non-expendable, personal property, including exempt property charged directly to the award having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.” You may adopt a more

narrow definition and dollar threshold than this, depending on your institution's policies, but you cannot use a higher dollar threshold. All equipment purchased must contain at least 50% U.S. componentry to comply with federal guidelines. All equipment purchases must have been described in the workplan to be approved by USAID.

Information should be included in the budget narrative on how pricing was determined for each piece of equipment.

Indirect costs should not be taken on equipment costs.

There are statutory constraints relating to the purchase of agricultural commodities, motor vehicles, pharmaceuticals, pesticides, rubber compounding chemicals and plasticizers, used equipment and fertilizer with USAID project funds. Applicants may obtain specific information on these regulations on the USAID website at <http://www.usaid.gov/pubs/ads>.

5. Materials and Supplies

In accordance with 22 CFR 226, "supplies" are defined as "all personal property excluding equipment, intangible property, debt instruments and interventions." Supplies should be broken down into categories such as laboratory, field, office (not usually allowed, except for those directly related to the project and in host country institutions), etc.

6. Contractual Services

This category is for services contracted by the institution, EXCLUDING the collaborating institution subcontractors you will be working with on this proposal. These include services provided to the project (such as postage, courier, faxing and copying, printing, and telecommunications, for example) and any short- or long-term consultant cost. If a consultant is hired, include the rate per hour (or other pay schedule) and estimated amount of time and brief explanation of why this service is being used.

7. Subawards

The IPM CRSP subaward policy is designed to maximize the amount of funding going to host country organizations. Lead institutions who waive indirect costs on subawards to host country organizations may administer the host country organization subawards as well as the subawards to other participating U.S. partners and IARCs (and may charge indirect costs on those U.S. partners and IARCs). In this case, the lead institution will complete Budget Form 1: http://www.oired.vt.edu/ipmcrsp/IPM_2008/RFA_90706/IPM_Budget_Form_1_070609.xlt.

If the lead institution is unable to waive host country organization indirect costs, then the ME (OIREd/VT) will manage all of its subawards—host country organizations, U.S. partners, and IARCs. In this case, the lead institution will complete Budget Form 2:

http://www.oired.vt.edu/ipmcrsp/IPM_2008/RFA_90706/IPM_Budget_Form_2_070609.xlt.

Virginia Tech will make payments to subawardees on receipt of invoices and copy the responsible lead institution PI so that the PI will know what has been expended against the approved budget. The PI is also expected to review the invoice to determine if all expenditures are appropriate for the project and meet federal guidelines.

Regardless of whether the lead institution is managing the financial aspects of its subaward collaborators, it is responsible for managing the programmatic components of the project.

On both budget forms, all U.S. and host country subaward budgets must be detailed on separate worksheets for each subaward with a line item budget. The totals by year for each subaward will roll up onto the Budget Detail pages on both forms. (These worksheets are included in the workbook file with tabs such as U.S. subaward-1, U.S. subaward-2, Host Country subaward-1, HC subaward-2.) Make sure that each subaward page is adequately identified at the top with the name of the subawardee, with its country of location in parentheses afterwards.

8. Tuition

Any tuition costs for proposed graduate students should be included here. As stated previously, assistantships or stipends would be included in the personnel portion of the budget. Information included in the narrative could include the number of semesters planned and the percentage of tuition to be covered.

9. Other Direct Costs

The Global Themes Earmarks amounts should be entered by you here. The RFA details the earmarks you will need to include in your budget. No detailed budgeting for the earmarks is required at this time, but will be required prior to funding.

The applicant should provide information on any costs attributed to the project not detailed in any other category above—for example, repair, maintenance, insurance, and honoraria.

10. Indirect Charges (Overhead)

For U.S. institutions and IARCs, a copy of the most recent negotiated indirect cost rate agreement (NICRA) for the institution must be submitted. This document is provided by the cognizant audit agencies and shows the allowable fringe, overhead and/or general and administrative rates. (This can usually be found in your institution's Contracts or Sponsored Programs office.) In the budget narrative, define the indirect rate (both percentage and dollar maximum) that is to be taken on non-host country subawards. No overhead is to be taken on any subawards to host country institutions. **The maximum rate that can be charged is the LESSER of your institution's off-campus rate, or 30%.**

For host country institutions, an administrative fee of NO MORE THAN 10% can be charged. If you enter the % into the host country subaward detail worksheet, it will automatically calculate the amount of the fee.

In both cases (indirect and administrative costs), indirect cannot be taken on tuition and equipment (as a minimum).

After you enter your indirect cost rate into the budget detail sheet, it automatically calculates and displays the indirect cost of your program expenses and the U.S. subawards. The U.S. subawards' indirect costs will be earned either by your institution (Form 1) or Virginia Tech (Form 2) depending on whether your institution waives indirect costs on host country subawards.

Virginia Tech recoups \$6,500 indirect cost on each lead subaward, and this amount should be shown in the Budget Detail worksheet in year one under budget item ID, k.9.

Cost Sharing

Cost sharing is required for this RFA and may include, but is not limited to: 1) faculty participation in providing technical direction and management of the CRSP; 2) in-kind contribution(s); and 3) other cost sharing arrangements. The cost share must consist of **non-federally funded contributions that meet all the criteria detailed in 22 CFR 226.23** and must be described in detail within the budget narrative. The cost-sharing requirement for CRSPs is **25%** of non-exempted USAID funds as described in the cooperative agreement.

The cooperative agreement exempts the following from cost-sharing:

1. Funds committed under the terms of a formal CRSP host country sub-agreement, including funds for facilities, host country personnel services, and equipment and commodity purchases by a participating U.S. institution for use by a host country entity or by the U.S. institution in a host country. Funds for these costs may be held apart in reserve by the participating U.S. institution until expended directly to a vendor for the goods and services described. Also, the funds may be passed to the host country for its purchases and use in accordance with the agreement;
2. Costs for training of participants as defined in ADS 253.

Form 424a

Key sections of the modified USAID Form 424A are linked to the Main Budget Detail sheet and the Cost Sharing Detail Sheet. This form provides a budget summary in the required format. You only need to enter information in the yellow cells on this sheet.

Any questions may be directed to the IPM CRSP Management Entity office.