Overview of the Proposal Submission Process (Module 3.00)

In this Module

- Development of Proposals
- Budget Development
- Budgets and Federal Sponsors
- Compliance
- Direct Costs versus F&A Costs
Development of Proposals

• For the purpose of this tutorial, a **Grant Application** (or Application Package) is a completed application for funding (scientific presentation, budget, and any necessary administrative paperwork) plus all necessary internal approval forms (i.e., Grants & Contracts Routing Form, COMIRB, IACUC, etc.).

**Before You Get Started:**

– Obtain the funding announcement.
– Review the criteria and restrictions related to applying – particularly watch eligibility and be aware when limited submission applies (e.g. only one application per campus or institution).
– Research historical funding activities of the sponsor.
– Analyze and then plan a development timeline
Development of Proposals

Obtaining Grant Application Instructions and Forms at UCD|AMC

• OGC interprets and disseminates the major sponsor policies and forms.
• The major sponsors include:
  – Department of Health and Human Services,
  – National Institutes of Health
  – Health Resources and Services Administration.
  – Visit OGC’s website for sponsor forms or resources.
• The PI or the PI’s administrative unit should contact the potential sponsor for appropriate application instructions and forms.

Grant Application Preparation

• The PI must prepare the grant application (including the preparation of the budget and technical portions) according to the sponsor’s instructions and UCD|AMC’s policies and procedures.
Completing the application
(before arrival in OGC)

Before the application arrives in OGC:

• **Follow the sponsor directions!**
  – Simple things like the font size, page limitations, and form completion matter. UCD|AMC and other institutions have had grant applications rejected by the National Institutes of Health (NIH) because the font was too small.
  
• Written content must be **readable, understandable and well organized**.

• Check **grammar and spelling**.

• OGC provides pre-submission assistance and review of applications to ensure that all institutional issues have been addressed and that all potential financial and administrative sponsor rules and regulations have been observed. There are a **number of checklists that can be used to ensure that everything is being compiled as necessary for OGC eventual review and approval**. **Review the various checklists**.

• Training grants can be very complex - **Contact OGC for assistance!**
The PI cannot sign grant applications on UCD|AMC's behalf.

• A PI is not an authorized institutional official of UCD|AMC and therefore is not authorized to legally bind UCD|AMC to any legal obligations.

• Authorized Institutional Official(s) are individual(s) authorized by the Board of Regents of the University of Colorado to sign grant applications, contract proposals and/or subrecipient agreements on behalf of UCD|AMC.

• **A PI can only bind his or her own self.**
The PI must obtain all institutional, affiliated hospital, regulatory and safety approvals for all proposal arrangements.

- Approvals may need to be obtained from the affiliated hospital where work (such as patient care) will be performed. These are separate from the approvals required by UCD|AMC.

*i.e. University of Colorado Hospital (UCH) is a separate entity with an independent approval process for patient care activities.*
Contract Proposals

• Contracts are **usually issued by the sponsor** to the PI requiring approval by UCD|AMC.
• Occasionally, the sponsor requests UCD|AMC to develop a contract for a project. Requests to develop a contract should be directed to the OGC Contract Specialist(s) for input and assistance.
• All **contract proposals are subject to review and negotiation** as necessary to ensure compliance with UCD|AMC, State and Federal rules and regulations governing sponsored projects.
• Contract proposals often have more restrictive and problematic terms and conditions, which make it more likely that it will take more time to negotiate and approve than a typical grant application. **Expect inherent delays.**
The PI cannot sign contract proposals on UCD|AMC’s behalf.

- The PI is not an authorized institutional official of UCD|AMC and has no authority to legally bind UCD|AMC to any legal obligations.
- Authorized Institutional Official(s) are individual(s) authorized by the Board of Regents of the University of Colorado to sign grant applications, contract proposals and/or subrecipient agreements on behalf of UCD|AMC.
- A PI can only bind his or her own self.

All institutional, affiliated hospital, regulatory and safety approvals need to be obtained by the PI for all proposal arrangements.

- These approvals may need to be obtained from the affiliated hospital where patient care will be performed, separate from approvals required by UCD|AMC. (i.e. University of Colorado Hospital (UCH) is a separate entity with an independent approval process for patient care activities.)
Budget Development

**Technically**
A grant application or contract proposal must be put together by the PI.

(Drafting the scope of the work and the expected outcome of the project)

**Administratively**
A proposal must be put together by the PI or administrative unit.

(Budget development, budget justification and a description of how the project will be carried out)
Budget Development

• The budget is the **numerical way of representing the work to be completed** in the proposed project, whether a grant application or a contract proposal.

• A budget is an **itemized summary of anticipated expenditure activity** for a given period and activity with an identified (proposed) means for financing.

• In some cases a **budget is the dollar amount awarded** by a sponsor that the institution has a legal claim to collect.

• The budget must be **realistic and reasonable**. It should not be higher or lower than what it would reasonably cost to perform the work.

• **UCD|AMC is a non-profit organization**, not expecting profits.
Budget Development

Standards

• **No set guidelines** that would be applicable to all budgets in all situations.
• Generally, budget **structures differ among federal, state, local government, non-profit and private sponsoring agencies**. There are also differences in budget formats on research agreements, clinical trial agreements, contractual service arrangements and budgets for training.
• **Budgets are typically broken into categories:**
  – Include detail by type of expenditure such as personnel, travel, equipment, etc.
  – Despite the differences among agreements, the major budget categories will be similar in grant applications and contract proposals regardless of the type of sponsor or the type of award mechanism.
  – Budget categories are standardized to ensure that financial reporting is reasonable.
  – The greatest amount of variance in budget development will most likely be found in the amount of information required by the sponsor and UCD|AMC, and what budget items can be requested for each category of the budget.
Standards

• The **best source for information on how much detail to include in the proposal budget will be the guidelines supplied by the sponsor.**

• The **minimum budget requirements of UCD|AMC must also be followed,** even if it means providing a more detailed budget for OGC's internal use (e.g. NIH modular grant applications).

• The **sponsoring agency will determine the specific requirements of budget development.** It is here that a primary distinction between federally funded and non-federally funded budgets will be made.
Budgets and Federal Sponsors

• Proposal budgets to federal sponsors must adhere to the federal cost principles found in Office of Management and Budget (OMB) Circular A-21.
  – This includes proposals being submitted to federal sponsors through another institution or agency

Read about the Cost Principles
“Cost Principles for Educational Institutions”
OMB Circular A-21, “Cost Principals for Educational Institutions”, establishes principals for determining costs applicable to grants, contracts and other agreements with educational institutions.

The principals are designed to ensure that the federal government bears its fair share of total costs. The significant principles of A-21 include:

- Cost Accounting Standards
- Allocable Costs
- Direct Costs vs. Facilities and Administrative (F&A) Costs
- Allowable and unallowable costs
Cost Principals

The four tests of allowability:

• Reasonableness (including necessity)
• Allocability
• Consistency
• Conformance with the terms and conditions of the award
Cost Accounting Standards

Allowable Costs

• Budgets should only include the estimated costs that would be acceptable to be charged to the sponsored agreement.

• For more information on allowable costs see UCD|AMC Fiscal Policy, Direct Charges to Federally Sponsored Projects, 4-7.
Reasonableness (including necessity)

• A cost that is necessary to and supports the specific performance of the sponsored project.

• A cost is reasonable if a prudent person would purchase a given item for the same purchase price.

• Failure to adequately document a cost could result in the disallowance of a legitimate charge.
Allocability

• Budgets should include only the estimated costs that can be assigned to the project, in reasonable and realistic proportion to the benefit provided.

• At the time of commitment or expense, it should be relatively easy to assign the costs with a high degree of accuracy, in reasonable and realistic proportion to the benefit provided.
Consistency

• When setting up a budget, ensure that budgeted costs will be charged consistently for the same purpose in like circumstances, either as direct costs or F&A costs.

• Plan the budget knowing that if there are costs incurred that benefit more than one sponsored project, the costs can be allocated to each project or program in proportion to the benefits received, using a reasonable basis for reflecting the use or level of service.

• Plan the budget knowing that costs may not be shifted to other sponsored projects due to cost overruns, avoidance of restrictions imposed by law, or for convenience.
Compliance

• Requirements start with budget preparation and determining what costs are considered direct costs as opposed to F&A.

• When preparing proposal budgets, it is the PI’s and department’s responsibility to ensure compliance with Fiscal Policy 4-7, “Direct Charges to Federally Sponsored Projects”.

• OGC assists in this process by:
  – Ensuring that proposals are managed by consistent treatment of allowable costs.
  – Responsible for preparing, publishing, and maintaining a manual of administrative and costing information necessary for the proper preparation of a proposal for extramural funding, and as a result may be able to help when PIs and departments have questions or concerns.
Direct Costs versus F&A Costs

Budgets are to be broken into two broad categories:

- Direct Costs
- Facilities and Administrative (F&A) costs
  - Also referred to as “indirect costs” or “overhead”
Direct Costs

Costs that can be identified specifically with a particular sponsored project relatively easily and with a high degree of accuracy.

Direct Costs include many budget items.

Examples:
- Personnel costs
  - PI, Co-PI, technical staff, and collaborators relative to the level of effort expended on the project
- Laboratory supplies
- Long-distance telephone toll-charges
- Animal and animal care costs
- Scientific Equipment
- Travel costs
- Specialized shop costs
F&A Costs

The costs incurred by UCD|AMC for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project.

Examples:
- Administrative/Clerical Personnel Costs
- Routine departmental administrative and accounting costs
- Membership dues/fees for technical and/or professional organizations
- Office supplies
- Ordinary and routine postage
- Costs associated with preparing proposals, including typing, copying and mailing costs
- Telephone hook-up fees and local service charges
- Computer hook-up fees
- Utilities
- Public Safety
- Building and equipment use and maintenance
Administrative and Clerical Expenses normally treated as F&A:

- Office supplies
- Postage
- Local telephone costs
- Memberships
- Salaries of administrative and clerical staff

However, direct charging of these costs may be appropriate where a major project or activity explicitly budgets for administrative or clerical services and individuals involved can be specifically identified with the project or activity.
Caution

• When direct charges for administrative and clerical salaries/supplies are made, care must be exercised to assure that costs incurred for the same purpose in like circumstances are consistently treated as direct costs.

• In general, those costs related to the general operation of an administrative unit, division, or lab should not be charged as a direct cost to a federally sponsored project.

• PI must complete a “Proposal Checklist for Direct Charging of F&A Costs” form Fiscal Policy 4-7, Exhibit B-2 when a project is anticipated to require Federal funding as direct costs.

• Fiscal Policy 4-7, Direct Charges to Federally Sponsored Projects provides more information and guidance on the treatment of costs as either direct costs or F&A costs and when it may be appropriate to directly charge federally sponsored programs for Administrative and Clerical Expenses. Questions about UCD|AMC direct charging of administrative unit salaries/supplies should be referred to the OGC PostAward section.