Why we need a re-budgeting process:

The Sponsor expects that applicants will anticipate the entire cost of their project in their proposal. Usually the awarding of the project constitutes approval of the expenditures in the proposed budget. However, since it may be in the best interest of the project to depart from the approved budget to meet an unforeseen requirement of the project, some sponsors permit awardee institutions to depart from the approved budget as long as the project funds are used in compliance with their policies and regulations. Such deviations from the approved budget must enhance the project and must conform to the re-budgeting guidelines of the funding sponsor. Re-budgeting may also be restricted by conditions imposed by the individual award.

Most awards require prior written approval by the sponsor for the following purposes:

- Any purpose disapproved or restricted as a condition of the award.
- Change in scope, objectives, or purposes of the approved project.
- Change in key personnel whose expertise is critical to the approved project.
- Decrease in the total amount budgeted for training costs.
- Any re-budgeting of funds in or out of patient care costs; also, any addition of patient care costs if no patient care costs were in the approved budget.

Each Sponsor varies in the degree of re-budgeting authority granted to institutions. This is specified in the award document. If any clarification on re-budgeting is needed, contact the Office of Grants and Contracts Accounting.

When re-budgeting funds, one must consider the impact on Facilities and Administrative (F&A) costs. F&A costs are applied to all direct costs except capital equipment, student aid, patient care, subcontract amounts over $25,000 and student tuition remission. See the examples below:

EXAMPLE 1:

The Principal Investigator (PI) needs an additional $1,000 in the equipment category and the funds are available in the supplies category. The F&A cost rate is 38.5%.

Computation: $1,000/1.54 = $722.02 from Supplies

Moving $722.02 from the supplies category to the equipment category, also relieves $277.98 ($722.02 x .54) from F&A costs. The $722.02 from supplies and $277.98 from F&A cost equals the $1,000 to be spent on equipment.

When funds are moved from equipment, which carries no F&A cost, to supplies, funds must also be moved for the F&A costs that will be applied against the supplies. In this example, move $1,000 for the supplies and $385 for the related F&A costs.

Procedure for Approval from Sponsor

If the re-budgeting desired requires the approval of the sponsor USA must submit a letter, or initiate the request through the proper sponsor system. The letter/request must specify:

1. the nature of the change (the budget categories to be increased and decreased)
2. justification for the change
3. the award identification number or agency identification
4. the beginning and ending dates of the budget period(s) affected

The PI should draft and submit the letter to Sponsored Projects Administration for signature by an official of the University or initiate the request electronically which will route through SPA.

Procedure for University Approval

If the type of re-budgeting desired does not require the prior approval of the sponsor, the University is authorized to approve or disapprove the re-budgeting. This responsibility is sometimes assigned to a recipient organization and as such we must properly execute our obligation to evaluate the request.

If the desired budget change was denied as part of the original proposal, the University is not authorized to approve the re-budgeting; rather the PI must submit a request by letter and submit for sponsor approval.

Provide a justification that addresses each budget category impacted by the request. Failure to provide a thorough justification will result in the University returning the request for a more sufficient explanation/justification.