BUDGET PREPARATION

The Price School Contracts and Grants staff will support Principal Investigators in budget construction.

The budget section of a proposal represents the PI's best estimate of the costs that will be incurred by the proposed project. It is helpful to think of the budget as a financial reflection of the project's scope. Budgets are prepared in accordance with the sponsor's guidelines or regulations and University policies. They should sufficiently cover all anticipated costs, both direct and indirect, that would be incurred during the work proposed.

Proposal budgets should be as detailed as the sponsor's instructions require. When a cost not generally allowed except by special approval of the sponsor is deemed necessary to carry out the proposed project, it should be included as a specific item in the proposal.

The usual components of a budget are as follows:

**Salaries, Wages, and Fringe Benefits**
Salaries, wages, and fringe benefits must be estimated consistently, regardless of the fund source in accordance with the current academic or staff salary schedules for each particular job classification. Projected range adjustments, merit increases, and fringe benefit increases/decreases should be specified in accordance with annual guidance.

Extra compensation may be paid to full-time faculty members only during summer or when the faculty member is not under a service appointment. The monthly rate of extra compensation may not exceed one-ninth of the regular academic salary for an academic year appointee. Note that the maximum extra compensation from externally funded research projects is 2 months. Requests for a partial or full third month of extra compensation must be approved by the Provost via Dean Elizabeth Graddy.

Fringe benefits are charged as direct costs to the project. The most current USC fringe benefit rates should be applied and can be found here. Different rates apply to federal and non-federal grants.

**Consultants**
Consultants can be used only when a determination has been made that the services are urgent, special, temporary, or highly technical and cannot be performed economically or satisfactorily by existing University staff during the course of their normal University responsibilities or duties. It is not appropriate to use a consultant to obtain routine, non-advisory service of an individual. Sponsors may restrict payments to consultants and/or require prior approval of consultant agreements. Current USC employees may not serve as a consultant.
Travel
Estimates of travel costs should be made for each day of travel, using comparable air and land travel rates, and using mileage, meal, per diem rates information provided by Disbursement Control.
- Charges incurred by employees for travel, lodging and other subsistence should be reasonable and allowable to the extent of University policy.
- Costs should be calculated using current University travel reimbursement rates.
- The project narrative or budget justification should provide information regarding destination and names of conferences, if known, number of travelers, duration of travel and estimated total cost.
- Foreign and domestic travel should be itemized and justified separately. Sponsor guidelines should be consulted to verify the allowability of travel costs.

Materials and Supplies, Miscellaneous Items and Equipment
Good faith estimates of costs of services and miscellaneous items should be made based on past experience and telephone or written quotations. Materials costing $5,000.00 or more with a useful life of more than one year are considered as Equipment, and excluded from the indirect cost base.

Graduate Research Assistant Support, Tuition, Medical and Health Insurance
The School would like to fully support graduate students while enrolled. GRAs may be budgeted at 50%, 33% or 25% levels for the academic year.
- Unless expressly prohibited by the sponsor, GRA medical fees should be included as a direct cost in the budget, regardless of the level of support.
- The cost for each level of GRA support is updated every year; current level can be found here [include hyperlink to GRA rate table]

Indirect Costs
Proposal budgets are expected to include the maximum negotiated indirect cost rate.
- Any budget that does not include the full recovery of the fiscal year’s negotiated rate must show proof of limitation from the sponsoring agency and be approved by the Dean of Research.
- Valid explanation must be given to the Dean of Research for to waive any indirect costs.