New York University
UNIVERSITY POLICIES

Title:          Budgeting Policy for Sponsored Program Awards
Effective date: September 1, 2013
Supersedes:    N/A
Issuing Authority: Sponsored Programs Administration
Responsible Officer: Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (“University”) that all costs proposed or incurred on sponsored projects comply with sponsor terms and conditions, NYU policies and procedures and applicable Federal, state and local regulations. At NYU, the Office of Sponsored Programs works closely with PIs and their staff to develop sponsored program budgets.

Purpose of this Policy

The purpose of this policy is to provide basic guidance to PIs’ and their staff in development of sponsored program budgets that are in compliance with sponsor requirements and University policy.

Scope of this Policy

This Policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

Procedures for Implementation

The following are guidelines that should be followed in the development of sponsored program budgets.

In proposing budgets for sponsored projects, the PI ensures NYU and the potential sponsor that project budgets are represented as accurately as possible. At NYU, PIs work with the Office of Sponsored Programs for the development of all sponsored program budgets. In addition, specific requirements – including cost principles as defined by the Office of Management Budget (OMB) Circular A-21 or other sponsor regulations and consistency requirements as imposed by the Cost Accounting Standards (CAS) Board – must be adhered to at the proposal stage as well as when funds are expended.

a. Allowability

Proposals and sponsored projects funded by the Federal government should not include expenses that are unallowable as defined by OMB Circular A-21 or other regulations. In
instances where the project is funded by a non-Federal sponsor, proposed and actual expenses must comply with the sponsor’s terms and conditions. Similarly, expenses which are normally considered as indirect expenses (e.g., certain types of office supplies and clerical salaries) may not be proposed and budgeted as direct expenses unless they meet the criteria outlined by the non-Federal sponsor or, in the case of Federally funded projects, the exception as defined in the OMB Circular A-21 Exhibit C (See Charging Administrative Expenses to Federal Awards Policy.)

b. Cost Sharing

Proposed budgets should include the total cost of the project, identifying the amount requested from the sponsor and other costs that NYU commits to cost share, if any. The PI must adhere to NYU’s Cost Sharing Policy which discourages voluntary cost sharing. After an award is received, these commitments must be identified and tracked as cost sharing. Cost sharing accounts are established by SPA as Programs, using the same Project ID as the sponsored program. PIs must ensure that department funds are identified and separately budgeted for cost sharing. Voluntary uncommitted effort beyond what was committed in the proposal should not be recorded and tracked as cost sharing.

c. Commitment of Effort

OMB requires a commitment of effort on the part of the Principal Investigator during the period in which the work is being performed. This effort may be expended during the academic year and/or summer. Committed effort shall be directly charged or cost shared, within the limits set forth in NYU’s cost sharing policy. The requirement of PI effort does NOT extend to:

- Equipment grants.
- Startup grants for students/postdocs where the faculty mentor is named as PI, dissertation support or training.
- Limited-purpose awards characterized as Other Sponsored Activities. (Examples of such limited-purpose awards include awards granted specifically for PIs to travel or to attend conferences.)

In preparing proposals, PIs must be careful not to overcommit themselves or others in the proposal budget. Distribution of effort must take into account the time required for teaching and campus citizenship.

PIs may submit proposals on the assumption that not all proposals will be awarded. However, a reasonable estimate of time devoted to the project, whether that effort will be paid for by the sponsor or by NYU, is necessary. Subsequent changes in levels of effort may also require advance notification and approval by the sponsor. For a complete discussion of time and effort, see the Effort Reporting Policy for Sponsored Programs.) In no case, may funded commitments exceed 100 percent.
For Federal awards, prior agency approval is required for reductions of more than 25% of committed effort of personnel named in the award or listed as key personnel (see Re-Budgeting Policy).

a. Estimating

When estimating project expenses, make sure to follow these guidelines:
- Estimating direct and indirect costs must be consistent with NYU’s Costing Policy.
- The cost categories (i.e., expense accounts) identified and estimated in the budget must be expensed in the same manner.

Policy Definitions

N/A

Related Policies

- Charging Administrative Expenses to Federal Awards Policy

- Cost Sharing Policy
  - [http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/cost-sharing-policy.html](http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/cost-sharing-policy.html)

- Costing Policy
  - [http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/costing-policy.html](http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/costing-policy.html)

- Effort Reporting Policy for Sponsored Programs
  - [http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/effort-reporting-policy-for-sponsored-programs.html](http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/effort-reporting-policy-for-sponsored-programs.html)

- Institutional Prior Approval System (PAS) for Management of Federal Grants
  - [http://www.nyu.edu/content/dam/nyu/research/documents/OSP/pas99.pdf](http://www.nyu.edu/content/dam/nyu/research/documents/OSP/pas99.pdf)

- Re-Budgeting Policy
  - [http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/re-budgeting-policy-for-sponsored-programs.html](http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/re-budgeting-policy-for-sponsored-programs.html)

- Salary Cap Administration Policy
  - [http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/salary-cap-administration-policy.html](http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/salary-cap-administration-policy.html)

Federal Regulations

- OMB Circular A-21

- OMB Circular A-110
  - [http://www.whitehouse.gov/omb/circulars/a110/a110.html](http://www.whitehouse.gov/omb/circulars/a110/a110.html)