In accordance with federal regulations, all investigators with a potential conflict of interest as described above will identify the fact and make complete disclosure of the conflict prior to submission of the proposal. Investigators will submit the Significant Financial Interest Disclosure Form to the Office of Grants and Sponsored Research with the submission of each external grant proposal.

Click here to download the Conflict of Interest Form

**D. Faculty Workload Assignment Policy**

The Faculty workload assignment policy and form were developed to track the time commitment of PI/PDs on sponsored projects. Tracking PI/PD time/effort ensures that a PI/PD’s effort does not exceed 100%. The Faculty Workload form is completed with the submission of each external grant proposal. See the complete Faculty Workload Assignment policy.

Click here to download the Faculty Workload Assignment Form

**E. Budget Development**

A proposed budget is simply a financial plan to accomplish the objectives outlined in the proposal narrative. It should include sufficient resources to fully execute the planned project.

Before you start preparing your budget:

- Review the funder’s guidelines
  - Identify grant restrictions
  - Determine if facilities and administrative (F&A) cost recovery is permitted and/or limited
  - Determine if cost share is required and if resources are available to meet this requirement.
- Review the proposal narrative and identify activities which require funding
- Assign activities to one of the following budget categories: salaries and wages, benefits, travel, supplies, contractual/consulting services, equipment, and other
- Estimate costs for each budget category
- Identify costs to be funded by the granting agency
- Identify costs to be funded with existing university resources (if required) and secure funding sources

**Cost Categories**

Costs may be classified as direct costs or facilities and administrative (F&A) costs.

Direct costs are those costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Expenses that are allowable but do not meet the requirements of direct costs (easily identifiable with a high degree of accuracy) must be treated as F&A. F&A costs are also known as indirect costs.

---

1 Section D.1. of OMB Circular A-21
or overhead costs. Recovery of F&A costs does not generate revenue for the University, but reimburses the University for real costs that are incurred as a part of a sponsored project.

The University of Southern Indiana requires that F&A costs be included in the proposed budgets for grants and contracts when allowable. If a sponsor’s written policy or proposal guidelines place a limit on the percentage or amounts of F&A costs that may be recovered, then USI will request F&A costs in accordance with the sponsor’s requirements. Otherwise all proposals should utilize the university’s federally negotiated rate on award type:

<table>
<thead>
<tr>
<th>Award Type</th>
<th>F &amp; A rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>On campus grant, contract, or sponsored agreement</td>
<td>45% MTDC</td>
</tr>
<tr>
<td>Off campus grant, contract, or sponsored agreement</td>
<td>15% MTDC</td>
</tr>
</tbody>
</table>

MTDC- modified total direct cost (MTDC) base. MTDC includes salaries, wages, fringe benefits, materials, supplies, services, travel, and up to $25,000 of subgrants or subcontracts issued by the University to another organization. Capital equipment, rental of off-site facilities, tuition remission, scholarships, fellowships, and portions of subgrants or subcontracts in excess of $25,000 are excluded from the MTDC base.

Federal and state regulations require that the approved F&A cost rate be applied consistently to all sponsored projects not only those funded by the federal government. Failure to recover all costs reduces the university’s capacity to perform its core functions and undermines the potential benefits of sponsored projects to the institution. Click here for Additional Information Regarding F & A Policies

Allowable and Unallowable Costs
Costs must meet the following four criteria in order to be charged to a grant or project:

1. Expenses must be allowable by OMB Circular A-21, University policies, agency guidelines, and the grant agreement.  
2. Expenses are allocable to a specific grant when they directly benefit the project and can be accurately attributed to the project.  
3. Expenses are reasonable if a prudent person would be willing to pay the same amount for the product or service under similar circumstances.  
4. Expenses must be consistently treated as either direct cost or F&A when incurred for the same purpose.

The following table indicates the general allowability of certain expenses. This listing is not all inclusive. Grant agreements may specifically allow expenses that are generally disallowed or vice versa. As a result, the final determination of allowability must be evaluated on a case by case basis.

---

2 Section B.4. of OMB Circular A-21
3 Section C.4.d.(1) of OMB Circular A-21
4 Section C.4.d.(1) of OMB Circular A-21
5 Section C.4.d.(1) of OMB Circular A-21
6 Section C.2 of OMB Circular A-21