Research Administration 101
Budget Reallocation
Step 1

Meet with Faculty Member to forecast needs

Review the Award Synopsis (formerly NOA) to see if there are agency restrictions – Pull up Agreement Terms in TARA if needed

If there are you need to work with the Department of Contracts and Grants (DCG) to obtain any approvals

Following are the Federal restriction for budget changes from OMB Circular A-110

Under Federal Demonstration Partnership (FDP) there are minimal restrictions – however on many grants there are specific restrictions for these grants

A key item being monitored is the PI’s reduction in effort, per an internal audit in 2008, it was determined this was not being scrutinized enough
.25 Revision of budget and program plans.
(a) The budget plan is the financial expression of the project or program as approved during the award process. It may include either the Federal and non-Federal share, or only the Federal share, depending upon Federal awarding agency requirements. It shall be related to performance for program evaluation purposes whenever appropriate.

(b) Recipients are required to report deviations from budget and program plans, and request prior approvals for budget and program plan revisions, in accordance with this section.

(c) For nonconstruction awards, recipients shall request prior approvals from Federal awarding agencies for one or more of the following program or budget related reasons.

(1) Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).

(2) Change in a key person specified in the application or award document.

(3) The absence for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.

(4) The need for additional Federal funding.

(5) The transfer of amounts budgeted for indirect costs to absorb increases in direct costs, or vice versa, if approval is required by the Federal awarding agency.


(7) The transfer of funds allotted for training allowances (direct payment to trainees) to other categories of expense.

(8) Unless described in the application and funded in the approved awards, the subaward, transfer or contracting out of any work under an award. This provision does not apply to the purchase of supplies, material, equipment or general support services.

(d) No other prior approval requirements for specific items may be imposed unless a deviation has been approved by OMB.
(e) Except for requirements listed in paragraphs (c)(1) and (c)(4) of this section, Federal awarding agencies are authorized, at their option, to waive cost-related and administrative prior written approvals required by this Circular and OMB Circulars A-21 and A-122. Such waivers may include authorizing recipients to do any one or more of the following.

1. Incur pre-award costs 90 calendar days prior to award or more than 90 calendar days with the prior approval of the Federal awarding agency. All pre-award costs are incurred at the recipient's risk (i.e., the Federal awarding agency is under no obligation to reimburse such costs if for any reason the recipient does not receive an award or if the award is less than anticipated and inadequate to cover such costs).

2. Initiate a one-time extension of the expiration date of the award of up to 12 months unless one or more of the following conditions apply. For one-time extensions, the recipient must notify the Federal awarding agency in writing with the supporting reasons and revised expiration date at least 10 days before the expiration date specified in the award. This one-time extension may not be exercised merely for the purpose of using unobligated balances.

   i. The terms and conditions of award prohibit the extension.

   ii. The extension requires additional Federal funds.

   iii. The extension involves any change in the approved objectives or scope of the project.

3. Carry forward unobligated balances to subsequent funding periods.

4. For awards that support research, unless the Federal awarding agency provides otherwise in the award or in the agency's regulations, the prior approval requirements described in paragraph (e) are automatically waived (i.e., recipients need not obtain such prior approvals) unless one of the conditions included in paragraph (e)(2) applies.

(f) The Federal awarding agency may, at its option, restrict the transfer of funds among direct cost categories or programs, functions and activities for awards in which the Federal share of the project exceeds $100,000 and the cumulative amount of such transfers exceeds or is expected to exceed 10 percent of the total budget as last approved by the Federal awarding agency. No Federal awarding agency shall permit a transfer that would cause any Federal appropriation or part thereof to be used for purposes other than those consistent with the original intent of the appropriation.

(g) All other changes to nonconstruction budgets, except for the changes described in paragraph (j), do not require prior approval.

(h) For construction awards, recipients shall request prior written approval promptly from Federal awarding agencies for budget revisions whenever (1), (2) or (3) apply.
(1) The revision results from changes in the scope or the objective of the project or program.

(2) The need arises for additional Federal funds to complete the project.

(3) A revision is desired which involves specific costs for which prior written approval requirements may be imposed consistent with applicable OMB cost principles listed in Section ____.27.

(i) No other prior approval requirements for specific items may be imposed unless a deviation has been approved by OMB.

(j) When a Federal awarding agency makes an award that provides support for both construction and nonconstruction work, the Federal awarding agency may require the recipient to request prior approval from the Federal awarding agency before making any fund or budget transfers between the two types of work supported.

(k) For both construction and nonconstruction awards, Federal awarding agencies shall require recipients to notify the Federal awarding agency in writing promptly whenever the amount of Federal authorized funds is expected to exceed the needs of the recipient for the project period by more than $5000 or five percent of the Federal award, whichever is greater. This notification shall not be required if an application for additional funding is submitted for a continuation award.

(l) When requesting approval for budget revisions, recipients shall use the budget forms that were used in the application unless the Federal awarding agency indicates a letter of request suffices.

(m) Within 30 calendar days from the date of receipt of the request for budget revisions, Federal awarding agencies shall review the request and notify the recipient whether the budget revisions have been approved. If the revision is still under consideration at the end of 30 calendar days, the Federal awarding agency shall inform the recipient in writing of the date when the recipient may expect the decision.
Step 2

Prepare the On-line Budget Reallocation Form
http://viterbi.usc.edu/intranet/vba/contract_grants/

Attach any back-up as a pdf;
Agency approvals
Communication from the PI regarding the request

Upon receipt VBA will review the awarding documents to determine if it is under FDP or there are other agency restrictions

Provided everything is accurate and correct the budget change is processed usually within 24 hours from receipt.
Common Issues

Checking or failing to check Irregular Fringe Box

Clearing all current overdrafts
   It will be rejected if upon receipt we notice there are additional object classes with a negative that are not being corrected.

Correct IDC rate is not used
   Make sure you are using what the awarded rate is
   Refer to the DCG Newsflash from 6/9/2011 or contact us with questions

No reason given for the budget reallocation
   There needs to be a “why” the request is being made
Implementation of New F&A Rates
2011-54

The University has negotiated a four-year F&A (“indirect cost”) Rate Agreement, dated December 30, 2010, with our federal cognizant agency (DHHS, Division of Cost Allocation).

The changes in individual rates are shown in the chart below. All rates are effective from FY 2012 through FY 2016, and will continue to be used after the end of FY 2016 until a new rate agreement is established.

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<thead>
<tr>
<th>Period</th>
<th>On-Campus Research</th>
<th>Off-Campus Research</th>
<th>On-Campus Instruction</th>
<th>Off-Campus Instruction</th>
<th>On-Campus Other Sponsor</th>
<th>Off-Campus Other Sponsor</th>
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<tbody>
<tr>
<td>7/1/2011-6/30/2012</td>
<td>63.00%</td>
<td>26.00%</td>
<td>45.00%</td>
<td>26.0%</td>
<td>30.50%</td>
<td>26.00%</td>
</tr>
<tr>
<td>7/1/2012-6/30/2014</td>
<td>64.00%</td>
<td>26.00%</td>
<td>45.00%</td>
<td>26.0%</td>
<td>30.50%</td>
<td>26.00%</td>
</tr>
<tr>
<td>7/1/2014-6/30/2015</td>
<td>64.50%</td>
<td>26.00%</td>
<td>45.00%</td>
<td>26.0%</td>
<td>30.50%</td>
<td>26.00%</td>
</tr>
<tr>
<td>7/1/2015-6/30/2016</td>
<td>65.00%</td>
<td>26.00%</td>
<td>45.00%</td>
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<td>30.50%</td>
<td>26.00%</td>
</tr>
<tr>
<td>7/1/2016-Future</td>
<td>65.00% (provisional)</td>
<td>26.00% (provisional)</td>
<td>45.00% (provisional)</td>
<td>26.00% (provisional)</td>
<td>30.50% (provisional)</td>
<td>26.00% (provisional)</td>
</tr>
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</table>

Implementation Guidance

New and Renewal Proposals:
Principal Investigators (PIs) and their staff are to use the new rates in new and renewal (competing continuation) proposals immediately. Competitive segments (i.e., the period of years approved by the funding agency at the time of the award, usually three to five years) that extend beyond FY 2012 should also reflect these rates.

New and Renewal Proposals Submitted but not Yet Awarded:
To ensure that direct costs available to PIs are not adversely impacted by this rate change, awards received in response
to previously submitted new or renewal proposals will, when necessary, be accepted using the F&A rate contained in the submitted proposal. DCG will, however, work with agencies to increase F&A costs to the new rates wherever possible. Whichever F&A rate is finally awarded will subsequently be used throughout the competitive segment of that award.

**New and Renewal Proposals Awarded During the Period January 1, 2011 – Present:**
Awards received during the period January 1, 2011 to present, in response to previously submitted new or renewal proposals, will be accepted using the F&A rate contained in the submitted proposal and approved by the Sponsor. Sponsored Projects Accounting will make the necessary adjustments to the accounts, in the event, the new F&A rates were incorrectly applied to awards during this period.

**Existing Awards and their Non-Competitive Proposals:**
All existing awards and their associated non-competitive continuation proposals will continue to use the F&A rate in effect at the time of their initial award (or most recent renewal) throughout the remainder of their competitive segment. This is necessary because governmental regulations require fixed rates over the life of a sponsored agreement and define “life” as each new competitive segment.

**To Illustrate...**
New or competitive renewal on-campus research proposals must use the new 63.0 percent rate. However, non-competitive research continuations will continue to use the 62.0 percent rate included in their most recent new or renewal award until the end of their multi-year project period. If a renewal proposal is then submitted for that project, it should use the new rates. In most cases, proposals for additional funding on existing projects will also use the new rates.

**Questions?**
If you have any questions about which rate is appropriate for your proposal or your award, please contact your DCG Contract and Grant Administrator.
Samples

Following are four samples of the most common budget reallocation requests
## Budget Change Request

Date: Jan 10, 2012 1:58 PM  
Contact: John Bustillos  
Email: bustillo@usc.edu  
Phone: 213-740-1234  
PI: Sally Trojan  
PI Email: strojan@usc.edu  
Account Number: 53-1234-5678  

| Fringe Benefit Type: | Federal / 31.6%  
| Standard Overhead: | Yes / 63%  

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<tr>
<th>Item Description</th>
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<th>Decrease</th>
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<td>F &amp; A Overhead</td>
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<td>$0.00</td>
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<tr>
<td>Faculty Salary</td>
<td>$0.00</td>
<td>$10,000.00</td>
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<tr>
<td>Staff Salary</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>FB</td>
<td>$0.00</td>
<td>$3,160.00</td>
</tr>
<tr>
<td>RA Salary / Wages</td>
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<td>$0.00</td>
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<tr>
<td>M &amp; S</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Tuition</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Equipment</td>
<td>$0.00</td>
<td>$0.00</td>
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<td>Travel</td>
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<td>University Service</td>
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<tr>
<td>Totals</td>
<td>$13,160.00</td>
<td>$13,160.00</td>
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Domestic Air: N/A  
Domestic Air Notes:

Agency Restrictions: Yes  
Agency Restrictions Notes: Sponsor approval required to reduce the P.I.'s time/effort by more than 25% of the approved budget amount (see attached approval).

Reason for Changes: P.I. is reducing her time/effort to hire an additional research assistant needed for the project.

Remarks to User:

Internal Notes:
### Budget Change Request

**Date:** Jan 10, 2012 2:03 PM  
**Contact:** John Bustillos  
**Email:** bustillo@usc.edu  
**Phone:** 213-740-1234  
**PI:** Sally Trojan  
**PI Email:** strojan@usc.edu  
**Account Number:** 53-1234-5678  
**Fringe Benefit Type:** Federal / 31.6%  
**Standard Overhead:** Yes / 63%

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<td>M &amp; S</td>
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<tr>
<td>Totals</td>
<td>$10,000.00</td>
<td>$10,000.00</td>
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**Remarks to User:**
Reducing unused tuition remission balance as the research assistants working on this project have taken fewer units than originally budgeted. These funds will be rebudgeted under the M&S (15100) and University Services (20100) budget categories to fund additional supplies needed for the project.

**Internal Notes:**

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**Agency Restrictions:** No

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**Reason for Changes:**

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**Domestic Air Notes:** N/A

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**Reason for Changes:**

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**Remarks to User:**

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**Internal Notes:**
# Budget Change Request

**Date:** Jan 10, 2012 2:07 PM  
**Contact:** John Bustillos  
**Email:** bustillo@usc.edu  
**Phone:** 213-740-1234  
**PI:** Sally Trojan  
**PI Email:** strojan@usc.edu  
**Account Number:** 53-1234-5678

**Fringe Benefit Type:** Federal / 31.6%  
**Standard Overhead:** Yes / 63%

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**Domestic Air Notes:** Yes

**Agency Restrictions:** No

**Reason for Changes:** Reducing the M&S budget category and transferring funds to support the P.I.'s domestic travel to a conference that will be held in Washington D.C. (2/1-5/12) and foreign travel to a conference that will be held in Munich, Germany on (1/2-6/12).

**Remarks to User:**

**Internal Notes:**
## Budget Change Request

**Date:** Jan 10, 2012 2:14 PM  
**Contact:** John Bustillos  
**Email:** bustillo@usc.edu  
**Phone:** 213-740-1234  
**PI:** Sally Trojan  
**PI Email:** strojan@usc.edu  
**Account Number:** 53-1234-5678  

**Fringe Benefit Type:** Irregular Adjustment / 0%  
**Standard Overhead:** Yes / 63%

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<td>Equipment: 17100</td>
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**Domestic Air:** N/A  
**Domestic Air Notes:**

**Agency Restrictions:** No  
**Agency Restrictions Notes:**

**Reason for Changes:** Increasing the P.I.'s time/effort for the Spring 12 semester as the research assistant who was working on this project graduated in December 2011.

**Remarks to User:**

**Internal Notes:**
Help

Check the website
http://viterbi.usc.edu/intranet/vba/contracts_grants/

For questions regarding budget changes
Nichole x03237
Lauren x06240

We are here to help