

## Financial Oversight Policy

### Preparing Budgets for Grant Submissions

There are two options for budget preparation:

- 1) The faculty member and grants staff meet; the faculty member explains what he/she foresees as necessary expenses and provides whatever information is available regarding total funding or limitations; and the grants and contracts analyst prepares the budget and sends it to the faculty member for review and approval
- 2) The faculty member prepares a budget or partial budget and sends it to the grants and contracts analyst for review and/or completion.

**Regardless of which method is used, no budget information should be shared with a potential sponsor, even if denoted as a “draft”, without review by finance.**

The following budget assumptions are to be followed:

- 1) It is recommended that all direct expenses in subsequent years be calculated using an estimated inflation rate of 2-3%.
- 2) The PI must have at least 1% of their salary on the budget
- 3) Merit increase should be included if it is a multiple year award. The standard range is between 2-3%.
- 4) If a multiple-year budget extends beyond JHU’s current Federal rate agreement, F&A (indirect costs) lock at the last negotiated rate. If it is a non-federal award 20% is a good target.
- 5) The following common expenses are often overlooked when preparing budgets:
  - i) Administrative Support (i.e. research program coordinator)
  - ii) Long Distance Telephone Charges/VOIP Charges (Zoom)
  - iii) Photocopying/Printing
  - iv) Salary Support for Report Completion and Meeting Attendance (sometimes focus group logistics overlooked in technical services contracts)
  - v) Meeting Costs (refreshments, parking and mileage for off-site attendees, etc.)
  - vi) Dissemination Costs
- 6) Equipment is defined as any single item over \$5,000. Computers, therefore, will not typically qualify as equipment and should be included in the Supplies portion of the budget.
- 7) F&A (IDC) is applied only to the first \$25,000 on Federal Grants of each subcontract, regardless of the number of years of the project. This **does NOT** apply to non federal applications. They take F &A (IDC) on the entire amount.

8) The following expenses are also exempt from F&A:

- i) Equipment (single items costing \$5,000 or more)
- ii) Patient Care Costs
- iii) Capital Expenditures
- iv) Tuition Remission
- v) Scholarships and Fellowships
- vi) Space Rental Charges