

DIRECT COSTS

Direct costs are those that can be specifically identified with a single sponsored project. These costs usually include salaries/wages, fringe benefits, contracted services, supplies, equipment, travel, communication, tuition remission, and participant support costs. In most instances the direct costs should be reflected by major budget categories with an attached narrative detailing how the costs were calculated. The budget narrative should contain enough detail for the sponsor to verify the appropriateness of the costs.

Salaries and Wages. The budget detail should include the title, name, and percentage of time/number of months (summer or academic) for each person listed on the budget. If a specific technician, graduate student or other student worker has not been identified at the time of budget preparation, the salary amount for those categories should be consistent with those normally paid by the department or if you are unsure of the rate than contact the Office of Sponsored Scholarship and Programs for assistance.

ESTIMATING YOUR BUDGET: Salary compensation should be based on the percent of time the employee will spend on the project. Example (monthly salary rate) x (___% of effort) x (no. of months). If the project is multi-year, must people include at least a 4% annual increase effective July 1 of every year. Salaries posted to a sponsored program will be based upon actual salaries not projected salaries. All budgets have their limitations. If you budget for a graduate student and end up hiring a post doc instead; keep in mind that there are additional fringe benefits that you MUST pay out of the budget for a post doc.

Fringe Benefits. The University fringe benefit rate is 27% of salaries and wages. Fringe benefits are calculated according to the Rate Agreement for the University of North Carolina at Asheville negotiated with our cognizant federal agency, the Department of Health and Human Services and include FICA, unemployment and workman's compensation, retirement, and group health insurance. Ineligibility for Fringes: Undergraduates and Graduate students.

Equipment. Only items costing \$5,000 or more with a useful life of two years or more should be listed here. Cost estimates should include any installation, tax, and shipping costs associated. The need for the equipment should be adequately justified on the budget explanation page. General purpose equipment, such as computer equipment, is not eligible for support unless primarily or exclusively used in the actual conduct of scientific research.

Travel. Proposed travel should include number of trips planned, number of persons for each trip, conference name, location, purpose and cost. The purpose of the travel should be adequately justified on the budget explanation page. Be sure to check you guidelines for details. URL for Federal Per Diem Rates: <http://www.state.gov>.

Participant/Trainee Support Costs. Typically used on federal awards for the costs of the travel, meals, and lodging of project participants; i.e., the trainees at a science education conference or a stipend for participants who complete project survey. Facilities and administration costs are not charged on participant support costs on federal awards.

Other Direct Costs. Other direct costs include materials and supplies, publication costs, consultant services, long distance telephone/fax and subcontracts. All direct costs should be itemized. The following list explains the most commonly requested 'other direct costs.'

- *Materials and Supplies.* Indicate in general terms the type of expendable materials and supplies required along with their estimated costs. The breakdown should be more detailed when the costs is substantial. General purpose office supplies are not to be included in this category as they are covered by indirect costs, i.e., local phone calls.
- *Publication Costs.* Funds may be requested for the costs of preparing, publishing, or otherwise making available the findings and products of the work conducted under the research project, including costs of reports, reprints, or page charges.
- *Consultant Services.* Anticipated consultant services should be justified and information furnished on each individuals' expertise, primary organizational affiliation, daily compensation rate, and number of days of expected services. We recommend that a letter be included in the proposal from the consultant stating their willingness to participate, as well as their actual daily rate with proper documentation. Some federal agencies will limit the maximum daily compensation rate paid to off-campus consultant services.
- *Subawards.* Subawards should be disclosed in the technical section of the proposal to show a clear delineation of the work to be performed by each organization. The total amount for proposed subawards should appear under "Other Direct Costs" in the master budget for the project. Each "sub" should provide a formal proposal signed by authorized representative with a statement of work and budget.

Cost Sharing. If cost sharing is to be included in a proposal, then the sources of cost sharing and matching must be identified at the proposal stage with appropriate forms identifying such

Communication. This includes telephone communication, postage, FedEx, advertising and associated costs that are non-routine and pose an extraordinary need (i.e., a phone bank for a project that includes a survey administered via the telephone).

Repairs and Maintenance. This includes costs of maintaining property, i.e., maintenance contracts for office equipment and repairs of that equipment.