

## INSTRUCTIONS FOR BUDGET PREPARATION

The proposed budget is one component considered in the selection process. **The applicant must complete the Participant Contribution Summary (PCS) form, the Water Research Foundation Research Project Budget form and a Budget Narrative.**

### STEP 1: PARTICIPANT CONTRIBUTION SUMMARY (PCS) FORM

The PCS form will provide a detailed accounting of cash and in-kind contributions that will be available to fund the project. The scope of work must be based solely upon the funds requested from the Foundation and *documented* cash co-funds and in-kind contributions as summarized in the PCS form. Therefore, it is *highly* recommended that this form is completed and sent to the Foundation for review **before** submitting a full proposal and budget. This will enable Foundation staff to review all requested Foundation cash match requests to determine eligibility.

#### **Important:**

- Cash contributions will only be considered in the proposal selection process if a *Co-Funding Support Form* with the appropriate signature is included in the proposal.
- An *In-Kind Contribution Form* with supporting letters must be included with the proposal for in-kind contributions to be considered in the selection process.

The PCS form should be completed prior to completing the Foundation Research Project Budget form. For TC projects requiring an RFP, the Project Budget form will be completed by the selected contract researcher and submitted with the proposal. Please note that the Project Budget Total calculated in the PCS form must match the Project Budget Total that is summarized on the Budget Summary of the Foundation Research Project Budget Form.

#### **Section I – Project Contribution and Budget Summary:**

There is no need to input a dollar value in this section as all values will be calculated from the information provided in Sections II and Section III of the form. The only information that needs to be completed in this section is the name of the sponsoring utility and the proposed project title.

**Box A** – Represents the sum total of all Foundation and co-funder cash that will be available in the projects. This amount will be represented as **Foundation Share** in the cost breakdown on Project Budget Form.

**Box B**- Represents the dollar value of all project cost sharing that will be provided by the project contractor(s). This will be reflected as **Cost Share** in the cost breakdown on the Project Budget Form.

**Box C** – Represents the sum total of third-party cash contributions and the total dollar value of all non-cash in-kind services that will be provided by co-funders and third-party contributors. This amount should equal the **K – In-Kind Contributions** that will be calculated on the Project Budget Form.

**Box D** - When all sections of the PCS form and the Project Budget form are complete, the amount indicated in **Box D – Project Budget Total** of the PCS form must match the **Project Budget Total** indicated on the **Budget Summary** of the completed Project Budget form.

## Section II – Co-Funder Contribution and Requested Foundation Cash Match:

Co-funders of the project include the sponsoring agency and other co-funding organizations that will be sending project funds to the Water Research Foundation to be managed for the project.

The co-funder's cash contribution and requested Foundation cash match should be indicated in this section. Organizations that will not request a Foundation cash match however wish to provide cash to the project and intend to send the funds to the Foundation to be managed should also be indicated in this section. Co-funding organizations that will also be providing in-kind participation should provide a dollar value for the in-kind service that will be provided in the column titled **Co-Funder In-Kind**. The sum total of in-kind service contributions from co-funders will be automatically carried over to Section III and included in the Third-Party Contributions total.

### **Important:**

- All cash contributions from co-funding organizations will be accounted for as **Foundation Share** on the Project Budget Form as these funds will all be pooled and administered by the Foundation.
- All cash contributions from co-funders shall be due in full to the Foundation upon execution of the Joint Multi Funded Agreement.
- All co-funders will be required to enter into a Joint Multi Funded Agreement with the Foundation.
- Any organization wishing to provide a cash contribution **but will not be sending the funds through the Foundation** should be documented in Section III- Third-Party Contributions.
- Only utilities that pay their full subscription are eligible to have their project funding matched by the Foundation.
- Partial and non-subscribing utility funds will not be matched by the Foundation however they may still contribute funding to a project.
- The Foundation match cannot match more than \$150,000 per TC project.
- Organizations that are not eligible to be Foundation subscribers (e.g., other research organizations or government agencies) may participate in a TC proposal as a co-funder provided the proposal is submitted by a fully subscribing utility. Funding contributed by these organizations may qualify for Foundation matching; however determination regarding the funding match is dependant upon the approval by the TC Program Manager and the Tailored Collaboration Review Committee.
- Any funds contributed to a project that originates from a state or federal grant may have specific grant requirements that may impact project administration. The Foundation should be made aware of any grant funding that will be provided. The Foundation may request a review of the grant requirements to ensure that their will not be significant impacts to accounting practices, project administration and Foundation Intellectual Property standards.
- To prevent project delays all contributing organizations should have obtained information about approvals that will be necessary for funds to be transferred to the project such as board or council approvals that may require advance scheduling. **The Water Research Foundation should be made aware in advance if funds will be delayed due to board or council meeting schedules.**

### Section III – Third-Party Contributions and Contractor Cost Share

- **Third-Party Cash vs. Third-Party In-Kind Services**
  - **Third-Party cash contributions** come from those organization that wish to provide cash to a project **and will not be sending any project funding to the Foundation to be managed.**
    - For example, cash that a contributor sends directly to the Principle Investigator or other agency involved in the research and which will not be managed by the Foundation is considered a third-party cash contribution.
  - **Third-party in-kind contributions** are in-kind, service related contributions to the project **coming from all agencies** regardless of whether or not they are sending project money through the Foundation. Please follow instructions on PCS form to properly include all in-kind from both co-funders and third-party contributors.
- **Third Party Cash contributions will not be eligible for Foundation cash matching.**
- **Recognition for Contribution** – Organizations providing third-party contributions will be recognized for their contributions both on the Foundation’s website and in the final report; however these organizations **will not** be a party to the Joint Multi Funded Agreement.
- **Inclusion of Third-Party Contributions on the Budget Form** - Please note that the Project Budget Form (Section K – Third Party Contributions) must include information about Third-Party Contributors. The Project Budget Form should have all of the contributors indicated on **Section III.A - Third-Party Contributions** of the PCS form **and** should list the non-cash In-Kind Service only of co-funders which is indicated on Section II of the PCS form. Cash contributions of co-funders cannot be included on Section K of the Project Budget Form. Please note that co-funder non-cash in-kind services indicated in Section II is added into the In-Kind Services total in Section III.A. The total dollar value of Third-Party cash and all in-kind services represents the total Third-Party Contribution that will be accounted for on the Project Budget Form.
- **Cost Share** – The dollar value of the project costs that will be shared by the project contractor(s) should be indicated in Section III.B of the PCS form.

#### STEP 2 – FOUNDATION REVIEW OF PCS FORM

It is *highly* recommended that all Proposers complete the PCS form early in the proposal development and send it to the Foundation for review before extensive development of the proposal and budget occurs. This will allow the Foundation to determine if the organizations requesting a Foundation cash matches are eligible and also flag any other issues with contributions to the project.

#### STEP 3 – WATER RESEARCH FOUNDATION RESEARCH PROJECT BUDGET FORM

The following instructions pertain to sections A through K of the Foundation Research Project Budget form. Note that sections A – J of the form provide separate columns for Foundation Share and Cost-Share of the estimated costs. Under Foundation Share and Cost-Share, show the dollar value of each category’s estimated costs that will be billed to the Foundation and provided as cost-share by the contractor/researcher respectively.

The proposed budget is one component considered in the funding selection process and it should be specific and complete. Supporting schedules (as described below) which provide the basis for the project’s cost should be provided. A cost breakdown summary including cash and in-kind contributions using the *Budget Form* is to be included with the proposal and present the total estimated cost for each cost element.

If additional lines are needed in any of the sections, please enter a total on the lines provided and include additional, detailed information in the Budget Narrative.

- A. Key Personnel. Key personnel include the Principal Investigator and co-Principal Investigators who are employees of the organization completing the Budget Form.

Under *Number of Hours*, enter the total number of hours that the employee will charge to the project during the period of performance.

Under *Direct Hourly Rate*, enter the actual, unburdened hourly wage that the employee is paid.

Under *% Time Allocated to Project*, enter the percentage of time the employee will spend on the project during the period of performance, based on 2080 working hours per year.

*Fringe Benefit % of Direct Labor*: If the applicant's usual accounting practices provide that its contributions to employee benefits (social security, retirement, etc.) be treated as direct costs, enter the applicant's fringe benefit rates for each employee. The basis for fringe rates should be discussed in the ***Budget Narrative***.

- B. Other Personnel. Other personnel include project personnel other than the PI and co-PIs who are employees of the organization completing the Budget Form. Follow the instructions provided above for Key Personnel.
- C. Equipment Rental and Special Equipment Purchase. Capability to perform the project with existing facilities and equipment is assumed.

Lease or rental of equipment needed solely for use on the project is considered on a case-by-case basis. Under *Equipment Rental*, provide a description and cost for each proposed item of rental equipment with a total rental cost of more than \$1,000. Rental equipment costing less than \$1,000 should be included in Other Direct Costs. The ***Budget Narrative*** must provide the following information for each item of rented equipment: vendor, model number, quantity, length of rental and unit cost (e.g. hour, day, week), and description of the use or application.

Purchase of special purpose equipment solely for use on the project and not available by other means (e.g. lease or rental) is considered on a case-by-case basis. Under *Special Equipment*, provide a description and cost for each proposed item of special purpose equipment with a total cost of more than \$5,000. Special equipment costing less than \$5,000 should be included in Other Direct Costs. The ***Budget Narrative*** must provide the following information for each item of special equipment: vendor, model number, source of cost (e.g. quote, catalog), competing quotes or sole source justification, and description of the use or application.

- D. Materials and Supplies. Materials and supplies include expendable or consumable items that are used in direct support of the project. Indicate the general types/categories of materials and supplies to be used on the project (e.g. office supplies, laboratory supplies, sample collection materials) and their estimated costs.
- E. Travel. Enter total estimated costs of project-related domestic travel (including U.S., Canada, Mexico and U.S. possessions) and international travel by the applicant's employees. Only applicant employee travel that is directly related to the project (e.g., field work, attendance at meetings and conferences) should be included. Attendance at meetings and conferences must demonstrably benefit the research team's ability to perform the project, plan extensions of it, or disseminate its results. Allowable travel costs include airfare, ground transportation, and subsistence (meals, lodging and incidentals). Travel costs must be detailed in the ***Budget Narrative***, including individuals, destinations, basis for estimated costs, and purpose for travel. Note: Travel by U.S.-based sub-recipients outside the U.S., Canada, Mexico and U.S. possessions may require prior approval for each instance.
- Project-related travel by individuals other than the applicant's employees (e.g., invited participants to project-related workshops) should be included in Other Direct Costs.
- F. Subcontractors. List each subcontractor on the research team and the total value of each subcontract. The ***Budget Narrative*** must summarize the project roles and responsibilities for each subcontractor and must provide a cost breakdown for each subcontractor by the following categories: Labor, Equipment, Materials and Supplies, Travel, and Other Direct Costs.
- G. Other Direct Costs. Any other direct costs not specified in Sections A – F of the Foundation Research Project Budget form should be entered here. Such costs must be detailed and justified in the ***Budget Narrative***.

- H. Indirect Costs. The applicant must substantiate their indirect cost rate by attaching a copy of their rate as approved by their cognizant Federal agency or a copy of their rate as reviewed by an independent certified public accountant (CPA), or by providing a copy of their own internal cost allocation plan.

Under *Cost Category*, indicate the direct cost category (e.g. labor, equipment, subcontracts) to which the particular indirect rate applies.

Under *Rate %*, provide the indirect cost rate applicable to the direct cost category.

Under *Base \$*, provide the total direct costs to the project for each cost category (these should match the respective totals in the preceding sections of the budget form).

- I. Fee. Provide the amount of fee (profit) associated with the project.
- J. Survey. The U.S. government's Paperwork Reduction Act of 1995 (PRA) establishes conditions on the use of Federal funds for conducting information collection activities (e.g. surveys). Under the PRA, an information collection activity is defined as obtaining facts or opinions from ten or more persons by the use of standard questions presented in forms, telephone or personal interviews, the internet, requests for narrative responses to questions, or almost any other means. Typical Foundation project activities that meet this broad definition include mail surveys, telephone surveys, email or web-based surveys, and face-to-face meetings (e.g. workshops) that aim to obtain information from ten or more water utility employees and/or other drinking water professionals. The Foundation has determined that the most expeditious way to comply with PRA requirements is to use non-Federal funds for information collection activities on projects that are otherwise Federally funded. It is therefore necessary for applicants and sub-recipients to separately budget, track and invoice all costs associated with information collection activities.

If the applicant's proposed scope of work includes surveys or similar information collection activities that fall under the provisions of the PRA, provide the total estimated cost for these activities, including labor, travel, materials, equipment and supplies. Indicate both cash (cost -share) and non-cash (in-kind) contributions in the appropriate columns. The costs should be explained fully in the *Budget Narrative*.

- K. Third-Party Contributions. Identify the source (organization) and dollar value of all third-party participant contributions. **This section should NOT include cash from co-funding agencies as indicated on Section II of the PCS form.** Cash received by the Foundation from co-funders should be accounted for as Foundation Share in the cost breakdown on the budget form. The budget form is NOT intended to provide information about the organizations providing cash co-funding for the project. Non-cash in-kind contributions from co-funding organizations should however be indicated on this section of the budget form. Additionally, all Third-Party contributions accounted for in Section III of the PCS form, both cash and non-cash contributions, should also be indicated in the appropriate columns of this section of the budget form. Third-party contributions must be confirmed by letters of commitment. The letter of commitment must identify the type (e.g. cash, labor, materials, services) and estimated dollar value of the contribution, and must be signed by an authorized representative of the organization. Letters of commitment must be included in Section M of the full proposal (see Section III, Full Proposal Instructions). **Third-Party contributions will not be considered in the proposal selection process unless a letter of commitment is included with the proposal.**

Under the terms of the Foundation's PFA, the applicant is contractually responsible for providing the proposed third-party contributions during the project.

#### **STEP 4 – BUDGET NARRATIVE**

The budget narrative must be provided as a document separate from the budget form and should provide additional detail to explain items written into the budget form. Please reference the Sample Budget Narrative which can be found on page ## or by downloading it from our website at <http://www.waterresearchfoundation.org/research/projectAdmin/docs/BudgetNarrative.doc>