

## **Budget: rates and base**

### ➤ **Rate**

- Your college is required to have a Federally-negotiated rate and to use the full rate that is determined in NSF grant proposal budgets.
- NSF does not negotiate indirect rates. NSF will make a referral for the US Department of Health and Human Resources (HHR) to enter into this negotiation with your institution.
- Your college will only be able to request a negotiated rate once you have been recommended for funding. It does no good to request a negotiated rate in advance of notification that your proposal is being considered for funding.
- If your institution has no negotiated rate:
  - Use a proxy for your proposal. Rates between 8-20% have been suggested. Program Officers encourage colleges who use a proxy to estimate high. If your actual negotiated rate is lower than the one used as a proxy, the proposal budget can likely be increased prior to funding. If the rate used is too low, you are likely to be required to reduce the budget for your project. Increasing the budget for your project is easier than reducing the budget.
  - Contact an ATE program officer for a recommended interim base and rate if your institution is uncomfortable with using a proxy determined locally.
  - No award will be made until the official Federally Negotiated Rate document is provided to the NSF Division of Grants and Agreements.
  - If budget adjustment is needed, you will have an opportunity to adjust your budget in Fastlane during the award negotiation time period. Not before and not after (once the grant proposal has been submitted and/or awarded).

### ➤ **Base**

- Refers to items in the budget for which indirect costs apply. This is an amount of money that the college can use from the grant award to support overhead costs.
- Indirect costs will be calculated as a percentage of a defined “base” amount. The base is the sum of the budget items to which the indirect cost rate may be applied.
- Many institutions use a percentage of the costs of salaries and fringe benefits. Salaries plus fringe benefits in your proposal budget will be used as the base or total costs upon which the indirect costs are calculated.
- Other institutions use all costs of college operations in negotiating an indirect rate. Even so, the resulting rate may not be applied to all budget items. No indirect costs are allowed on the amounts budgeted for participant support and equipment. Subawards also are restricted in terms of calculating indirect costs.