

REVISED BUDGETS

What is a revised budget?

During proposal review, a sponsoring agency also reviews and evaluates the budget request that accompanies the research plan. Often times, a sponsoring agency will recommend or require a revision, usually a reduction, in the funding request before issuing an award.

Why will a sponsoring agency reduce the proposed budget?

There are a number of factors that prompt a budget revision:

- 1) The sponsor's funding has been reduced. In order to fund a larger number of projects, a sponsor will make cuts to some or all of its grants during a particular funding cycle.
- 2) The sponsor has identified a number of inappropriate or unallowable costs and will ask the principal investigator to remove those items from the request.
- 3) The sponsor may feel that the budget is unrealistic and will reduce the budget accordingly.

What items are typically eliminated when a budget is revised?

Occasionally, the sponsor may deem certain costs as unallowable. After reviewing the sponsor's recommendations, the PI has the discretion to make decisions in consultation with co-PI(s) and subcontractor PIs on what costs must be reduced or eliminated. The resulting budget should be realistic in relation to the proposed work plan. Generally, reductions in funding exceeding 10% should correspond to a reduction in the Scope of Work.

When is a revised budget necessary?

A revised budget is necessary when a sponsoring agency determines that the project requires less (or, in fewer instances, more) funding to complete a project.

This determination is made post-submission and prior to an award being issued.

Who drafts the budget revision?

A principal investigator (PI) is responsible for drafting a revised budget after receiving guidance from a sponsoring agency's program officer.

How is OSP involved in the revision?

A sponsoring agency requires that the Office of Sponsored Projects review and approve any budget revisions.

Do I need a new PRF when I submit a revised budget?

No, because the revised budget falls under the PRF already associated with the proposal.

If I do not submit a PRF, how do I convey special instructions to OSP?

Send an email to osp@austin.utexas.edu to notify OSP that you have submitted a revised budget. In that email, include any special instructions provided by your program officer and any urgent deadlines.

How does OSP assess and process the revision?

- 1) OSP will determine if there is a hard and quick deadline turn-around
- 2) OSP will pull the original proposal file and find the original budget

- 3) OSP will create a new Budget Worksheet Template based on the revised budget
TIP: For NSF budgets, tuition is generally lumped into the “Other” category, so a principal investigator must specify the tuition amount in the justification for accurate budget calculations.
- 4) OSP will compare the revision to the original budget
- 5) If the budget has been reduced by more than 10%, the proposal specialist will:
 - a. Ensure that a budget impact statement is attached.
 - b. Look through the budget impact statement to see if any cost sharing has been offered to make up for the reduction in budget
 - i. If cost sharing is included, the specialist will look in the proposal file to see if the cost sharing already existed and the mention in the impact statement is merely a reiteration;
OR
 - ii. If the cost sharing is new, will secure a cost sharing form from the PI
 - c. Check to see if the PI eliminated his/her salary altogether. If so, the specialist will secure a cost share form from the PI. No award will be made without a cost share form in place.
 - d. Verify that fringes have not been reduced significantly to make up for the reduction. OSP recommends budgeting at 26%-28% for all employees, including GRAs that are appointed 20 or more hours per week. Fringe benefits for part-time employees (less than half time) may be estimated at **8.51%** of salary.
 - e. Once all of OSP’s questions/concerns have been addressed, the proposal specialist will present the revised budget and proposal file to the Assistant Director for review and signature. After securing the signature, the proposal specialist will submit the revision to the sponsoring agency.
- 6) If the budget has been reduced less than 10%, the proposal specialist is authorized to submit the proposal directly to the sponsor without the Assistant Director’s review and approval. Nonetheless, all of the aforementioned items will be included in the review and any necessary actions as described above will be taken.

How many revisions are customary?

For some sponsors, there is no set or customary number of revisions. Others, like NSF, will only allow two revised budgets. As always, the sponsoring agency’s guidelines will dictate what OSP can/cannot do. The revisions will occur until the Program Officer and the Principal Investigator can mutually agree that a project can be conducted successfully with the amount of funding being provided or until the number of allowable revisions has been reached.

Impact of reduction

A slight reduction (less than 10%) will generally not affect a project significantly. If, however, a reduction exceeds 10% of the budget as originally proposed, the revised budget will require the review and signature of the Assistant Director. Regardless of the percentage, a budget impact statement is necessary.

The “Budget Impact Statement” must detail which budget categories have been reduced and by how much.

In addition, the impact statement must also inform the sponsoring agency how the PI has changed the scope of work to accommodate the reduction. For example, “Goal #3 will be affected by the reduction of funds. Rather than collect data on 600 participants, the project will collect data on 400 participants. The size of the participant pool will still yield significant findings.”

If a PI states that the scope of work did not change, the PI must show how it is possible for him/her to still conduct the work with less money. For example, “The \$15,000 originally budgeted for equipment has been eliminated from the budget. Since the original submission, The University has acquired the equipment I need to conduct the work.”

Has OSP ever seen a really big reduction? If so, how did OSP handle that?

OSP has seen reductions up to 95%. In that particular instance, OSP recommended against the PI accepting the award. When a reduction exceeds 50%, a PI will be hard-pressed to make the case (s)he can conduct any of the work that was originally proposed.

With any revision, a PI has to carefully consider how the reduction will change the scope of work as originally proposed and decide whether or not the project is ultimately doable.

How does the agency accept the budget revision?

Each sponsor is different. Some request the revisions be sent to them via fax; others via email; and other using their proprietary submission systems (i.e., FastLane for NSF).

Who submits the budget revision?

After reviewing, approving, and signing the revised budget, OSP will submit the revision by the sponsor’s preferred method (fax, email, system-to-system, etc.)

Have any revisions actually resulted in the PI receiving more money than what was requested?

Yes, some agencies have decided to offer more funding. However, the typical revision involves a reduction in the level of support.

What if a PI decides to abandon a revised budget?

A PI must send a written notice to OSP stating (s)he is abandoning the budget. In addition, the PI should withdraw SRO access from their revision in the sponsoring agency’s proprietary system.

OSP will pull the revision from the daily log.

HELPFUL FORMULAS:

To determine the % reduction in overall budget:

- 1) deduct the new proposal funding amount from the original funding amount to determine the dollar amount of the reduction
- 2) divide the difference by the original funding amount
- 3) the result will give you the % reduction

Original Budget	New Budget	Difference	Division	Result
\$58,000	\$50,000	\$8,000	\$8,000 / \$58,000	13.79%

To determine the average % fringe rate:

- 1. determine the fringe amount budgeted for project
- 2. divide by the overall salary requested
- 3. the result is the fringe rate used

Fringe Dollars Requested	Salary Dollars Requested	Division	Result
\$5,000	\$75,000	\$5,000 / \$75,000	6.67%