

## Budgeting Effort in Grant Proposals

*Updated – September 6,  
2024*

**The purpose of this document is to codify CNR practices governing budgeted effort in grant proposals. This document supersedes the salary release guidelines issued on August 1, 2024.**

### Background

The College of Natural Resources at NC State (CNR) has never issued formal guidelines for effort associated with research and other scholarly activities. It has been a long-standing practice at CNR to grant broad latitude to the faculty to determine the level of effort directly charged to research and other sponsored project budgets. Over time, this has resulted in unintended consequences that require correction, including

1. An increase in the dollar amount of voluntary cost sharing borne by state funds (TEARS effort)
2. A deviation from institutional guidance on the budgeting of faculty salaries on sponsored projects and the management of cost share commitments

### Guidance for Proposal Budgeting

Accurate budgeting is the foundation of any successful proposal and grant. A budget that does not reflect the true effort (the labor required, not including travel, page charges, etc.) creates challenges for completing all the research proposed, may violate federal policy, and is not consistent with university guidance. Effort includes all associated grant activities (see Box 1).

**Box 1. Associated activities that should be included in estimated grant effort: Research, Student mentoring and defenses (if the students are paid off of the grant), Grant administration, Conference attendance (if conference travel is paid from the grant), Grant meetings and communications, Student/staff hiring and evaluations, Manuscript and report writing.**

The least common situation is over-budgeting, budgeting for more effort than is required. In general, we tend to underestimate how much effort any given task will require. We all assume that every analysis planned and graduate student mentored and grant administration task will go off without a hitch. We rarely build in the buffer for those cases where not everything happens as intended. It's human nature and proposals are built on profound optimism!

However, under-budgeting, whether due to optimism or poor planning, has consequences beyond simply working more than you anticipated.

The federal government increasingly audits research grants to ensure that the estimated effort is broadly accurate. Consistently under-budgeting can lead to 'Over Commitment' whereby you are performing more effort than is reasonable or recorded. These federal rules are codified in [2 CFR 200 "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal](#)

[Awards](#)" (aka **Uniform Guidance**). Uniform Guidance is the government-wide framework for grants management and provides an authoritative set of rules and requirements for federal awards. Included in this guidance are basic principles regarding costs charged to contracts and grants, including effort.

Based on these federal standards , NC State provides [further guidance](#) on the budgeting of effort. In particular, NC State strongly discourages under-budgeting. If grant effort is under-budgeted, we are provided free labor (effort) to the grant, also known as **voluntary cost-share**. This is in contrast to **mandatory cost-share**, when a grant requires that NC State contributes effort. Federal regulations require that cost sharing, whether voluntary or mandatory, be documented to ensure accurate financial reporting and regulatory compliance ([NCSU REG 10.05.02](#): 2.5).

As a leading research university, research has always been encouraged, although on average, across all grants, the associated F&A does not cover the total costs of research. Consistent under-budgeting (aka voluntary cost-share) reduces potential revenue, and reduces the amount of F&A returned to CNR. CNR is committed to alignment with federal standards and NC State guidance limiting the amount of voluntary cost sharing on grant proposals.

The key principles of NC State's grant proposal guidance are:

1. Effort charged to a grant is expected to reflect an individual's work and time. Sponsoring agencies expect that effort proposed on grant proposal reflects the actual amount of time committed to the project, whether directly charged to the grant or whether included as mandatory cost-share. Note: Neither NC State nor the federal government expect incredible precision on a monthly basis. Effort needs to be *broadly accurate on an annual basis*, taking into account that this will vary widely from week-to-week and month-to-month.
2. [NC State guidance](#) states that cost sharing should be proposed only when mandated by the sponsoring agency. **Voluntary cost-sharing should never be proposed**. NC State has a policy that if the budgeted effort is < 1%, NC State automatically adds voluntary cost-share to bring the minimum effort up to 1% to meet federal standards. And so if you budget 0% effort, you are *effectively adding 1% voluntary cost-share*.

Based on this guidance, CNR has developed the following expectations for CNR grant proposals:

1. Proposal budgets will broadly reflect actual effort, including all associated activities (see Box 1).
2. Absent any prohibition from the sponsoring agency, when there is effort on a research proposal, it is expected that:
  - For PIs, a minimum of 3%\* academic year effort (See Box 2) will be budgeted for each proposal. A 3% effort is the equivalent of one hour per week.
  - For Co-PIs, a minimum of 1% academic year effort will be budgeted for each proposal. A 1% effort is the equivalent of 20 minutes per week.

Box 2. When writing proposal budgets, the Academic Year is the period when state support is the default source of funding for salaries. For 9-month employees, summer salary is not included in the Academic Year.

We understand, however, that the minimums (3% PI / 1% co-PI) may not be appropriate for all employees and for all grants; exceptions can be requested, to be approved by the Director or Research Operations or the ADR. Common causes for exceptions (not guaranteed):

- Small grants < \$50k.
- Grants for which a project manager is available to handle day-to-day operations. This could be a designated postdoc. In this case, the PI effort can be reduced to reflect the reduced administrative effort (but not less than 1%).

The CNR research office will work with each potential PI to craft a budget that broadly reflects actual effort. **3% / 1% are minimums, not defaults.** Many or most projects will require more than the minimum effort. For 9-month employees, summer is often a time when focused additional effort is required, although this minimum effort standard also applies to summer effort.

**These expectations will go into effect for new grant proposals submitted beginning October 1, 2024.**

#### **Further Resources**

<https://research.ncsu.edu/administration/budgeting-guidance/salaries-and-wages/>

<https://research.ncsu.edu/administration/compliance/fiscal-compliance/cost-sharing/>

<https://policies.ncsu.edu/regulation/reg-10-05-02/>

<https://policies.ncsu.edu/regulation/reg-10-05-02/cost> sharing, esp section 4.1 on effort

<https://policies.ncsu.edu/regulation/reg-10-05-15/TEARS>

\* NIH considers any effort below 3% to be negligible and not measurable, Dr. Anthony Fauci, *personal communication*.