

Budget Management for VA Awards

Target Audience: VA Principal Investigators and Staff

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Balancing your annual budget

1. Begin by reviewing your original grant budget and budget justification. Compile all costs into a spreadsheet (design your own spreadsheet to fit the particulars of your study).
2. Adjust your spreadsheet to account for any changes from the original budget, such as changes to investigator salaries, investigator effort, staff effort, equipment/supply costs, timing of IPA/contract obligations, timing of purchase obligations, etc. Please read the remainder of this document for more information on these topics.
3. Obtain an Account Status Report from your budget administrator and compare the expenditures and balances to your own records. Make any necessary corrections.
4. Determine your award balance. It is recommended that you update your balance calculations at least quarterly, but preferably on a continual basis. Make plans to spend down your funds, so the award balance will be zero by the end of the fiscal year (September 30th).

Q&A for the Account Status Report

Question: What period of time is covered by the Account Status Report?

Answer: The report covers the current fiscal year, which is from October 1st of one calendar year to September 30th of the next calendar year.

Question: Does the Account Status Report contain all of my budget information?

Answer: No. For example, the Account Status Report does not include future spending on new/renewal IPAs, purchases, etc. The investigator should create a master document for tracking the award budget. This document will need to combine and cross reference information from your Account Status Report, original grant budget, and your own records of changes that have occurred such as future planned spending, new or departing study personnel, unexpected purchases, etc. It is the investigator's responsibility to keep track of these changes and to plan ahead for how this will affect the annual budget.

Question: Is the value of "Account Funds Remaining" accurate?

Answer: No. The primary purpose of the Account Status Report is to show year-to-date expenditures from the current fiscal year. There are many reasons why the Account Funds Remaining balance

would not be correct. One of the major reasons is that new IPAs, contracts (or option years), and equipment purchases may not have posted to your account yet. These are often very large expenditures that significantly affect your balance. Other common reasons are addressed in the Questions/Answers below.

Question: What is a control point, and what do the control point numbers mean?

Answer: A control point number separates expenditures into different categories. For example, the VA Brain Rehabilitation Research Center uses the following numbering convention (which changes slightly from year to year; these codes apply to FY22):

206: VA employee salary

334: Current year operating funds

333: Current year travel funds

Question: What is the meaning of "Ceiling" and "TDA"?

Answer: The ceiling represents the amount of funds received from the VA Office of Research and Development (ORD) for the fiscal year. The entries on your Account Status Report are shown as TDA (Transfer of Disbursing Authority). These entries are deposits into your account. Award funds are not usually deposited all at once. Often there are several TDAs throughout the fiscal year, which together add up to your annual budget amount.

Question: Why are there positive entries listed under "Purchases"?

Answer: This occurs when previously obligated funds are not spent and are then transferred back into your account. For example, if \$2,000 was obligated for participant payments at the beginning of the year, but only \$1,500 was actually spent, the remaining \$500 balance will appear as a positive entry under Purchases.

Question: What if the salary amounts spent in prior quarters do not look correct?

Answer: Please contact your budget administrator to determine if there is an error in the effort level assigned to the study personnel.

Question: Are the salary amounts projected in future quarters correct?

Answer: You should assume that projected salaries are not correct unless you have verified the amounts against your own records. There are several reasons why the projections may not be correct: salary costs may not have been projected forward yet; effort levels may change; benefit percentage may change; and projections may not account for study personnel who plan to resign prior to the end of the fiscal year; etc.

Question: Why are my IPA personnel and/or my contracts not listed on the budget?

Answer: If the IPA or contract is new, it has not been finalized yet or it could have been posted to the wrong study. If it's an existing IPA or contract, then the charge was likely posted to the prior fiscal year and the agreement will expire sometime during the current fiscal year. If you intend to renew the IPA or exercise an option year on the contract during the current fiscal year, then the charge will be posted to your account at that time.

Spending VA funds

It is important to spend down your grant money because you may lose unspent funds. Spending must be planned as early as possible and reviewed regularly, in order to ensure that funds are obligated prior to the end of the fiscal year (September 30th). If you will not be able to spend your funds, you should request to redistribute them to a future fiscal year (see “Project Modifications” below).

Salaries

- VA salaries follow the federal General Schedule:
<https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2021/general-schedule/>
The locality pay table for Gainesville is under the “Rest of United States” category. Use this table to appropriately budget salary based on the grade and step levels of study personnel.
- Make sure to account for within-grade step increases. The waiting period for a step increase is one year to rise to step 2, 3, or 4; two years to rise to steps 5, 6, or 7; and three years to rise to steps 8, 9, or 10. Once step 10 is reached, no further step increase is possible.
- The fringe benefit rate differs for each individual, and can change from year to year. Contact your budget administrator for updated information. If the benefit rate is unknown, use 35%.
- A cost of living increase of 2% per year should be budgeted for VA employees. This increase does not always occur and/or may not be exactly 2%, but this is a reasonable estimate to avoid a budget shortfall.

Equipment Purchases

- Purchase requests for equipment may require you to provide information on market research, sole source justification, data privacy/security considerations, etc. Please plan accordingly as this requires additional time.
- Purchases do not count against your budget until the funds are obligated (specifically, the budget administrator will set up a 2237 account in Vista). This can take some time, especially for larger purchases which require special review and may take several weeks (or even multiple months) for funds to be obligated. In some cases, a purchase request late in the fiscal year may not be obligated until the next fiscal year (see Addendum 1 for example).
- For equipment and supply purchases less than \$10,000, allow up to 1 month to obligate funds. These purchase requests must be made before July 31st of the fiscal year.
- For equipment purchases exceeding \$10,000, these must be approved through the contracting department. Allow up to 2 months for obligating funds for these purchases. These purchase requests should be made by June 30th of the fiscal year.

Intergovernmental Personnel Act (IPA) Agreement

- IPA agreements allow you to use VA funds to reimburse the salary of an employee at an external organization (e.g., UF).
- IPAs can only be used to pay research “career” personnel including faculty, post-docs, and research staff (not administrative positions).
- IPA agreements covering multiple years *cannot* include annual increases in cost of living. Rather, the base salary that is used to calculate the IPA must remain the same for each year.
- The person whose salary is being paid must have already been in their current position for at least 3 months.
- IPAs cannot be used to support new hires or graduate student tuition/stipend/fees.
- IPAs can contribute salary to an individual continuously for 4 years. If you wish to keep someone on an IPA longer than 4 years, the IPA will need to be terminated 60+ days prior to the end of the IPA

term. After a break of 60+ days, a new IPA can take effect. The break must come before the end of the IPA term. If the 4th year IPA ends, the break period is extended to a full year. Being assigned to a new study after another study has ended does not start the 4 years over again. There must be a true break in the IPA before the 4-year clock restarts.

- The full 1-year cost of an IPA becomes obligated when the IPA begins. This obligated balance can be carried forward to pay salary costs into the next fiscal year (see Addendum 1 for example). If helpful, the costs can instead be obligated on a quarterly basis (i.e. every three months) to spread the cost across two fiscal years.
- IPAs can be cancelled and funds unobligated if needs change.
- A new IPA takes about 2 months to set up. An IPA that is to be obligated in the current fiscal year should begin the setup process no later than June 30th.

Contract

- A contract can be written to an external organization (“vendor”) to provide goods or services.
- Contracts describe the services to be completed, benchmarks to be achieved, deliverables, etc., but generally do not name specific individuals to do the work.
- Contracts include a base year and up to 4 option years. The PI must choose to exercise each option year before those funds will be distributed.
- The full 1-year cost of the contract is obligated to the fiscal year that it begins. This obligated balance is carried forward to pay costs into the next fiscal year (see Addendum 1 for example).
- Vendors submit invoices to the contract (specifically, invoices are applied against a 1358 account in VistA). This invoice is reviewed and approved by the budget administrator, then the invoice amount is deducted from the obligated funds.
- Unspent contract funds can be returned to the funding source, but must still be spent during the fiscal year (or redistributed to a future grant year).
- Contracts may require payment of institutional indirect costs. The indirect cost rate for UF is over 50% and may have to be factored into the cost of the contract.
- A new contract takes about 4 months to set up.

Project Modifications: No-cost extension, cost extension, and redistribution of funds

No-Cost Extension

A no-cost extension extends the end date of award by up to 1 year. A no-cost extension can be requested with or without redistribution of funds (see “redistribution” section below). The awardee is encouraged to request a project modification as soon as the need for the extension is anticipated, but no later than 3 months before the end of the award. Reasons for requesting a no-cost extension include, but are not limited, to:

- PI changes sites, or has to relocated research facilities within the same site and is temporarily unable to perform the research
- Delay in hiring research staff
- Delay in executing contracts or obtaining critical equipment or supplies

Redistribution

A redistribution is when funds allocated to a particular fiscal year are moved to a future fiscal year. Redistribution of funds can be requested with or without a change to the award end date. Redistributions are an important strategy for retaining your full award amount, because excess funds (not redistributed) remaining in the award account at the end of the fiscal year may be permanently “swept” and not returned. Redistributions should be requested as soon as the awardee realizes that there will be a substantial amount of unspent funds (as early in the fiscal year as possible).

Cost Extension

A cost extension is a request for additional research funds (beyond the original grant budget) to complete the research. Cost extensions are considered only in rare situations, and only if efforts taken locally to address the budgetary deficiencies (e.g. use of locally unobligated and carry over funds) have been insufficient. Reasons for requesting a cost extension include, but are not limited, to:

- A clinical trial where a short extension may ensure success (e.g., to achieve target enrollment)
- Catastrophic event that damages facilities (e.g., flooding, fire, earthquake)

More detailed information on the topics of no-cost extension, redistribution, and cost extension are available in the document titled “*Criteria and Instructions for Requesting an Administrative Project Modification*”. Please ask your budget administrator.

Glossary of Terms

Budget Justification - A formal document outlining the budgetary amounts planned for a project.

Carryover (or Carryforward) Funds - Funds that are available in a fiscal year subsequent to the year in which they were appropriated.

Contract – An agreement between the Federal Government and an independent party to provide goods or services. Contracts can be written to include a base year and several option years. Each option year must be approved on an annual basis, and funds will not be obligated until approval is granted.

Cost extension - A request for additional research funds (beyond the original grant budget) to complete the research.

Earmark - To set aside funds for a specific purpose, use, or recipient.

Fiscal Year - Any yearly accounting period. The fiscal year for the federal government begins on October 1 and ends on September 30. It is designated by the calendar year in which it ends.

Full Time Equivalent (FTE) - Direct hire Federal employees who are paid salaries, wages, or fees for the personal service they render. For FTE reporting purposes, an FTE (or work year) is based on 2,080 hours (i.e., 40 hours/week x 52 weeks), which is equivalent to one year’s full time work schedule.

Intergovernmental Personnel Act (IPA) Agreement - permits the temporary assignment of skilled career employees to positions with Federal Agencies. IPA agreements are commonly used to pay UF collaborator salaries using VA award funds.

No Cost Extension - extends the end date of award. A no-cost extension can be requested with or without redistribution of funds.

Obligation - obligation of funds means to set aside funds for a specific purchase. Obligated funds are considered to be spent. If funds have been obligated but not yet fully liquidated (e.g., this is common for IPAs), the non-liquidated balance can be carried forward across fiscal years without a project modification.

Outyears - Years that follow the current fiscal year.

Redistribution - when funds allocated to a particular fiscal year are moved to a future fiscal year.

Vendor – an external organization that provides goods or services.

Addendum 1. Conceptual illustration of award spending

Please note the following:

- Funding for VA salaries are obligated and spent in the same fiscal year.
- Funding obligated for IPAs and contracts in a given fiscal year are often partially spent in the following fiscal year. However, it is also possible to divide IPA costs into quarters (i.e., 3 month increments) and distribute those costs across the separate budgets of two fiscal years. This option is *not* shown in the figure below.
- Purchase requests (shown as 1rq, 2rq, 3rq) do not immediately obligate funds. Actual obligation of funds may be delayed by weeks or months after the purchase request (shown as 1ob, 2ob, 3ob). A purchase requested near the end of a fiscal year may not be obligated until the following fiscal year (see examples 2ob, 3ob).

FY2020										FY2021										FY2022															
Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
50,000										50,000																									
VA PI Salary										VA PI Salary																									
40,000										40,000																									
VA Coordinator Salary										VA Coordinator Salary																									
										20,000					25,000																				
UF Co-Investigator IPA (obligated in FY20)										UF Co-Investigator IPA (obligated in FY21)																									
35,000										30,000																									
Contract (obligated in FY20)										Contract (obligated in FY21)																									
										1,500			4,500																						
										Research Asst			Research Assistant																						
										2,500					2,000																				
										Participant Payments					Participant Payments																				
										0		500		0		16,000				0		1,000													
										1rq		1ob		2rq		2ob				3rq		3ob													
FY21 Total										FY21 Total										FY22 Total															
147,000										170,000										1,000															

Purchase Requests
 1rq: electrodes
 2rq: neural stimulator

Obligated Purchases
 1ob: electrodes (\$500)

Purchase Requests
 3rq: publication fee

Obligated Purchases
 2ob: neural stimulator (\$16,000)

Purchase Requests
 none

Obligated Purchases
 3ob: publication fee (\$1,000)