

**BUDGET PROPOSAL:** Each proposal must contain a budget for each year of support requested and a cumulative budget for the full term of requested support. The need for each item should be explained clearly. All cost data must be current and complete.

1. The itemized budget(s) must include the following:

a. Direct Labor: Show the current and projected salary amounts in terms of man-hours, man-months, or percentage of annual salary to be charged by the principal investigator(s), faculty, research associates, postdoctoral associates, graduate and undergraduate students, secretarial, clerical, and other technical personnel either by personnel or position. For proposals from universities, research during the academic term is deemed part of regular academic duties, not an extra function for which additional compensation or compensation at a higher rate is warranted. Consequently, academic term salaries shall not be augmented either in rate or in total amount for research performed during the academic term. Rates of compensation for research conducted during non-academic (summer) terms shall not exceed the rate for the academic terms. When part or all of a person's services are to be charged as project costs, it is expected that the person will be relieved of an equal part or all of his or her regular teaching or other obligations. For each person or position, provide the following information:

(1) The basis for the direct labor hours or percentage of effort (e.g. historical hours or estimates).

(2) The portion of time to be devoted to the proposed research, divided between academic and non-academic (summer) terms, when applicable.

(3) The total annual salary charged to the research project.

(4) Any details that may affect the salary during the project, such as plans for leave and/or remuneration while on leave.

b. Fringe Benefits and Indirect Costs (Overhead, General and Administrative, and Other): The most recent rates, dates of negotiation, the base(s) and periods to which the rates apply must be disclosed and a statement included identifying whether the proposed rates are provisional or fixed. If the rates have been negotiated by a Government agency, state when and by which agency. **A copy of the negotiation memorandum should be provided.** If negotiated forecast rates do not exist, offerors must provide sufficient detail to enable a determination to be made that the costs included in the forecast rate are allocable according to applicable OMB Circulars or FAR/DFARS provisions. Offerors' disclosure should be sufficient to permit a full understanding of the content of the rate(s) and how it was established. As a minimum, the submission should identify:

(1) All individual cost elements included in the forecast rate(s);

(2) Bases used to prorate indirect expenses to cost pools, if any;

(3) How the rate(s) was calculated;

- (4) Distribution basis of the developed rate(s);
- (5) Bases on which the overhead rate is calculated, such as "salaries and wages" or "total costs," and
- (6) The period of the offeror's fiscal year.

c. Permanent Equipment: If facilities or equipment are required, a justification why this property should be furnished by the U.S. Government must be submitted. State the organization's inability or unwillingness to furnish the facilities or equipment. Offerors must provide an itemized list of permanent equipment showing the cost of each item. Permanent equipment is any article or tangible nonexpendable property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. The basis for the cost of each item of permanent equipment included in the budget must be disclosed, such as:

- (1) Vendor Quote: Show name of vendor, number of quotes received and justification, if intended award is to other than lowest bidder.
- (2) Historical Cost: Identify vendor, date of purchase, and whether or not cost represents lowest bid. Include reason(s) for not soliciting current quotes.
- (3) Engineering Estimate: Include rationale for quote and reason for not soliciting current quotes. If applicable, the following additional information shall be disclosed in the offeror's cost proposal:
  - (4) Special test equipment to be fabricated by the awardee for specific research purposes and its cost.
  - (5) Standard equipment to be acquired and modified to meet Specific requirements, including acquisition and modification costs, listed separately.
  - (6) Existing equipment to be modified to meet specific research requirements, including modification costs. Proposed permanent equipment purchases during the final year of an award shall be limited and must be fully justified.
- (7) Grants, cooperative agreements, or contracts may convey title to an institution for equipment purchased with project funds. At the discretion of the contracting/grants officer, the agreement may provide for retention of the title by the Government or may impose conditions governing the equipment conveyed to the organization. The Government will not convey equipment title to commercial contractors.
- (8) It is the policy of the DOD that all commercial and nonprofit Contractors provide the equipment needed to support proposed research. In those rare cases where

specific additional equipment is approved for commercial and nonprofit organizations, such approved cost elements shall be "non fee-bearing." In addition, commercial contractors are precluded from using contract funds to acquire facilities with a unit acquisition cost of \$10,000 or less (see FAR 45.302-.1).

d. Travel: Forecasts of travel expenditures that identify the destination and the various cost elements (airfare, mileage, per diem rates, etc.) must be submitted. The costs should be in sufficient detail to determine the reasonableness of such costs. Allowance for air travel normally will not exceed the cost of round-trip, economy air accommodations. Specify the type of travel and its relationship to the research project. Requests for domestic travel must not exceed **\$3,000 per year per principal investigator**. Individuals other than the principal investigator(s) are considered postdoctoral associates, research associates, graduate and undergraduate students, secretarial, clerical, and other technical personnel. Additional travel may be requested for travel to Army laboratories and facilities to enhance agreement objectives and to achieve technology transfer.

e. Participant Support Costs: This budget category refers to costs of transportation, per diem, stipends, and other related costs for participants or trainees (but not employees) in connection with ARL-sponsored conferences, meetings, symposia, training activities, and workshops (see PART II - Special Programs). Indirect costs are not allowed on participant support costs. The number of participants to be supported should be entered in parentheses on the budget form. These costs should also be justified in the budget justification page(s) attached to the cost proposal.

f. Materials, Supplies, and Consumables: A general description and total estimated cost of expendable equipment and supplies are required. The basis for developing the cost estimate (vendor quotes, invoice prices, engineering estimate, purchase order history, etc.) must be included. If possible, provide a material list.

g. Publication, Documentation, and Dissemination: The budget may request funds for the costs of preparing, publishing, or otherwise making available to others the findings and products of the work conducted under an agreement, including costs of reports, reprints, page charges, or other journal costs (except costs for prior or early publication); necessary illustrations, cleanup, documentation, storage, and indexing of data and databases; and development, documentation, and debugging of software.

h. Consultant Costs: Offerors normally are expected to utilize the services of their own staff to the maximum extent possible in managing and performing the project's effort. If the need for consultant services is anticipated, the nature of proposed consultant services should be justified and included in the technical proposal narrative. The cost proposal should include the names of consultant(s), primary organizational affiliation, each individual's expertise, daily compensation rate, number of days of expected service, and estimated travel and per diem costs.