ORA-02-02 BUDGET REVISION POLICY

ORA-02-02.01 Definition of Budget Revision

A Budget Revision is a request for changes in the approved project budget that may require prior approval from the sponsor. When sponsor approval is required, requests are generally made in writing, and must be submitted to the sponsor in sufficient time to allow the request to reach the sponsor 30 days prior to the expiration of the award. Some agencies require the request 45, 60, and even 90 days prior to the expiration of the award. Specific terms and conditions regarding budget allocations can be found in the sponsor award document.

ORA-02-02.02 Regulations Regarding Budget Revisions

OMB Circular No. A-110 states that, “A budget plan is the financial expression of the project or program as approved during the award process. It may include either the Federal and non-Federal share, or only the Federal share, depending upon Federal awarding agency requirements. It shall be related to performance for program evaluation purposes whenever appropriate… Recipients are required to report deviations from budget and program plans, and request prior approvals for budget revisions, in accordance with section C.25.”

In addition to A-110 regulations, sponsors also have varying requirements in regard to budget revisions and needed prior approvals. The budget revision involves the reallocation of budgeted funds, not a transfer of expenditures.

ORA-02-02.03 Reason for Policy

The Office of Research Administration (ORA) is responsible for ensuring that all budget revisions meet federal, state, university, and sponsor guidelines. The ORA is also responsible for recording the appropriate distribution of funds available under the award.

ORA-02-02.04 Policy

University of Akron’s policy requires that the allocation of budgeted funds be properly distributed. There are circumstances when the Principal Investigator/Project Director may determine that the approved, funded budget is not consistent with actual project needs. In these cases, the PI may request the formal reallocation of funds from one budget category to another budget category, as approved by the sponsor (if required), that better reflects the project requirements. This process is called budget revision or rebudgeting.

All budget revisions for sponsored programs require the approval of the Office of Research Administration (ORA).
ORA 02-02.05  Budget Revisions that Impact F&A (Indirect Costs)

Revisions to the project budget may have implications to the project’s F&A costs.

Certain budget categories do not generate F&A:

- Capital equipment equal to or greater than $5000
- Tuition/Scholarships/Fellowships
- Subcontracts over the first $25,000
- NSF participant support
- Rental costs of an off-site facility
- Charges for Patient Care

Examples of budget revisions and impact on F&A:

- If the budget revision transfers funds from a non-F&A bearing budget item (such as equipment) to an F&A bearing item (such as supplies), the F&A dollar amount will increase in order to maintain the contracted F&A percentage. (See Example 1 below)

  **Example 1:** A grant has an equipment budget of $10,000 and an F&A rate of 50%. The PI spent only $7,000 on equipment, leaving a $3,000 surplus. The supply budget can utilize the surplus dollars in support of the project. A rebudget of the $3,000 balance must be rebudgeted between the supply line and F&A, since the supply purchases will generate F&A. In this scenario, the $3,000 would be rebudgeted so that $2,000 would be added to supplies and $1,000 added to F&A ($3,000/1.5 = $2,000 for supplies and $1,000 F&A).

- If the budget revision transfers funds from an F&A bearing budget item (such as supplies) to a non F&A bearing budget item (such as equipment), the F&A dollar amount will decrease in order to maintain the contracted F&A percentage. (See Example 2 below)

  **Example 2:** A grant has an equipment budget of $10,000 and an F&A rate of 50%. If the cost of equipment is $12,000, a rebudget of $2,000 from another budget category would be required. In this case the PI could transfer budget from the supply line to the equipment line. This would reduce the F&A since the additional $2,000 spent on equipment does not generate F&A. In this scenario, the supply budget would be reduced by $1,333 ($2,000/1.50) and the F&A budget would be reduced by $667 ($1,333 * 50%). The $2,000 would be added to the equipment budget.

ORA-02-02.06  Principal Investigator's Responsibility

To ensure that the University is in compliance with this policy, the principal investigator/project director is responsible for ensuring that budget revisions are:
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- Submitted in sufficient time to allow requests for prior approval to reach the sponsor within the required timeframe
- Supported by a sufficient written explanation on Budget Revision Form that describes in detail why the transfer is necessary
- Prepared and submitted using the UA Budget Revision Form.