**Survey Research Center**

**Institute for Social Research**

**University of Michigan**

# Finance 101:
# Project Design, Budgeting, and SRO Budget Elements

**SRO Supervisor Forum**

**July 23, 2013**

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# Survey Research Operations

- **Complete about ~90 projects per year with staff of ~165**

- **Process ~150 proposals per year**

- **Historically, ~ half of SRO clients are outside of ISR**

# Types of Projects

- **Interviewer-administered**
  - CAPI
  - CATI (both centralized and decentralized)
  - CASI and A-CASI as components of CAPI instruments

- **Self-administered**
  - Web
  - Mail

- **Many projects use a combination of modes, attempting to optimize quality and cost**

# New Project Intake

- **Various intake methods**
  - ISR website
  - Inquiries through ISR or SRC Director's Offices
  - Direct phone or email

- **Database to track all inquiries**
  - Approximately 15 new inquiries per month

# New Project Intake

- **Meet with PI/client**

- **Decision of whether SRO will pursue project**
  - Within goals of ISR?
  - Will it advance our competencies?
  - Capacity and staff availability?

- **Detailed specification of design elements**

# New Project Intake

- **Ballpark vs Formal submission**

- **Response to RFP or other mechanism?**

- **Cost-reimbursement vs. Fixed-price**

- **Grant vs. Contract**

- **Prime vs. Subcontractor**

# Budgeting Process

- **Statistical Design Group**

- **SRO unit managers/staff**

- **Existing cost models**

- **Review of past projects**

- **Best guesses we can make!**

# Budgeting Process

- **Major design decisions**
  - Mode(s) [telephone, in-person, mail, web]
  - Location(s)  [centralized or decentralized]
  - Sample frame  [RDD, list, area-probability, national/regional, etc.]
  - Timing  [project start, data collection start, length of data collection]
  - Key staff for management

# Budgeting Process

- **"Bottom-up", detailed budget**
  - Use "10 Tasks" model
    1. Management
    2. Sampling
    3. Questionnaire Development
    4. CAI Programming
    5. Sample Management Programming
    6. Interviewer Training  (6a.  Recruitment & Hiring)
    7. Data Collection
    8. Post-Collection Processing
    9. Weighting and Estimating
    10. Final Deliverables

# Budgeting Process

- **For each of 10 Tasks, exact salary hours and non-salary costs for individual line items**
  - "salary" covers all regular, temporary, and contingent staff time
    - Typically, use titles or categories, and the average pay rate for all SRO staff in that category
    - If named staff, use their actual pay rate
    - In addition to salary, add SHV (25.5%) and fringe benefits (27% & 7.65%) to salary total ["loaded" rate]

# Budgeting Process

- **For each of 10 Tasks, exact salary hours and non-salary costs for individual line items**

  - "non-salary" covers all other costs: travel, supplies, shipping, printing, equipment, telephone, respondent payments, vendors, etc.

# Budgeting Process

- **For projects spanning multiple years, need to divide costs by year**

    - …and calculate appropriate inflation factor (typically 3%)

- **Key drivers**

    - Questionnaire length and complexity

    - Expected HPI

    - # of interviewers/proportion of new-hires

    - Etc.

# Budgeting Process

- **"Recharge" items: designed to recover costs proportionally across projects**
  - Reviewed and approved by the University
  - Driven by interviewer and team leader hours
    - CATI/CAPI
    - CASIC
    - Hiring & Training
  - Driven by regular staff hours
    - Data Collection Services
    - SRSR

# Recharge Items

- **CATI/CAPI**

  - Based on all interviewer and team leader hours after training

  - Designed to amortize cost of computer and phone equipment used for data collection

  - CATI = SSL = $0.71/hour

  - CAPI = Field = $1.23/hour

  - Projected revenue and expenses used to determine when to purchase new cohorts of machines

# Recharge Items

- **CASIC**

  - Based on all interviewer and team leader hours

  - Designed to cover time of technical staff and software supporting data collection

  - Both SSL & Field = $1.76/hour

  - Projected revenue and expenses used to plan for staffing allocations and purchase of licenses

# Recharge Items

- **Hiring & Training**

  - Based on <u>on-staff</u> interviewer and team leader hours

  - Designed to cover cost of maintaining an experienced interviewer pool across projects
    - Development of new training materials and systems that support interviewing

  - Both SSL & Field = $1.35/hour

# Recharge Items

- **Data Collection Services/Field Operations**

  - Based on 6% of regular staff hours; billed at $47.60/hour

  - Designed to cover overall management of the unit, including oversight of data collection and quality assurance activities; coordination across projects

# Recharge Items

- **Sponsored Research Salary Recharge (SRSR)**
    - Based on 7.5% of regular staff salary $$s
    - Designed to cover trainings, meetings, conferences, etc. that contribute to staff development outside of specific projects

# Budgeting Process

- **Indirect cost recovery (IDC)**
  - Intended to cover "infrastructure" and facility costs
  - Dependent on funding source
    - Can get complicated if multiple sources
  - Direct Cost + Indirect Cost = Total Cost
  - Effective IDC rate for SRC ~33%

# Budgeting Process

- **Indirect Cost rates**
  - Federal & Industrial: 55.5% or 26%
  - Other Sponsored Activity: 30% or 26%
  - Foundation: 20% or published rate
    - direct cost fees applied to low indirect budgets

# Budgeting Process

- **SRO generates indirect cost revenue on our work, but we don't get to just keep it** ☺

- **Each year, go through budgeting process with the Center to determine our SRO "overhead" allocation**

# Budgeting Process

- **In FY2013, SRO generated ~$33.5M in sponsored work, and ~$8.3M in indirect costs**

- **SRO's FY2013 Overhead budget was ~$3.4M**

- **SRO's expected FY2014 Overhead budget is ~$3.5M (still to be approved)**

# Budgeting Process

- **SRO's Overhead allocation covers key investments and initiatives**

  - Pre- and post-award activities

  - Software and hardware

  - General maintenance of existing systems

  - Development of new data collection-related systems/programs

# Budgeting Process

- **Each year, careful detailed estimates of expenses and revenues**

  - Sponsored projects – direct costs plus recharge generation

  - Funded, plus projections of pending proposals

- **Person-by-person mapping of salary coverage across sponsored, recharge, and overhead accounts**

# Budgeting Process

- **Constant monitoring of status of each account**

- **Adjustments made and changes communicated to staff**

- **Accountable to SRC for how we're spending and the balance in each account; need to prepare final year-end report before next budget is approved!**

# Whew!

## Final questions??

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# SRO Financial Refresher

## SRO Cost Reporting System

## 07/23/2013

# Today's Objectives

- **General idea about the flow of data from our systems to university systems and back again.**

- **Overview of some key terms and concepts in University financials**

- **Understanding of some important financial cycles**

- **Overview of the Financial Services website**

- **Basics of using the Cost Reporting System**

- **Overall objective is to increase awareness of basic SRO financial processes and tools in an effort to help facilitate collaboration with your administrative and project teams regarding financial matters.**

# Outline

**University Financials**

- The flow of Financial Information
- University Financial Cycles
- Working on a federally sponsored project

**SRO Financials**

- SRO tools for project financial management
  - Financial Services Website
    (https://projects.isr.umich.edu/Financial_services/)
  - Reports
    - Accessing Reports
    - Major sections of the reports page and CRS auxiliary reports
    - Template Reports
    - Cost Reporting System
      - The monthly CRS process
      - Reporting in the CRS in general
      - Responsibility for maintaining accurate budget and projections
- Open Discussion
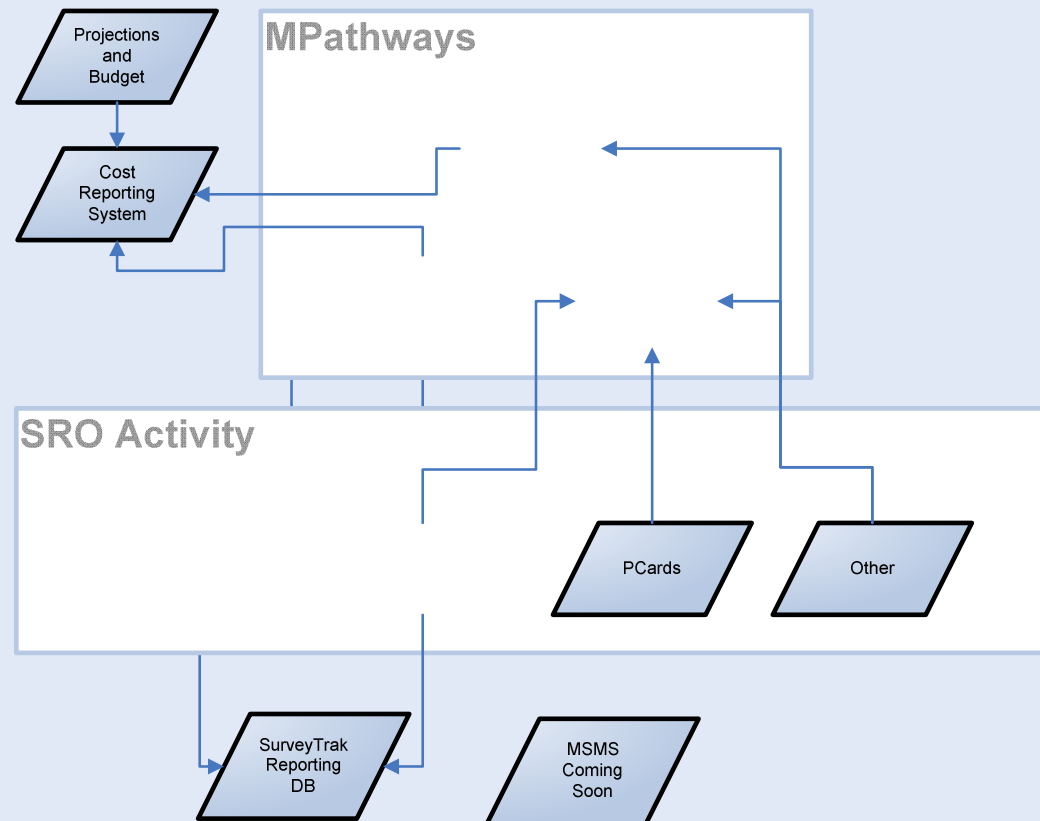
# UM Financials

# Flow of Financial Information

## Components of UM Financial data that SRO uses

- Payroll
- Procurement
- General Ledger

# The Flow of SRO Financial Data

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# Payroll

- **Field Interviewers use Tenrox to generate payroll information**
  - *Day-by-day hours reported*
  - *Activities*
  - *Interviewer/Team Leader/Production Coordinator/etc…*

- **All other staff in ISR use ET to generate payroll information**
  - *Day-by-day hours reported*
  - *Activities (ex: SSL Interviewing)*
  - *No job role description*

- **UM Payroll contains payroll information for everyone employed by the University**
  - *At the lowest level hours are reported per week, but most always per bi-week and monthly*
  - *No reporting of activities*
  - *Interviewer I/Interviewer II/ Interviewer III/ various other job role descriptions*

# Procurement

- **Tenrox expense reports and travel advances**
  - *Tenrox contains lwer detail of expense*
  - *Hits procurement as a Non PO*

- **PCard**
  - *Charges go directly to University procurement*

- **Concur**
  - *University Travel/Expense reimbursement system*

- **University Contracts**

  - *Post as either a Service Unit Billing or PO*

- **Other purchases**

  - *Post as either PO or Non PO*

# Procurement (cont)

- **Service Unit Billings**
  - *Internal vendors – ISR Duplicating, SRO recharges, some University Contract vendors, CMT*
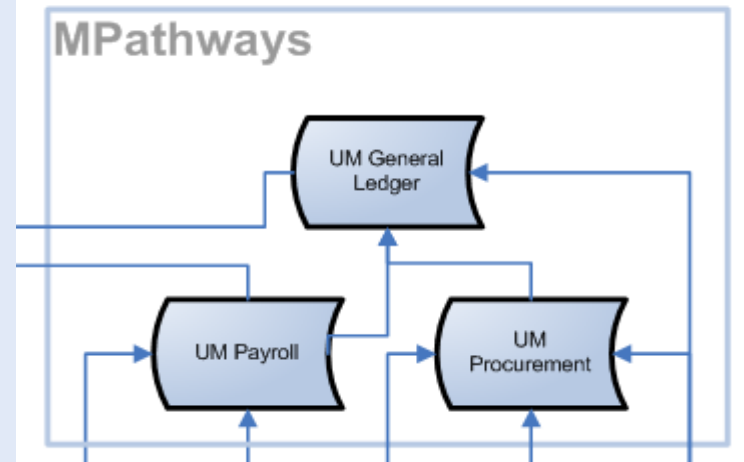
- **POs and Non POs**
  - *Purchase orders are formal agreements for products or services*
  - *Non POs are use for the payment of an invoice for products or services from a vendor in the case that the University did not officially decide to conduct business with this vendor.*
    - Field Production Manager internet connections
    - Purchasing sample lines
    - Products or service with that cost less than $5,000.00

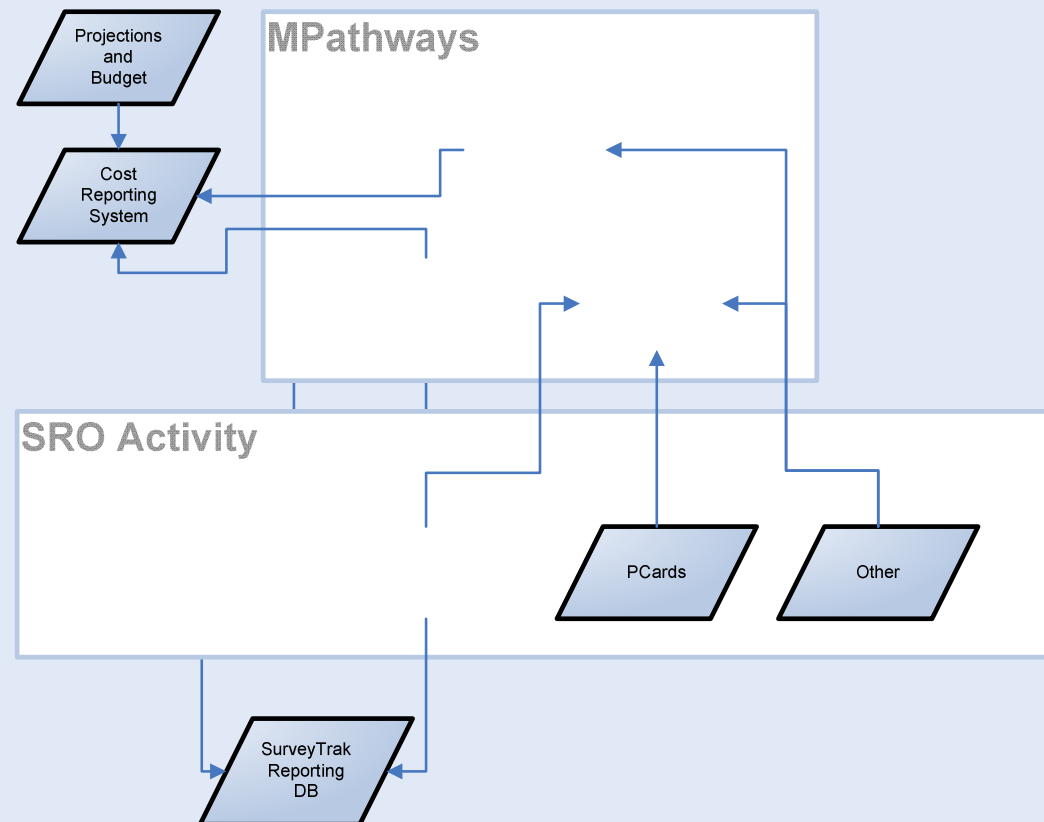  - Establish a PO in advance of needing to pay a vendor

# General Ledger

- **Payroll and procurement details get rolled up to general ledger account values**
  - Example: Interviewer I/II & III appear in the general ledger as "Prof & Admin-Temporary-Direct"

# The Flow of SRO Financial Data (repeated)



MPathways

Projections and Budget

Cost Reporting System

SRO Activity

PCards

Other

SurveyTrak Reporting DB

# Shortcodes and Chartcoms

- **Chartfield Combinations (a.k.a. Chartcoms)**
  - Project Grant – What project is it?          (ex: F004738)
  - Class – What kind of activity is it?          (ex: 22000)
  - Fund – What kind of money is it?          (ex: 20000)
  - Department – Who is responsible for it? (ex: 585900)
  - Program – Whatever you want it to be!   (ex: 14258)

- **A *shortcode* is a shortcut representing a unique group of the above values.** *1 shortcode = 1 chartcom.*

- **We use shortcodes everywhere (Tenrox, ET, Concur, Sprint Calling Cards, even SurveyTrak)**

- **By charging shortcodes you create a monetary transaction that includes information that both the University and SRO use to manage its business.**

- **Program Codes! aka "The 10 Tasks"**

# Shortcodes and Chartcoms

| PROJECT | SHORTCODE | PG | DEPTID | FUND | CLASS | PROGRAM | PROGRAM DESCR | ET WBS DESC |
|---------|-----------|----|--------|------|-------|---------|---------------|-------------|
| HRS 2004 | 041802 | F004738 | 585900 | 20000 | 22000 | 10000 | Generic Program Code | HRS 2004 Pre-production |
| | 047175 | F004738 | 585900 | 20000 | 22000 | 14258 | Project Management | HRS2004 - Management |
| | 047176 | F004738 | 585900 | 20000 | 22000 | 14259 | CAI Programming | HRS2004 - CAI Programming |
| | 047177 | F004738 | 585900 | 20000 | 22000 | 14262 | Project Training | HRS2004 - Training |
| | 047178 | F004738 | 585900 | 20000 | 22000 | 14263 | Post Collection Processing | HRS2004 - Post Collect Proc |
| | 047179 | F004738 | 585900 | 20000 | 22000 | 14265 | Main Data Collection | HRS2004 - Data Collection |
| | 047257 | F004738 | 585900 | 20000 | 22000 | 14266 | Sampling | HRS2004 - Sampling |
| | 047258 | F004738 | 585900 | 20000 | 22000 | 14261 | Sample Control Systems | HRS2004 - Sample Control Sys |
| | 047259 | F004738 | 585900 | 20000 | 22000 | 14264 | Final Data Deliverables | HRS2004 - Final Deliverable |

# Financial Cycles

- **Set schedules of when information is processed**

- **University bases its fiscal year on academic calendar – starts with July and ends with June**

- **Each Month is considered an accounting period**

- **Various other intermediate cycles**

# University Financial Cycles

| CALENDAR YEAR | FISCAL YEAR | ACCOUNTING PERIOD | MONTH DESCR |
|---|---|---|---|
| 2013 | 2014 | 1 | July |
| | | 2 | August |
| | | 3 | September |
| | | 4 | October |
| | | 5 | November |
| | | 6 | December |
| 2014 | 2014 | 7 | January |
| | | 8 | February |
| | | 9 | March |
| | | 10 | April |
| | | 11 | May |
| | | 12 | June |

# Field Interviewer Pay Schedule

| Accounting Period | Pay Date | Work Week |
|---|---|---|
| 5/31/2013 | 5/3/2013 | 4/7/2013 |
| | | 4/14/2013 |
| | 5/17/2013 | 4/21/2013 |
| | | 4/28/2013 |
| | 5/31/2013 | 5/5/2013 |
| | | 5/12/2013 |
| 6/30/2013 | 6/14/2013 | 5/19/2013 |
| | | 5/26/2013 |
| | 6/28/2013 | 6/2/2013 |
| | | 6/9/2013 |

# Federal A-21 Regulations

- **A federal regulation that sets accounting policy for educational institutions that received $25 million or more of federally sponsored awards**

- **It covers:**
  - Costing regulations for both direct and indirect costs
  - Principles for determining appropriate costs to grants, contracts, and other agreements.

- **A-21 regulations were created because of abuse and misuse of federal funds (ex: inappropriate travel, lavish parties)**

- **There can be (and have been ) fines and penalties for not complying**

- **In general, good stewardship should be used: alcoholic beverages, conferences, departmental telephone calls, etc should NOT be charged to a federal project**

- **Postage, telephone, and hosting are common grey areas in survey research**

**SRO Tools for Project Financial Management**

# SRO FINANCIALS

# SRO Finance Group Website

- **Address:**
  **https://projects.isr.umich.edu/Financial_services/**

  - CRS Cost Report template

  - SRO Project Tree

  - M-Pathways Financial Reports

  - Tenrox and ET Payroll Reports


- **For access contact Ryan Neice (neicer@umich.edu).**

# MPathways Reports

- **Purely university data**

- **Carries far more reports and more variable than CRS**

- **Used in conjunction with the CRS to investigate problems and reconcile cost**
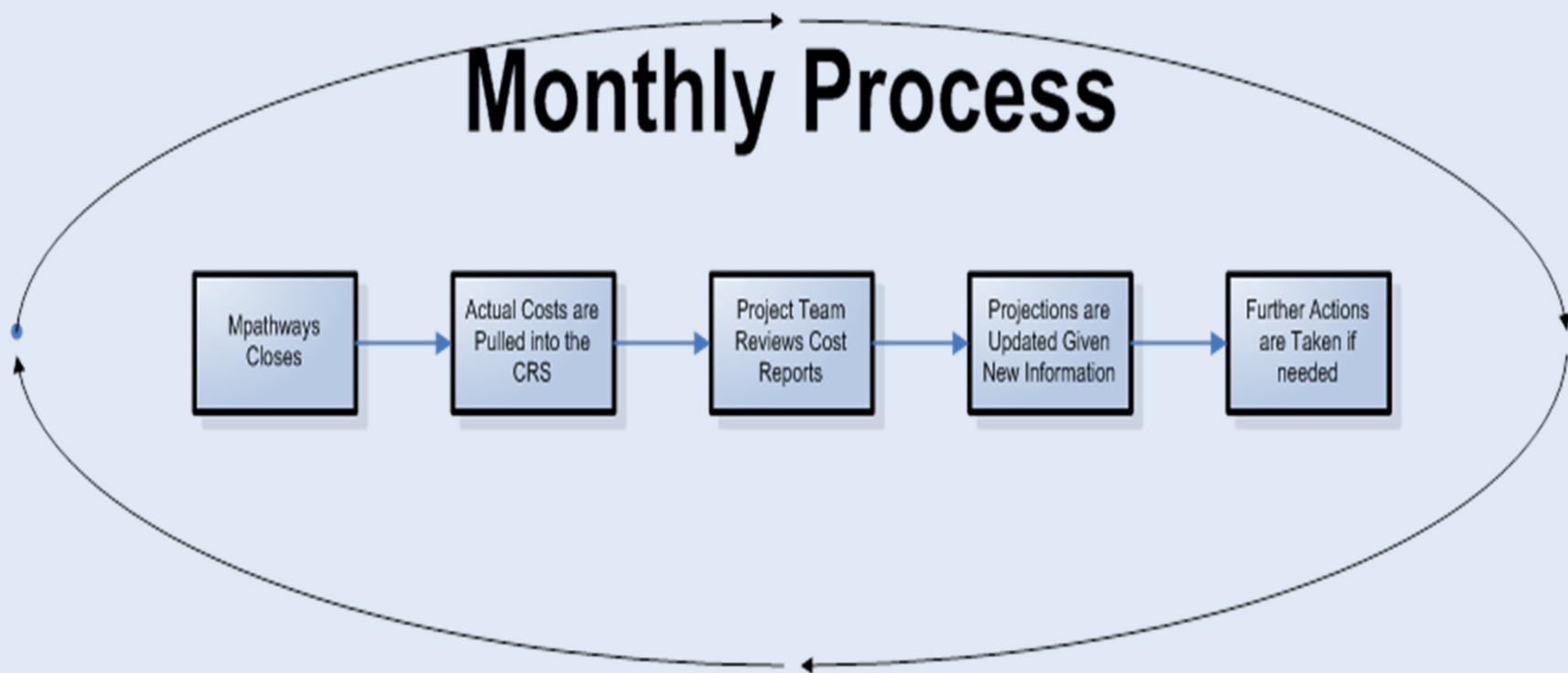
- **Dynamic reporting**

# What About the CRS?

- **The CRS pulls the maximum detail from Payroll and gets everything else from the General Ledger. Nothing directly from Procurement**


- **We charge shortcodes which create chartcoms that have a program code for breaking cost down to the ten tasks**


- **The CRS gets refreshed once a month with the turn of the accounting period**


- **When projecting major cost drivers like field and lab interviewers you have to keep in mind the time lag between when time is worked and when it hits University financials**


- **It is everyone's responsibility as good stewards of tax payer dollars to appropriately spend research money**

# The Cost Reporting System



Monthly Process

Mpathways Closes → Actual Costs are Pulled into the CRS → Project Team Reviews Cost Reports → Projections are Updated Given New Information → Further Actions are Taken if needed

# The CRS Template

- **Excel Based Reports**

- **Download to desktop or server folder**

- **Reports have two primary sections – Salary and Non Salary**

- **Review of Reports**

# Common CRS Pitfalls

- **Drop projections that have not been encumbered yet**

- **Miss a pay period at the end of the project**

- **Inaccurate interviewer rates**

- **Projecting 2 bi-weekly pay periods in months where there are 3 pay periods** (2-3 times per year)

# Responsibilities

- **Ultimately the Project Manager is responsible for the financial status of the project**

- **It is the responsibility of the Analyst to assure that the Project Manager gets the information needed to most accurately assess projected cost and to assure appropriate use of the funding is being carried out**

- **It is the responsibility of all SRO staff to relay information that could have cost implications to those working closest to the cost reporting system**

# Questions?

## Contact:  rmccamm@umich.edu

**Thank you!**