



## Office of Sponsored Research

### Rebudgeting & Reallocation of Sponsored Project Funds

#### 1. Overview

After a sponsored project has been awarded, the Principal Investigator (PI) may determine that the initial budget does not fully align with the project's actual needs. In these cases, a formal reallocation of funds from one budget category to another may be necessary, a process known as budget reallocation or rebudgeting.

Budget reallocation often requires prior approval from the sponsor. For sponsor-specific guidelines, refer to the Prior Approval Matrix for NSF, NIH, DOE, USDA/NIFA, DOC, NASA, DHS-GFAD, and DHS-FEMA. For all other sponsors, consult the terms and conditions specified in the formal agreement (grant, contract, cooperative agreement, Memorandum of Understanding (MOU), or Other Transaction Agreement (OTA)). Requests for reallocation are typically submitted as a formal letter to the sponsor at least 30 days prior to the award expiration, though some agencies may require 45, 60, or even 90 days' notice.

**NOTE:** If the requested reallocation is below the sponsor's approval threshold, a formal request may not be required. However, failure to comply with sponsor policies regarding rebudgeting can result in disallowed costs.

#### 2. Purpose

This procedure establishes expectations for rebudgeting on sponsored projects and provides guidance for submitting reallocation requests requiring sponsor approval.

#### 3. Compliance Requirements

This policy applies to the following roles involved in managing sponsored programs at Phronetik:

- Principal Investigators (PIs)
- Project Personnel and Research Staff
- Department Leadership
- Research Financial Services
- Office of Sponsored Research (OSR)

#### 4. Definitions

- **Rebudgeting:** The reallocation of costs within an approved budget from one spending category to another to better reflect project needs.
- **Prior Approval:** Written authorization from the sponsoring agency for specific costs or actions on a project, typically requested by an Authorized Official.

#### 5. Procedure



To initiate a budget reallocation for a sponsored project, the PI must email the Contract and Grant Specialist with the following documentation:

1. **Justification Letter:** Explains the need for reallocation and its benefits for the project.
2. **Amended Budget & Budget Justification:** Revised budget in the original proposal format (e.g., SF424, NSF Budget Format), detailing direct and indirect costs, including applicable facilities and administrative (F&A) and fringe benefit rates, and any committed cost-sharing.

## 6. Roles and Responsibilities

- **Department Personnel:** Assists the PI with preparing a compliant budget that includes correct F&A and fringe benefit calculations.
- **Principal Investigators (PIs):**
  - Reviews the award terms for budget reallocation conditions.
  - Prepares the amended budget with accurate F&A and fringe rates.
  - Obtains necessary departmental approval.
  - Contacts the Grant Specialist to submit the rebudgeting request, providing the Justification Letter and amended budget.
- **Office of Sponsored Research (OSR):**
  - Assists the PI in ensuring the reallocation request meets sponsor compliance and award conditions.
  - Reviews submitted documentation for completeness.
  - Submits the request to the sponsor on behalf of Phronetik.
  - Documents the approved reallocation in the Phronetik system as an Award Modification, including the sponsor's approval notice and related documents.
- **Award Setup Team:**
  - Reviews the Award Modification for accuracy and ensures compliance with sponsor requirements.
  - Updates the system account in Research Financial Services as necessary.