I. Purpose
The policy aims to ensure that proposal budgets are accurate and meet university, federal, state, and sponsor policies and standards.

II. Policy Statement
The proposal budget is a plan for expenditure of project costs by specific categories. Budgets may not be presented to a funding agency without ORSSP review.

All proposal budgets submitted for external funding must comply with GSU policy, which mandates compliance with federal requirements defined in the US Office of Management and Budget 2 CFR Parts 215 and 220, Cost Principles for Educational Institutions (OMB Circular A-21), as revised. To be considered allowable, project costs must also comply with the terms and conditions of the proposal/award, sponsoring agency, and university policy per RSSP-201, “Proposal Processing and Submission”.

Allowable costs must meet the following criteria, set forth in paragraph C.2 of OMB A-21:
- The cost must be **reasonable**: that is, necessary for project performance; reflecting the action a prudent person would take under like circumstances; and able to withstand public scrutiny.
- The cost must be **allocable** to the project; that is, incurred solely to support or to advance it.
- The cost must be **allowable**: that is, both reasonable and allocable to the specific project.
- The cost must be **consistent**: that is, like expenses must be treated the same in like circumstances.
- Multiyear project budgets must include an appropriate inflation factor for succeeding years to allow for wage and price increases (3% is generally acceptable).
- The budget justification should briefly explain the need and/or rationale for the proposed expenditures, according to agency guidelines, to ensure adequate funding.
- The budget must include all appropriate direct costs, correctly applied fringe benefit and indirect cost rates, and funding source requirements.

III. Exclusions - none