

Q: What happens when I change the budget variables?

Here is the basic formula to have in mind for staff cost:

Personnel cost rate / by partner / by year / **DoW > Contractor > Financial Information** / 12 *

Number of person months / by partner / by Task / **DoW > Work plan > Staff effort**

Indirect Cost / by partner / **DoW > Contractor > Financial Information** = **Total budget** *

EC Contribution rate / by activity type / by Type of Organization / **DoW > Contractor > Contractor's Information** = **Max EC contribution**

Scenario A: Changing **Personnel cost rate** of a partner

Company A is an SME with a **EUR120,000** yearly personnel cost rate and the transitional flat rate overhead (60%) and has 10 person months from M1 to M10 in a research activity. This means the total budget will be $(EUR120,000/12 + EUR120,000 * 60%) * 10$ person months = *EUR160,000* and the max. EC contribution * 75% for RTD = *EUR120,000*

Company A changes the 10 person months to a junior level employee whose yearly personnel cost rate is **EUR50,000**. This means the total budget will be $(EUR50,000/12 + EUR50,000 * 60%) * 10$ person months = *EUR66,667* and the max. EC contribution * 75% for RTD = *EUR50,000*.

Note: The total budget and EC contribution change proportionally to indirect cost changes (42%).

Scenario B: Changing the **Indirect Cost calculation** of a partner

Company A is an SME with a EUR120,000 yearly personnel cost rate and the **transitional flat rate overhead (60%)** and has 10 person months from M1 to M10 in a research activity. This means the total budget will be $(EUR120,000/12 + EUR120,000 * 60%) * 10$ person months = *EUR160,000* and the max. EC contribution * 75% for RTD = *EUR120,000*.

Company A changes its indirect cost calculation to **actual indirect cost rate of 85%**. This means the total budget will be $(EUR120,000/12 + EUR120,000 * 85%) * 10$ person months = *EUR185,000* and the max. EC contribution * 75% for RTD = *EUR138,750*.

Note: The EC Contribution and total budget change at the same % (16%) but not proportionally to the indirect cost rate change (42%).

Scenario C: Changing the **Type of organisation** of a partner

Company A is an **SME** with a EUR120,000 yearly personnel cost rate and the transitional flat rate overhead (60%) and has 10 person months from M1 to M10 in a research activity. This means the total budget will be $(EUR120,000/12 + EUR120,000 * 60%) * 10$ person months = *EUR160,000* and the max. EC contribution * 75% for RTD = *EUR120,000*.

Company A transforms into a **large enterprise** with a EUR120,000 yearly personnel cost rate and the actual indirect cost rate of 60% and has 10 person months from M1 to M10 in a research activity. This means the total budget will be $(EUR120,000/12 + EUR120,000 * 60%) * 10$ person months = *EUR160,000* but the max. EC contribution * 50% for RTD = *EUR80,000*.

Note: The total budget remains the same but the EC contribution changes proportionally to the reduction in reimbursement (33%).

Scenario D: Changing the partner

Company A is an **SME** with a **EUR120,000** yearly personnel cost rate and the **transitional flat rate overhead (60%)** and has 10 person months from M1 to M10 in a research activity. This means the total budget will be $(EUR120,000/12 + EUR120,000 * 60%) * 10$ person months = *EUR160,000* and the max. EC contribution * 75% for RTD = *EUR120,000*.

Company B is a **large company** with a **EUR150,000** yearly personnel cost rate and the **Standard Flat Rate (20%)** and has 10 person months in a research activity. This means the total budget will be $(EUR150,000/12 + EUR150,000 * 20%) * 10$ person months = *EUR150,000* and the max. EC contribution * 50% for RTD = *EUR75,000*.

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