

FULL BUDGETARY COSTING

The tables below show two methods for allocating the full budgetary cost of the NSF FY 2007 Budget Request. The first shows the full budgetary costs allocated to each of NSF's operating directorates. The second shows these costs allocated to three of NSF's strategic outcome goals: Ideas, Tools, and People. Organizational Excellence, NSF's fourth strategic goal encompasses the indirect costs to be allocated under full budgetary costing. These allocations represent part of the process, using readily available information, by which NSF achieved the integration of budget, cost, and performance, consistent with the President's Management Agenda.

What is Full Budgetary Cost? OMB Circular A-11 defines "full-cost" as the sum of all budget resources used by an agency to achieve program outputs and outcomes. These include both *direct* program costs and *indirect* costs, which generally include administrative costs and other activities that are not directly attributable to a single program or activity. For two of NSF's appropriations, Research and Related Activities (R&RA) and Education and Human Resources (EHR), all funds are directly attributable to directorates and outcome goals. For NSF's other four appropriations, Major Research Equipment and Facilities Construction (MREFC), Salaries and Expenses (S&E), National Science Board (NSB), and the Office of Inspector General (OIG), the funds are distributed using the methodologies described below.

Allocation by Directorate

The current budget structure contains program activities within R&RA and EHR that equate to directorates. Therefore, R&RA and EHR funding is already aligned by directorate. MREFC funds projects that are managed by a particular NSF directorate. Therefore, each MREFC project can be directly associated with a particular directorate. In addition, each managing directorate is responsible for the initial planning, design, and follow-on operations and maintenance costs that are funded through R&RA. The MREFC program funds are assigned to the managing directorate responsible for oversight of a particular project. (Table 1)

All budget items funded through the S&E, NSB, and OIG appropriations accounts are defined as Organizational Excellence (OE) and are allocated to directorates. More than half of the S&E account can be precisely associated with an individual directorate. These direct S&E budget items consist of distributed funding for travel, training, equipment, supplies, incentive awards, and premium pay. Also, space rental and personnel compensation and benefits (PC&B) of employees in a particular directorate are attributed to that directorate in the financial accounting system.

Once direct S&E budget items that are associated with a particular directorate have been assigned, then budget items associated with the Office of Information and Resource Management (IRM), Office of Budget, Finance and Award Management (BFA), the staff offices in the Office of the Director (OD), the NSB, and OIG are allocated. These indirect S&E budget items are allocated to a particular directorate based on its proportion of the total FY 2007 Request. The FY 2007 NSB and OIG budgetary costs are assigned using the same methodology as the Indirect S&E costs total. (Table 1)

Allocations by Strategic Outcome Goal

The full budgetary costing by Ideas, Tools, and People (ITP) was derived by using the same methodology as stated above, except the Direct S&E budget items, Indirect S&E budget items, and total NSB and OIG funding were assigned using the ITP percentages for each directorate. (Table 2)