Grant Proposal Writing

Preparing your Budget and Budget Justification

Sponsored Activity Life Cycle

Presented by Megan Faulkner, April 18, 2023
Definitions – Personnel

• **Project Director/Principal Investigator (PD/PI):** The individual(s) who have the authority and responsibility of directing the project and ensuring proper conduct of the project and submission of all required reports.

• **Co-Investigator/Collaborator:** An individual involved with the PD/PI in the scientific development or execution of the project.

• **Consultant:** An individual who provides professional advice for a fee, but normally not as an employee of the University.

• **Senior/Key Personnel:** The PD/PI and other persons who contribute to the scientific development or execution of a project in a substantive, measurable way (usually hold doctoral or other professional degrees; can include consultants & postdocs).

• **Other Personnel:** can include postdoctoral scholars, lab technicians, research assistants, student workers, etc.
Definitions – Award Terminology

• **Recipient/Prime Recipient:** the organization receiving an award directly from the sponsoring entity.

• **Subrecipient/Consortium Site:** an organization that receives a subcontract/subaward from the Prime Recipient to carry out a portion of the work.
Definitions – Cost Categories

• **Fringe Benefits**: the cost of employee benefits (e.g., health insurance, retirement contributions)

• **Direct Costs**: costs that directly benefit a specific project (e.g., personnel salaries & fringe benefits, equipment, supplies)

• **Facilities & Administrative Costs (F&A)/Indirect Costs (IDC)/Overhead**: operating and other costs that are not easily assignable to a specific project (e.g., administrative personnel, utilities, IS&T and library services, etc.)
  - Chapman’s current federally approved F&A rate is 36.8%.

• **Modified Total Direct Costs (MTDC)**: the total of all direct costs, minus specific expense categories that do not incur F&A (such as equipment, patient care costs, the portion of each subaward over $25k, etc.).
  - F&A is calculated on the MTDC base
  - Example: A proposal budget includes $12,000 total Direct Costs. Of that, $2,000 is for equipment which is excluded from the MTDC base. The MTDC base is $10,000.
    - $10,000 x 36.8% = $3,680 Indirect Costs

• **Cost Share**: a portion of the project’s cost not paid by the Sponsor.
  - May be paid by the University or by a third party
  - 3 Types: Mandatory, Voluntary Committed, Voluntary Uncommitted
  - Strongly discouraged unless required by the Sponsor
Developing Your Budget – Getting Started

• Carefully read the Funding Opportunity Announcement (FOA) to determine if there are restrictions on the budget
  • Are there any limits (min/max) to the amount of funding you can request?
    • Does the limit include F&A? Does the limit include Subaward F&A?
  • How many years of funding can you request?
    • Are there limits (min/max) to the amount you can request per year?
  • Are there any **unallowable** expenses?
    • Entertainment, Equipment, Foreign Travel, F&A, etc.
  • Are there any limits on specific budget items?
    • **Salary caps**, effort requirements, etc.
  • Does the opportunity require **cost sharing**?

• Check sponsor’s grant policies, website, etc. for additional guidance
Federal Cost Principles

• If you are applying to a Federal sponsor (e.g., NIH, NSF, DoEd), costs must be:
  • Allowable
  • Allocable
  • Reasonable
  • Necessary
  • Consistently applied regardless of the source of funds

• Caution! PI/Institution may have to repay funds if sponsor determines costs did not meet the requirements.
Developing Your Budget – Personnel

• Who will perform the work?
• What are their current **base salaries**, and is any **escalation** expected over the course of the project period?
• How much of their time will the project require?
  • Effort can be expressed in **percentages** or “**person months**”
  • Think of a person’s effort like a pie. Each commitment represents a slice.
• **No extra slices!**
  • i.e., no more than 100% effort or 12 person months per individual

- **Teaching (6 months)** 50%
- **Grant A (3 months)** 25%
- **Grant B (1 month)** 8%
- **Other (2 months)** 17%
Developing Your Budget – Equipment

• Understand your institution’s definition of Equipment
  • Chapman’s definition: Tangible nonexpendable personal property having a useful life of more than one year and an acquisition cost of $1,000 or more per unit
  • Examples: computers, lab equipment, etc.

• Obtain quotes and consider the cost of taxes, shipping, and other fees
Developing Your Budget – Travel

• Specify whether you are requesting **Domestic** or **Foreign** travel.
  • Sponsors may require prior approval for foreign travel.

• **Ask for what you’ll really need**
  • Obtain quotes for air travel, car rental, etc. to substantiate your request.
  • Use the U.S. General Services Administration (GSA) website to find per diem rates (lodging, meals, & incidentals) by city and state.
Developing Your Budget – Other Direct Costs

• What else will you need to complete the proposed project?
  • Other Direct Costs
    • Materials and Supplies
    • Publication Costs
    • Consultants/Professional Services
    • Human Subject Payment
    • Alternations/Renovations/Rental Use
    • Data Management and Sharing Costs (a new requirement for some sponsors, such as NIH)
  • Participant Support Costs (excluded from F&A calculation)
    • Paid to (or on behalf of) participants or trainees (but not employees) in connection with conferences or training projects
      • Stipends, travel allowances, registration fees, etc.
    • NOTE: Does NOT include costs related to human research subjects.
Developing Your Budget – **Subawards**

- Will a portion of the work be subcontracted out to another institution?
  - If so, discuss expectations, scope of work, etc. with your collaborator.
  - Work with your **Research Administrator(s)** to collect necessary subaward documentation prior to the submission deadline (start early!)
    - Subrecipient commitment form
    - Subrecipient budget and budget justification
    - Scope/Statement of Work
    - Letter(s) of Support/Collaboration
    - Other sponsor-specific items (e.g., NIH biographical sketches, etc.)

- Subawards will prepare their budgets using their fringe and F&A rates
  - Subawards’ F&A **may** count toward your Direct Cost limit (varies by sponsor)
  - Only the first $25,000 of each subaward counts towards Chapman’s MTDC
Put your Knowledge to Use!

- Prepare a budget for the NIH K01 “Mentored Research Scientist Development Award” opportunity PA-20-190: [https://grants.nih.gov/grants/guide/pa-files/PA-20-190.html](https://grants.nih.gov/grants/guide/pa-files/PA-20-190.html)
  - Our study will investigate neural responses to health messaging focusing on benefits to close others vs. the self, and subsequent health behavior change.
  - First, let’s review the FOA for any budgetary limitations/requirements

- **Award Project Period**
  - The total project period may not exceed 5 years.

- **Level of Effort**
  - At the time of award, the candidate must have a “full-time” appointment at the applicant institution. Candidates are required to commit a minimum of nine person months of effort (i.e., 75% of full-time professional effort) to their program of career development.

- **Indirect Costs**
  - Indirect Costs (also known as Facilities & Administrative [F&A] Costs) are reimbursed at 8% of modified total direct costs.

- **National Institute of Mental Health**: (Not visible in the image)
  - **Salary Support**: Up to $90,000 plus fringe benefits per year.
  - **Research Support**: Up to $50,000 per year.
Put your Knowledge to Use!

- Now let’s build the budget using Chapman’s NIH budget template
- Practice on your own in the “K01 Budget (PRACTICE)” tab
- See the “K01 Budget (COMPLETED EXAMPLE)” tab for an example of a completed K01 budget
Budget Justification: Getting Started

• This is your chance to convince reviewers that your budget is appropriate for the work you’ve proposed

• Be specific!
  • Explain why items are essential for the success of your project
  • Explain how the estimated costs were calculated
  • Organize your justification in the order of the detailed budget pages
  • Make it clear that your request is reasonable and consistent with sponsor and University policies
Budget Justification: Personnel

- Who will receive pay from the project?
  - Specify name (or indicate TBN), degree, role on project, and effort committed
  - Describe what the person will contribute to the project (i.e., what are their responsibilities?)
  - Categorize by Senior/Key Personnel and Other Personnel

- Include pertinent details
  - Salary caps
  - Fringe rates
  - Salary escalation in the “out years”
Budget Justification: Travel

• Why is the travel necessary to the success of the project?
  • Training, recruitment, data collection, etc.
  • Scientific meetings/conferences to disseminate study results

• How many trips will you take per year?

• How many days and nights will you stay during each trip?

• Where will you go?
  • If destination is unknown (such as for conferences in later grant years), explain how you estimated the costs.
Budget Justification: Other Direct Costs

• List categories of Other Direct Costs separately (e.g., Materials and Supplies, Animals, Subject Payment) and provide a detailed justification for each category

• Itemize expensive items; include quotes if you have them

• Always refer to the FOA guidelines as well as general sponsor guidelines/policies for any specific instructions about what to include in your justification
Budget Justification: Subawards

- For most applications, each subaward site will provide their own detailed budget justification
  - Review for accuracy and consistency with the scope of work
- In the primary (Chapman) budget justification, only a brief statement about the subaward is typically needed.

Subawards/Consortium/Contractual Costs = $1,205,340
The portion of each subaward more than $25,000 is excluded from the Modified Total Direct Cost (MTDC) base calculation.

University of California, Irvine = $796,876 ($507,565 direct; $289,311 indirect)
A subaward will be issued to the University of California, Irvine for five years. Please refer to the R&R subaward budget attachment form for detailed justification of costs.

University of Rochester = $259,568 ($168,550 direct; $91,018 indirect)
A subaward will be issued to the University of Rochester for five years. Please refer to the R&R subaward budget attachment form for detailed justification of costs.

Northwestern University = $148,896 ($93,060 direct; $55,836 indirect)
A subaward will be issued to Northwestern University for five years. Please refer to the R&R subaward budget attachment form for detailed justification of costs.
Put your Knowledge to Use!

• Let’s compare Budget Justification 1 and Budget Justification 2
  • If you were a reviewer, which justification would you find more compelling?
  • What’s missing from #1?
  • Which one demonstrates the researcher has thought carefully about the funding required to complete the project?
Wrapping Up – Key Takeaways

• Familiarize yourself with the sponsor and the specific opportunity
  • Always read the FOA carefully!

• Let the **science** drive the budget
  • Ask for what you really need to accomplish your aims (no more, no less)

• Utilize University resources available to you
  • Your **Research Administrators** are here to help guide you!

• And Most importantly...
  • **Start early!** (especially if you have subawards)
Questions?

Sponsored Projects Services (SPS): sps@chapman.edu
Office of Research (OOR): officeofresearch@chapman.edu

Visit our website: https://www.chapman.edu/research/about-our-office.aspx