Office of Research & Graduate Education

Budget Workshop for Grant Proposals

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Seeking Grant Funding

Preparing your budget and budget justification is a vital part of the grant application process.

Sponsored Activity Life Cycle

- MANAGE YOUR AWARD
- GENERATE YOUR IDEA
- FIND YOUR FUNDING
- DEVELOP YOUR PROPOSAL
- SUBMIT YOUR PROPOSAL

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Agenda

- Definitions of Common Terms
- Developing your Budget
- Developing your Budget Justification
- Key Takeaways
- Q&A

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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

- **Sponsor (or Prime Sponsor):** The entity providing funding for a project. Sponsors can be federal, state, foreign, non-profit, etc.

- **Recipient/Awardee (or Prime Recipient/Prime Awardee):** the organization receiving an award directly from the sponsoring entity.
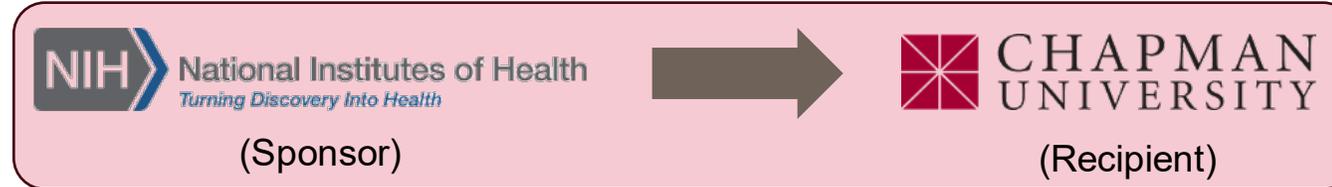
(Sponsor) → (Recipient)

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

(Prime Sponsor) → (Prime Recipient) → (Subrecipient/Consortium Site)

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**
    - $12,000 Direct + $3,680 Indirect = **$15,680 Total 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
    - NIH "Develop Your Budget": https://grants.nih.gov/grants/how-to-apply-application-guide/format-and-write/develop-your-budget.htm
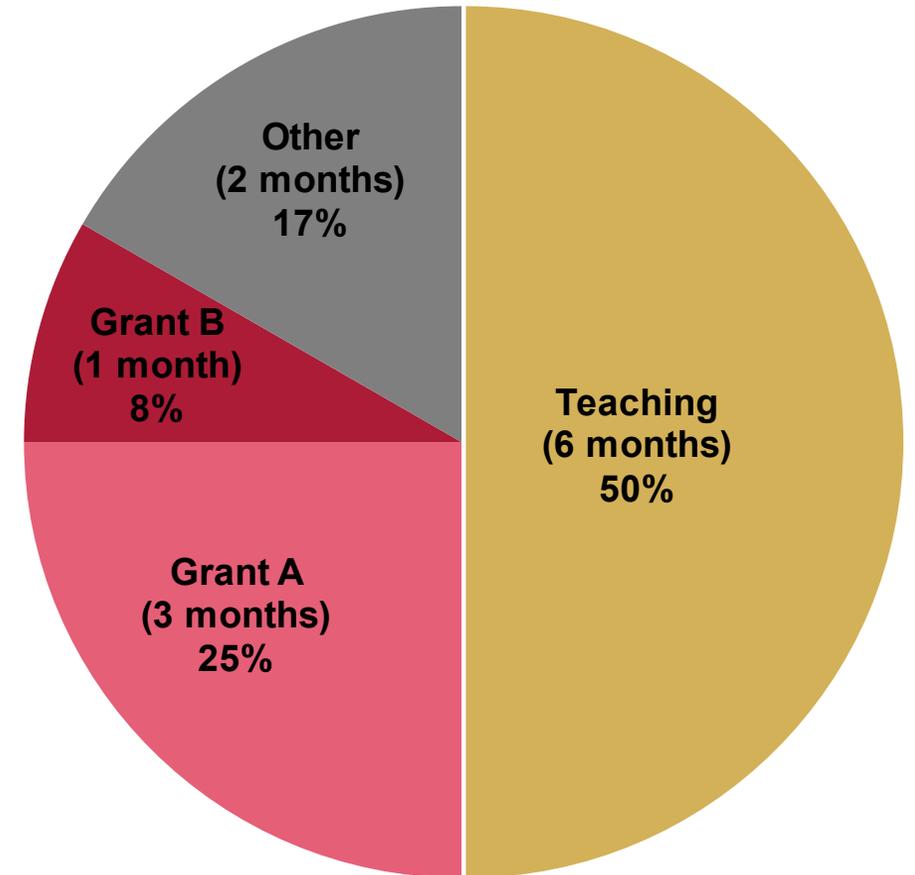
Federal Cost Principles

- 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.
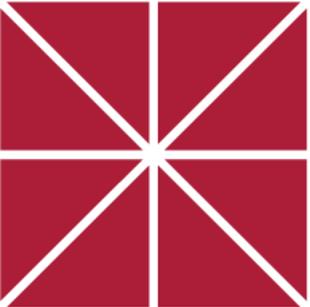
Developing Your Budget: Personnel

- 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

Pie chart: Teaching (6 months) 50%, Grant A (3 months) 25%, Grant B (1 month) 8%, Other (2 months) 17%

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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 (per our current federal cost rate agreement)
  - **Examples:** computers, lab equipment, etc.
- Obtain quotes and consider the cost of taxes, shipping, and other fees

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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.
    - https://www.gsa.gov/travel/plan-book/per-diem-rates

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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
    - Alterations/Renovations/Rental Use
    - Human Subject Payment
    - Animal Costs & Vivarium Per Diems
    - Data Management and Sharing Costs (required by some sponsors)
  - 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
    - 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

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Put Your Knowledge to Use!

- Let's practice on the NIH K01 "Mentored Research Scientist Development Award" opportunity PA-20-190: https://grants.nih.gov/grants/guide/pa-files/PA-20-190.html
  - We'll target the National Institute of Mental Health (NIMH) for our submission.
  - By reviewing the FOA and associated links, we find the following budgetary limitations and 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
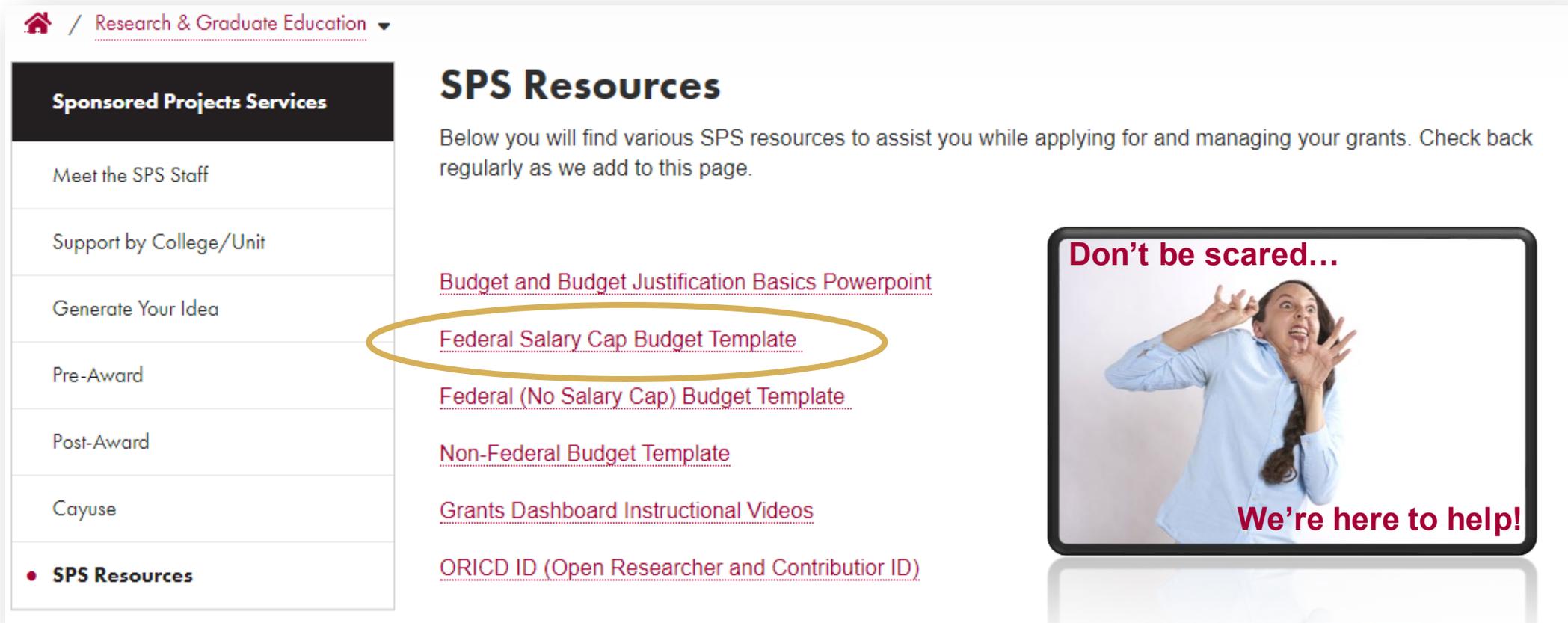
Indirect Costs

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

- National Institute of Mental Health:

Salary Support: Up to $90,000 plus fringe benefits per year.
Research Support: Up to $50,000 per year.

Budget Templates

- Budget templates are available on our SPS Resources page.
  - https://www.chapman.edu/research/sponsored-projects-services/sps-resources.aspx
  - Select the appropriate template for your proposal:

Let's Review a Completed Budget

- https://chapman0-my.sharepoint.com/:x:/g/personal/mfaulkne_chapman_edu/EUbcv0P5mEFPtKRdVPtbwVkBYX5wQS0oKiBhgY6KmaDTRQ?e=hH5tKG

Personnel: Name Enter names in the fields below	Current Base Salary	% Effort	Person Months	Y1 Base Salary	Salary Requested	Fringes	Totals
Lisa Simpson (PI) - 9mo Academic	85,000	66.67%	6.00	87,550	58,367	15,993	74,360
Lisa Simpson (PI) - 3mo Summer	28,333	100.0%	3.00	29,183	29,183	3,210	32,393
FT Staff (including postdocs)			-	-	-	-	-
FT Staff (including postdocs)			-	-	-	-	-
Part-Time/Temp Staff/Faculty	45,760	37.5%	4.50	47,133	17,675	1,944	19,619
Gship: GRA1 (Graduate Research	74,402		-	76,634	-	-	-
Gship: GRA2 (Graduate Research	78,666		-	81,026	-	-	-
Student Worker (usually UG)	33,280	10.0%	1.20	34,278	3,428	171	3,599
Total Personnel					108,653	21,318	**129,971**

Year 1

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 on Your "Reviewer Hat"

- Which would help you evaluate the appropriateness of the proposed budget?

Human Subject Remuneration = $8,000
Each subject will receive $100 for their participation in the study.

Human Subject Remuneration = $8,000
Each study participant will receive a $75 gift card to compensate them for their time and effort in completing one fMRI study visit lasting approximately 1 hour, and a $25 gift card for completing the 3-month post-visit health behavior questionnaire ($100/subject x 80 subjects = $8,000). As noted above, 10 subjects per year are anticipated in Years 1 and 5, and 20 subjects per year are anticipated in Years 2 – 4.

What are the Consequences?

- An insufficient justification may give reviewers and sponsor administrators (e.g., Grants Management Specialists) the impression that your study is not well-thought-out, decreasing the likelihood of funding.

- The sponsor is also under no obligation to award the full amount requested.
  - Costs can be questioned, and budgets can be reduced as part of the award negotiation process.

- Real budget cuts to grants recently awarded to Chapman:
  - NSF stripped travel out of Year 1 saying it didn't appear to be necessary.
  - NIH removed a full-time project staff member from Year 5 and questioned the need for Consultant costs.

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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)
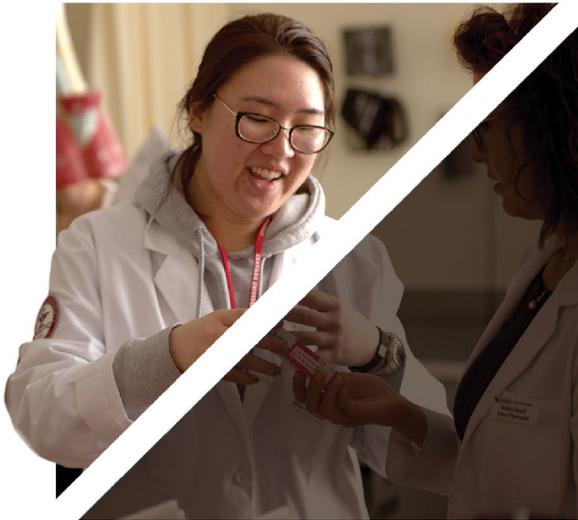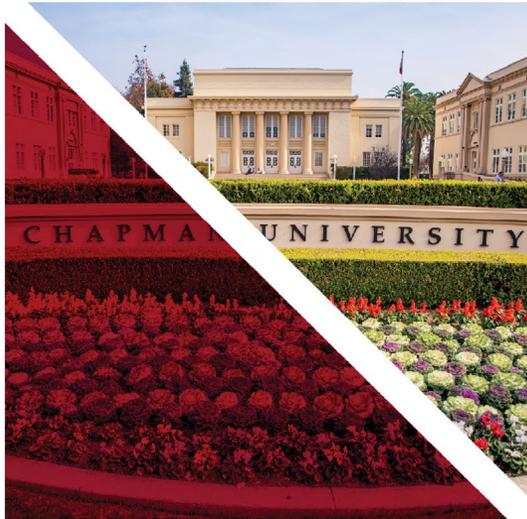
Thank You!

Questions?

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