Basic Budget Development
OSP Tutorial Series

The Research Café

The Meeting Place for

Successful Grants Seeking

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What is the Budget, and what should the Budget convey in a competitive proposal?

- The Budget defines the cost of the grant and specifies how the funds will be spent.
- The Proposal Narrative tells the funding agency what you will do for them.
- The Budget tells the funding agency what you want them to do for you.

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What is the Budget Narrative?

- The Budget Narrative provides the complete detail to explain how each budget element is calculated.
- The Budget Narrative includes calculations for each year of the grant and the yearly percentage rate used to cover salary and other budget increases.
Why is a carefully prepared Budget so vital?

- The Budget is usually the first part of the proposal subject to detailed scrutiny.
- The Budget gives Peer Reviewers a quick read on the size and scope of your proposal.
- The Budget layout is a fast way for Peer Reviewers to see if you followed the guidelines.
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How do I + build a = Budget?
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- Review sponsor guidelines for budget specifications.
- Research past awards similar to your proposal to get an idea of typical budget amounts.
- Develop an initial cost estimate consistent with your findings.
What budget guidance can I find in the guidelines?

✓ Check to see if an average award amount is given, along with upper or lower limits.

✓ Is there a limit or restriction on specific budget items?

✓ Do the guidelines call for any cost sharing?
What Budget guidance can I find from previous awards?

✓ Many federal agencies list awards on their websites while foundations typically produce an annual report.

✓ Looking at awards will give you an idea of what the agency has funded and what was the size of the award.

✓ Funded awards are considered public and may be requested from the funding agency.
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What’s the best way to make an initial cost estimate?

- Consider all the resources you will need to successfully complete the grant.

- Determine the costs of resources on-hand that can be devoted to the grant.

- Establish the costs to acquire any new resources.

- Take into account F&A Costs and any cost sharing.

- Consider all of the above within the guidelines limitations and funding agency award history.

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Budget Elements:

Direct Costs + Facilities & Administrative Costs (F&A) = Total Project Costs
What are Direct Costs?

Budget elements that are specifically charged to the grant.

- Salaries or Wages
- Fringe Benefits
- Travel
- Equipment
- Supplies
- Printing
- Consultants
- Subcontracts
- Other allowable items
What determines allowable Direct Costs?

The University is subject to the federal Office of Management and Budget (OMB) Circular A-21

“Cost Principles for Educational Institutions.”

This binding circular defines allowable costs and establishes cost accounting standards.

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What are F&A Costs?

F&A costs, formerly known as Indirect Costs, are institution-wide costs for establishment, maintenance and operation of campus facilities and covers costs for administrative and managerial functions.

Modified Total Direct Costs (MTDC) is the base used for calculating F&A Costs.

F&A costs are determined through cost proposals and negotiation with the U.S. Department of Health and Human Services.
What is Cost Sharing?

Cost sharing is a match provided by the University.

The University’s Cost Sharing Policy states in part:

“Cost sharing should generally be limited only to those situations where it is mandated by the sponsor. Voluntary cost sharing should only be provided in cases where it is clearly necessary because of the nature of the program...”
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OSP Resources:

- Funding Opportunities
- Budget Assistance
- Proposal Assistance
- Proposal Processing
- USA Research Offices

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