

Budget Preparation

Funding Restrictions & Budget Guidelines

Whether you are putting together a proposal for federal funding or preparing an application for submission to a foundation, the proposal guidelines will almost always have specific directions and restrictions for preparing a budget.

The first step in preparing a budget is to locate the “Award Budget,” “Funding Restrictions,” or “Budget Guidelines” component of the funding announcement to note any limits on the award amount, number of years and \$ limits within any one year.

The OFR will also assist with identifying restrictions and conducting a close reading of Funding Opportunity Announcements (FOA).

Basic Considerations

NIH grants have two general categories of costs, direct costs and indirect costs. Direct costs are the expenditures required to actually conduct the research. Indirect costs are a negotiated charge added by NYU to cover the costs of administering paychecks, providing space, and other “indirect” costs associated with conducting the research. The total cost of a grant is the sum of the direct costs and the indirect costs.

The funding limits imposed by NIH typically apply only to the direct costs. For example, the \$275,000 restriction of R21 grants refers to direct costs.

Proposal Guidelines will often delimit the period of project performance (e.g., 9/1/13 – 8/31/14) and the items that are “allowable” (e.g., faculty salary, consultant payments, computers). With these guidelines in mind, you should start out by sketching budget estimates. In doing so, it is helpful to ask a series of questions such as the following:

Personnel:

- Who will need to work on the project (Principal Investigator(s), Project Director, Research Scientists, Research Assistants, Data Collectors, Data Analysts, Consultants)?
- What tasks will each of these people need to complete and what concrete deliverables will comprise their principal duties/responsibilities?
- How much effort will they need to dedicate or how much time will it take each person need to complete these tasks? (hours/week, months/year, full-time, part-time, etc.) Note that students should generally be budgeted on a part-time basis only. And, of course, the time frame will also be determined by the structure of your research strategy—especially in the case of multi-phase, data collection-intensive projects.
- At what rate will study personnel be paid and/or otherwise compensated? (hourly rates for RAs, course buyouts for PIs, salaries for Project Directors and Research Scientists, lump sum payments for consultants)
- *Always remember that any payments to personnel employed through NYU will also incur extra charges for fringe benefits. This will add roughly 1/3 of the amount budgeted for personnel to your direct costs.* The OFR will assist with these calculations, but the standard fringe benefit rates can be found on NYU's Office of Sponsored Programs [Administrative Information Page](#).

Equipment:

- The definition of “equipment” can vary across foundations and federal agencies, but the rule of thumb for NIH is any “tangible nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.” For example, a computer that costs more than \$5K and is purchased within a single project year would count as equipment. This category might also include a vehicle to be used exclusively for study purposes at a remote performance site.
- Unless your project will require an item like the computer in the example above, equipment will not usually need to be considered in the preliminary stages of budget preparation.

Materials & Supplies:

- What materials will you need to complete the project? Office supplies, furniture, phones and phone lines are generally considered unallowable in proposals for federal funding, as they are considered as part of the indirect cost. However, guidelines permitting, these items may be included on some foundation submissions.
- Even on NIH proposals, if the costs for paper and printing associated with producing recruitment flyers, data collection/assessment instruments, intervention materials can be specifically detailed (e.g., number of page in recruitment packet, number of packets, cost per page), these may be included in the budget.
- Will you need to use specialized research software that is not already available to you as an NYU SSSW faculty member? The OFR will assist you in estimating the costs of obtaining and renewing research software licenses.

Travel:

- Where will the research project take place? Will the PI and Project directors need to travel to a remote location several times in each year in order to coordinate data collection and orient staff? The OFR will help provide estimates for travel to remote locations and per diem and business travel rates are available on NYU’s Office of Sponsored Programs [Administrative Information Page](#).
- Will consultants need to travel to NYU in order to coordinate study design activities?
- Will data collectors need to travel locally in order to recruit and engage study participants? (How many trips will they need to make? What is the cost per trip?)
- Will the PI and Project Director need to attend US-based and International Conferences to disseminate study findings? (What conferences are critical to attend? Where will these take place in the years of proposed activity?) Again, the OFR will assist with travel estimates.

Other Expenses:

- Will you be funding tuition remission for a doctoral student(s) work on your project? OFR can provide estimates on the current cost of PhD and MSW tuition, as well as projections over the next 5 years.
- Will your project require shipping materials and supplies to/from a remote performance site? (What is being shipped and how often?)
- Will the project require registration in professional organizations for the purposes of disseminating study results? (Which organizations? What is the annual membership fee?)
- Will you charge the costs associated with the preparation of publications to the project? (Again, paper and other “office supplies” can be justified on foundation and some NIH projects if it can be documented that they are used exclusively for these purposes).
- Will your program or project involve payments to presenters and/or trainers that are not NYU employees and do not fall under the parameters of a consultant? OFR can provide estimates on honorarium payments for these contributions.
- Will your project involve Senior Personnel with primary professional appointments at another Institution? The OFR will assist you with contacting that institution and determining the administrative information, as well as procuring necessary documents for a subcontract. As with NYU Personnel, you’ll need to think through what tasks this person will perform, when that activity will take place and what the costs are for salary, fringe and Institutional Indirect Rates.

NIH Considerations: Modular v. Detailed

If you are applying for NIH funding, you should determine whether you can use a “modular budget” or will need to prepare a “detailed budget.” OFR can help you with this.

A **Modular Budget** is submitted with a Modular Grant Application to NIH. The Modular Grant concept was introduced to allow the NIH Peer Review Team to focus on the scientific merit of applications rather than administrative details and to reduce “receipt to award” time for these proposals from 10 months to 6 months. Modular Budgets can be used with the full range of R-mechanisms but are most frequently used with (and preferred by reviewers of) R21 and R34 submissions.

A Modular budget is composed of specific modules or increments (of \$25,000) in which direct costs must be requested and establishes a maximum level for direct costs (excluding any consortium F&A costs) in any one year. These maximum levels vary across NIH mechanisms, but must always be in increments of \$25,000 and can never exceed \$250,000 in any one year. R21 applications are limited to \$275,000 over two years, with no more than \$200K requested in any one year. R34 applications can range from 1 to 3 years with a maximum direct cost cap of \$450K, with requests for any one year usually limited to \$100K.

The key feature of modular budgets is that they do not require a categorical breakdown of the direct costs or expenses you are requesting in the application. While you will want to develop basic estimates of expenses, only the total direct costs and the effort dedicated by key personnel must be listed in the application budget and budget justification forms.

A **Detailed Budget** is used with submissions that are not in the R series of mechanisms and for R series submissions that have Direct Costs in excess of \$250,000 in any one year. Detailed budgets must also be used when the proposal includes an applicant organization that is not base in the United States. Detailed Budgets consist of five major components, which are described generally under the “Basic Considerations” heading above. Detailed budgets require...detailed projections of the expenses associated with all direct costs. You will need to answer the questions listed above very thoroughly and concretely. It’s often helpful to develop the research strategy and budget in a parallel and iterative process. Once you have a basic research strategy planned, OFR will assist with answering the questions that will inform you budget and the budget justification required with a detailed budget submission.