Preparing and Justifying a Proposal Budget

GENERAL GUIDELINES

- The budget is the financial reflection of the project.
- The success of the proposal may hinge on whether you are able to accomplish the proposed work within the proposed budget. Your proposal will be reviewed with this in mind.
- Begin to develop a budget for your research grant application by considering your proposed work and putting all of the relevant cost categories down on paper.
- Costs must be reasonable, allowable, and allocable. Reasonable costs are actual (not padded) and necessary to achieving your project objectives.
- The costs should be consistent with your institution's policy and NSF's policy. Read NSF's current PAPPG for budget criteria (e.g., limitations and spending caps on certain expenses). OMB Circular A-21 contains more information about unallowable costs, such as any costs not directly relevant and necessary to the research project, alcoholic beverages, entertainment costs of a purely social nature, fines and penalties, and goods and services for personal use.

BREAKDOWN OF A BUDGET

- Budgets are divided into direct and indirect costs.
  - Direct costs are incurred in the performance of the project and must be directly attributable to the project and considered reasonable, allocable, and allowable (e.g., salaries, benefits, consultant costs, equipment, project-specific materials, subagreements, and travel).
  - Indirect costs (Finance &Administration or overhead) represent those expenses that cannot be easily attributable to any specific project (e.g., operation and maintenance of facilities, rent, and utilities). Check with your institution to learn what its indirect cost rate is.

Direct Costs

Personnel
- Your proposal will include, at a minimum, one principal investigator (PI) and may also include one or more senior personnel (e.g., co-PIs, researchers, disciplinary scientists, or specialists) and other personnel (e.g., postdoctoral scholars, graduate students, IT technicians, or programmatic coordinators).
- Reviewers will consider the person months you've listed for each of the senior personnel and will judge whether the figures are appropriate for the research proposed; however, keep in mind that the PI's or co-PI's labor or academic release to the grant should equal no more than 2 months of salary unless justified.
- Secretarial or administrative personnel can be included only when their labor is directly charged to the project.

- When a postdoc is a member of the team, the proposal *must* include a postdoc mentoring plan that explains the activities that will contribute to the development of the postdoc's scholarly capacities.
- Include projected annual salary increases in your calculations.

Fringe Benefits
- Check with your institution to determine the fringe benefits rates for employees listed as project personnel in your proposal.

Equipment
- Equipment includes articles of non-expendable tangible property having a useful life of more than 1 year and a cost of $5,000 or more. (Tax, shipping, and any transit costs should be factored into the total.)

Travel
- This section generally includes employee travel.
- Separate domestic from international travel.
- For each trip, provide number of people traveling along with number of travel days, trip purpose, and destination. In addition, breakdown costs with amounts for airfare, baggage fees, mileage, rental car costs, ground transportation, lodging, meals, etc.
- Be sure to include travel expenses related to attending the DRK–12 PI meeting. Check the solicitation or contact a program officer for more information about the frequency, duration, and possible location of that event (e.g., 3 days in DC every other year).

Participant Support Costs
- Participants are not employees, subawardees, or consultants. They are generally those individuals engaged in and/or who benefit from the research and education activities of the project.
- Participant support costs may include transportation, lodging, subsistence (meals), stipends, and materials paid for or developed on behalf of a participant (e.g., teacher lesson materials for a professional development workshop).
- Facility rental and services are generally not included under participant support costs.
- Participant support costs are generally excluded from the indirect cost calculation.

Other Direct Costs
- **Materials and supplies** costs (e.g., subscriptions, equipment under $5,000 including computers/laptops) are directly related and identifiable to a particular project effort and objective. General-purpose office supplies (below the $5,000 federal threshold and used for purposes beyond executing the research project) are considered to be administrative costs and are therefore generally not allowable as direct charges to federal awards.
- **Consultant services** are agreements with an entity or individual with special skills who is not employed by your institution. Consultants paid through professional service agreements and/or business services contracts may be charged at a fixed rate or by cost reimbursement.

- **Publication, documentation, dissemination** costs may include project poster expenses.
- **Computer services,** such as maintenance agreements, can be justified based on the established computer service rates at the proposing organization.
- **Subaward agreements** with a third-party organization performing a portion of a research project or program are often made to other institutions. Subaward documentation (e.g., SOW, budget, budget justification, compliance, fringe rate and benefit rate agreements, sponsor forms) is required at proposal submission.
- **Other direct costs** include those for meeting rental space and services, transcription services, registration and membership fees, and others.

Indirect Costs
- These are costs that are incurred for common or joint institutional objectives and, therefore, cannot be identified readily and specifically with a particular project (e.g., general financial and administration costs such as telecom costs).

BUDGET JUSTIFICATION NARRATIVES

- While the budget provides the numbers behind the project, the narrative provides explication and justification of the costs.
- Match the justification narrative to the budget in terms of order of budget line items, dollar amounts, and language.
- Explain how you came up with your budget figures, and document the basis used for calculating the cost (i.e., breakdown the totals to the component parts where they exist).
- Meet NSF requirements, including limiting the justification to no more than 5 pages.

Personnel
- List the effort you propose for all personnel, and indicate how each salaried person will contribute to the project.

Equipment
- If you are requesting funds to cover equipment costing more than $5,000 with a useful life of at least 1 year, explain how the equipment will be used for the project.
- Base costs on current, accurate price quotes.

Travel
- Include number of people, number of days, and purpose and location of travel.
- Include the breakdown of costs for airfare, meals, lodging, and ground transportation.
- Be sure estimated costs align with the government approved per diem rates.

Materials and Supplies
- Request supplies only directly relevant to your research plan.
- Briefly explain what supplies are needed and for what purposes.

Consultant
- List consultant names and institutional affiliations, the services they will perform, number of days, and rates of compensation.
- Include travel and other related costs if not listed in another section.

Subawardee
- Clearly but briefly identify each subcontracting organization's scope of work and the expertise of the subcontractor PI.

Other Direct Costs
- Give a detailed breakdown of each cost (e.g., publications, memberships, data services)