

CHAPTER 14

BUDGET AND BUDGET JUSTIFICATION

GENERAL CONSIDERATIONS

By the time that you reach this point in the preparation of your proposal, you should have a firm grasp of what it is that you plan to do. Therefore, you can now construct your budget and justify it accordingly. Here again, there is a difference – a big difference – between what is required for the budget and justification of a modular grant application and what is required for one being prepared in the traditional, non-modular format. Because the difference is so great, we will treat each approach separately.

MODULAR GRANT APPLICATIONS

NOTE: If you are submitting a non-modular application, i.e., an R01 with an annual direct-cost budget that exceeds \$250,000 per year, read the narrative justification of personnel on the next page and then skip to the non-modular subsection, which is located on page 86.)

The premise that underlies the modular approach to budgeting is that breakout budgets are, at best, only rough estimates – and often not very accurate ones. Why then spend an inordinate amount of time trying to make something accurate that is inherently inaccurate? Reviewers were struggling unproductively with this problem. In the process, they were using up a significant part of the 15-to-20 minute window of opportunity that each application has at its review-panel meeting.

To overcome this problem, NIH adopted modular budgeting. The modular approach is used for all R03, R15 and R21 applications, as well as R01s that have an annual direct cost budget ≤ \$250,000. The budget for each year is presented as a total direct cost figure that is reached by summing modules of \$25,000 each. The Modular Budget Form Page (<http://grants1.nih.gov/grants/funding/phs398/modbudget.doc>) is used to present the budget. In other words, the forms for the Detailed Budget for Initial Budget Period (Form Page 4) and the Budget for Entire Proposed Period of Support (Form Page 5) are not completed in modular applications. Two examples of modular budgets can be found on the Fillable Forms part of the NIH Web site, one that is constant across all years (http://grants1.nih.gov/grants/funding/phs398/modbudgetsample_same.doc) and one that differs (http://grants1.nih.gov/grants/funding/phs398/modbudget-sample_variation.doc).

If either a contract with another institution or a consortium of multiple investigative agencies is involved in the research, the *total cost* of the relationship (i.e., direct costs *plus* facilities and administrative costs [indirects or overhead] of the other institution[s]) must be included in the total direct costs of your proposal. The Format Page is set up to facilitate this calculation (the samples on the NIH Fillable Forms Web site provide examples). The actual F&A of the other