

CHAPTER 14

PHS 398 MODULAR BUDGET COMPONENT AND JUSTIFICATION

GENERAL CONSIDERATIONS

NOTE: If your direct-cost budget exceeds \$250,000 per year (excluding F&A related to a contract or consortium), skip to the next chapter, because you must present a detailed, breakout budget using the SF424 R&R Budget Component. Similarly, if you are submitting an application to the Agency for Healthcare Research and Quality, skip to the next chapter, because *AHRQ does not accept modular budgets*.

There is a difference – a BIG difference – between the budget for a modular grant application and one that is prepared using the traditional, breakout format. Because the difference is so great, we will treat each type of budget separately, with the modular approach described in this chapter and the breakout budget in the next. The former of these two is the budget format that should be used for most NIH research grants.

The modular approach to budgeting was introduced for two reasons: (1) reviewers were spending too much of the applicant's 15-to-20-minute window of opportunity at review-panel meetings haggling about 'nickle-and-dime' details of breakout budgets, and (2) even with applicants' best-faith efforts, detailed budgets were, at best, only rough approximations that often required extensive re-budgeting after grants were awarded. To overcome these problems, NIH adopted a modular budgeting format. The modular approach is used for all R03, R15, R21 and R34 applications, as well as R01s that have an annual direct cost budget ≤ \$250,000. The budget for each year is presented as the sum of \$25,000 'modules.' Salaries included in calculating which module to request must conform to NIH guidelines. For salary maximums for faculty members and other non-students see http://grants2.nih.gov/grants/policy/salcap_summary.htm. For graduate students and post-doctoral fellows see <http://grants.nih.gov/grants/guide/notice-files/NOT-OD-06-026.html>.

The *PHS 398 Modular Budget Component* is used to present a modular budget (see section 5.4 of the *PHS SF424 [R&R] Application Guide*, Version 2). If you will be creating a modular budget you must not complete the *R&R Budget Component* that is detailed in section 4.7). In other words, one or the other of the two budget types should be prepared for an NIH application, but never both.

Although different, it is not difficult to create a modular budget. The three most important things that you can do to assure that you get it right are: (1) read the instructions; (2) Read the Instructions; and then (3) REALLY READ THE INSTRUCTIONS, both here and in the *Application Guide*.