



Grant Bootcamp:

Session 2: How to Develop and Justify a Budget

Stephanie Bair

*Business Manager, Research
Finance, Office of Grants and
Contacts (OGC)*

Valery Yankov

*Financial Lead, Clinical and
Translational Science Institute at
Children's National (CTSI-CN)*

Direct Costs

Direct Costs - Definition

Direct Costs are items that can be specifically identified and/or be directly assigned with a high degree of accuracy to one of the following types of activities:

- A sponsored project
- An instructional activity
- An institutional activity

Direct Cost - Criteria

There are 3 main criteria that an item must meet in order to be considered a direct cost:

1. Allowable
2. Allocable
3. Reasonable

Budgeting Direct Costs

Budget Categories

Program Director/Principal Investigator (Last, First, Middle): _____

DETAILED BUDGET FOR INITIAL BUDGET PERIOD DIRECT COSTS ONLY						FROM _____	THROUGH _____	
<small>List PERSONNEL (Applicant organization only) Use Cal., Acad., or Summer to Enter Months Devoted to Project Enter Dollar Amounts Requested (omit cents) for Salary Requested and Fringe Benefits</small>								
NAME	ROLE ON PROJECT	Cal. Months	Acad. Months	Summer Months	INST BASE SALARY	SALARY REQUESTED	FRINGE BENEFITS	TOTAL
	PD/PI							
SUBTOTALS →								
CONSULTANT COSTS								
EQUIPMENT (Itemize)								
SUPPLIES (Itemize by category)								
TRAVEL								
INPATIENT CARE COSTS								
OUTPATIENT CARE COSTS								
ALTERATIONS AND RENOVATIONS (Itemize by category)								
OTHER EXPENSES (Itemize by category)								
CONSORTIUM/CONTRACTUAL COSTS						DIRECT COSTS		
SUBTOTAL DIRECT COSTS FOR INITIAL BUDGET PERIOD (Item 7a, Face Page)								\$ _____
CONSORTIUM/CONTRACTUAL COSTS						FACILITIES AND ADMINISTRATIVE COSTS		
TOTAL DIRECT COSTS FOR INITIAL BUDGET PERIOD								\$ _____

PHS 398 (Rev. 01/18 Approved Through 03/31/2020) Page _____ OMB No. 0925-0001
Form Page 4

Budget Categories

- **Personnel:** effort, salary, & fringe benefits of the personnel at your organization who will work on the project
- Compensation for personal services covers all amounts, including fringe benefits for employee services rendered to the grant-supported project.
- Compensation costs are allowable to the extent that they are reasonable, conform to the established policy of the organization consistently applied regardless of the source of funds, and reasonably reflect the percentage of time actually devoted to the NIH-funded project.
- Congress sets a salary cap for grantees and contractors: the highest salary that can be charged on a grant cannot be more than that amount. If one's salary is higher than the cap your institution may pay you beyond the cap with non-grant funds.
- The NIH salary cap is currently set at \$189,600 as announced in a March 7, 2018 Guide notice.

List PERSONNEL (Applicant organization only)
 Use Cal., Acad., or Summer to Enter Months Devoted to Project
 Enter Dollar Amounts Requested (omit cents) for Salary Requested and Fringe Benefits

NAME	ROLE ON PROJECT	Cal. Months	Acad. Months	Summer Months	INST BASE SALARY	SALARY REQUESTED	FRINGE BENEFITS	TOTAL
	PD/PI							
SUBTOTALS								



Budget Categories

- **Fringe benefits-** Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages.
- Fringe benefits include, but are not limited to, the costs of leave (vacation, family related, sick or military), employee insurance, pensions, and unemployment benefit plans.
- Due to the variety of plans and coverages for employees, the way fringe benefits are calculated on a grant is by using one universal rate that applies to all personnel. Fringe benefit rates vary between institutions and are all individually calculated and negotiated with DOH.
- The current negotiated fringe benefit rate that Children's uses is 17%

List PERSONNEL (Applicant organization only)
 Use Cell, Acad, or Summer to Enter Months Devoted to Project
 Enter Dollar Amounts Requested (omit cents) for Salary Requested and Fringe Benefits

NAME	ROLE ON PROJECT	Cell. Months	Acad. Months	Summer Months	INST. BASE SALARY	SALARY REQUESTED	FRINGE BENEFITS	TOTAL
	PD/PI							
SUBTOTALS								

Budget Categories

Program Director/Principal Investigator (Last, First, Middle):

DETAILED BUDGET FOR INITIAL BUDGET PERIOD DIRECT COSTS ONLY						FROM	THROUGH	
<small>List PERSONNEL (Applicant organization only) Use Cal., Acad., or Support to Enter Months Devoted to Project Enter Dollar Amounts Requested (omit cents) for Salary Requested and Fringe Benefits</small>								
NAME	ROLE ON PROJECT	Cal. Months	Acad. Months	Summer Months	INST.BASE SALARY	SALARY REQUESTED	FRINGE BENEFITS	TOTAL
<input type="text"/>	PD/PI	<input type="text"/>	<input type="text"/>	<input type="text"/>				
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
SUBTOTALS						<input type="text"/>	<input type="text"/>	<input type="text"/>
CONSULTANT COSTS								<input type="text"/>
EQUIPMENT (Itemize)								<input type="text"/>
SUPPLIES (Itemize by category)								<input type="text"/>
TRAVEL								<input type="text"/>
INPATIENT CARE COSTS								<input type="text"/>
OUTPATIENT CARE COSTS								<input type="text"/>
ALTERATIONS AND RENOVATIONS (Itemize by category)								<input type="text"/>
OTHER EXPENSES (Itemize by category)								<input type="text"/>
CONSORTIUM/CONTRACTUAL COSTS						DIRECT COSTS		<input type="text"/>
SUBTOTAL DIRECT COSTS FOR INITIAL BUDGET PERIOD (Item 7a, Face Page)								\$ <input type="text"/>
CONSORTIUM/CONTRACTUAL COSTS						FACILITIES AND ADMINISTRATIVE COSTS		<input type="text"/>
TOTAL DIRECT COSTS FOR INITIAL BUDGET PERIOD								\$ <input type="text"/>

PHS 358 (Rev. 01/18 Approved Through 03/31/2020) OMB No. 0925-0001
Form Page 4

- **Capital equipment:** Capital expenditures for special purpose equipment are allowable as direct costs.
- What qualifies as capital equipment is a single object that costs \$5K or more and has a useful life of one year or more.
- Special purpose equipment means that the object will be used exclusively for the purposes of the grant.
- Items with a unit cost of \$25,000 or more will need a prior written approval of the NIH awarding Institute or pass-through entity.

Budget Categories

Program Director/Principal Investigator (Last, First, Middle): _____

DETAILED BUDGET FOR INITIAL BUDGET PERIOD DIRECT COSTS ONLY						FROM	THROUGH	
<small>List PERSONNEL (Applicant organization only) Use Cal., Acad., or Support to Enter Months Devoted to Project Enter Dollar Amounts Requested (omit cents) for Salary Requested and Fringe Benefits</small>								
NAME	ROLE ON PROJECT	Cal. Months	Acad. Months	Summer Months	INST.BASE SALARY	SALARY REQUESTED	FRINGE BENEFITS	TOTAL
	PD/PI							
SUBTOTALS →								
CONSULTANT COSTS								
EQUIPMENT (Itemize)								
SUPPLIES (Itemize by category)								
TRAVEL								
INPATIENT CARE COSTS								
OUTPATIENT CARE COSTS								
ALTERATIONS AND RENOVATIONS (Itemize by category)								
OTHER EXPENSES (Itemize by category)								
CONSORTIUM/CONTRACTUAL COSTS						DIRECT COSTS		
SUBTOTAL DIRECT COSTS FOR INITIAL BUDGET PERIOD (Item 7a, Face Page)								\$
CONSORTIUM/CONTRACTUAL COSTS						FACILITIES AND ADMINISTRATIVE COSTS		
TOTAL DIRECT COSTS FOR INITIAL BUDGET PERIOD								\$

PHS 358 (Rev. 01/18 Approved Through 03/31/2020) OMB No. 0925-0001
Form Page 4

Materials and Supplies: can be lab supplies, medical supplies or may include small or minor equipment that does not meet the capitalization threshold (5K). Office supplies are not permitted on research grants.

Travel: includes transportation, hotel, meals, registration expenses, incidentals. Travel can be domestic or foreign. On a grant, all expenses associated with the trip, including those mentioned above, are booked in the travel expenses category

Travel expenses are allowed only for grant-related purposes and only for personnel that allocates time and effort on that particular project.



Budget Categories

Program Director/Principal Investigator (Last, First, Middle): _____

DETAILED BUDGET FOR INITIAL BUDGET PERIOD DIRECT COSTS ONLY						FROM	THROUGH	
<small>List PERSONNEL (Applicant organization only) Use Cal., Acad., or Support to Enter Months Devoted to Project + Enter Dollar Amounts Requested (omit cents) for Salary Requested and Fringe Benefits</small>								
NAME	ROLE ON PROJECT	Cal. Months	Acad. Months	Summer Months	INST.BASE SALARY	SALARY REQUESTED	FRINGE BENEFITS	TOTAL
	PD/PI							
SUBTOTALS →								
CONSULTANT COSTS								
EQUIPMENT (Itemize)								
SUPPLIES (Itemize by category)								
TRAVEL								
INPATIENT CARE COSTS								
OUTPATIENT CARE COSTS								
ALTERATIONS AND RENOVATIONS (Itemize by category)								
OTHER EXPENSES (Itemize by category)								
CONSORTIUM/CONTRACTUAL COSTS						DIRECT COSTS		
SUBTOTAL DIRECT COSTS FOR INITIAL BUDGET PERIOD (Item 7a, Face Page)								\$
CONSORTIUM/CONTRACTUAL COSTS						FACILITIES AND ADMINISTRATIVE COSTS		
TOTAL DIRECT COSTS FOR INITIAL BUDGET PERIOD								\$

PHB 358 (Rev. 01/18 Approved Through 03/31/2020) OMB No. 0925-0001
Form Page 4

Alterations and renovations: constructions projects needed to revamp space so it can be used for your project. Children's does not allow alterations and renovations on grants.

Patient Care: The costs of routine and ancillary services provided by hospitals to individuals, including patients and volunteers, participating in research programs are allowable.

Routine services include the regular room services, minor medical and surgical supplies, and the use of equipment and facilities for which a separate charge is not customarily made.

Ancillary services are those special services for which charges customarily are made in addition to routine services, e.g., x-ray, operating room, laboratory, pharmacy, blood bank, and pathology.



Budget Categories

Program Director/Principal Investigator (Last, First, Middle):

DETAILED BUDGET FOR INITIAL BUDGET PERIOD DIRECT COSTS ONLY						FROM	THROUGH	
<small>List PERSONNEL (Applicant organization only) Use Cal., Acad., or Support to Enter Months Devoted to Project + Enter Dollar Amounts Requested (omit cents) for Salary Requested and Fringe Benefits</small>								
NAME	ROLE ON PROJECT	Cal. Months	Acad. Months	Summer Months	INST BASE SALARY	SALARY REQUESTED	FRINGE BENEFITS	TOTAL
<input type="text"/>	PD/PI	<input type="text"/>	<input type="text"/>	<input type="text"/>				
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
SUBTOTALS						<input type="text"/>	<input type="text"/>	<input type="text"/>
CONSULTANT COSTS								<input type="text"/>
EQUIPMENT (Itemize)								<input type="text"/>
SUPPLIES (Itemize by category)								<input type="text"/>
TRAVEL								<input type="text"/>
INPATIENT CARE COSTS								<input type="text"/>
OUTPATIENT CARE COSTS								<input type="text"/>
ALTERATIONS AND RENOVATIONS (Itemize by category)								<input type="text"/>
OTHER EXPENSES (Itemize by category)								<input type="text"/>
CONSORTIUM/CONTRACTUAL COSTS						DIRECT COSTS		<input type="text"/>
SUBTOTAL DIRECT COSTS FOR INITIAL BUDGET PERIOD (Item 7a, Face Page)								\$ <input type="text"/>
CONSORTIUM/CONTRACTUAL COSTS						FACILITIES AND ADMINISTRATIVE COSTS		<input type="text"/>
TOTAL DIRECT COSTS FOR INITIAL BUDGET PERIOD								\$ <input type="text"/>

PHS 358 (Rev. 01/18 Approved Through 03/31/2020) OMB No. 0925-0001
Form Page 4

Outside collaborators: for project-related work that cannot be performed at the institution

- **Vendors:** an organization that provides a good or service as part of their business. In order to utilize a vendor's service Children's will have to have an executed service agreement before the vendor's work can commence. This is part of the "other expense" category on a grants budget.
 - **Consultants:** professional and consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the non-Federal entity.
 - Allowable when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Federal government.
 - **Subcontracts:** an organization that assist with the scientific/programmatic work that you perform for your grant: this is its own category on a grants budget.
 - It actually has its own budget since contracts with other institutions pay for salary, fringe, supplies, etc. at the respective site. Some grants have multiple subcontract sites and each institution has its own individual contractual agreement with the main/prime site.
- Other expenses:** a catch-all category for expenses that are permitted on a grant but which don't fall into the categories above. Common items include vendors, internal biostatistics costs, publishing costs and patient reimbursement.



Indirect Costs

Indirect Costs - Definition

From the federal regulations, indirect costs are:

“Costs...that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity or any other institutional activity.”

Indirect costs are also known as Overhead (OH) or Facilities & Administration (F&A)

Indirect Costs

Indirect costs represents recovery of costs which were already incurred

- They are vital for the organization to invest in and grow the research enterprise

Indirect costs are not revenue generated for an organization

Cost Share

Cost Share

Cost Share is the portion of the project or program that is not borne by the sponsor

- Can include cash as well as in-kind contributions
- If the award is federal, only acceptable non-federal costs qualify as cost sharing and must conform to other necessary and reasonable provisions to accomplish the program objectives
- Cost sharing is auditable and must be allowable under cost principles and verifiable to records.

Cost Share

2 types of cost share that must be documented and tracked for auditing purposes:

1. Mandatory: required by sponsor as a condition of obtaining the award
2. Voluntary committed: resources offered by the applicant when it is not a sponsor requirement. If the applicant receives an award, it becomes a binding commitment which the awardee must provide as part of the performance of the sponsored agreement.

Thank you!