Budgeting and the Art of Writing a Budget Justification

Write a compelling budget justification that supports your proposal and maximizes your chance to receiving full funding.

Amanda Yager, CRA
Paul G. Allen School for Global Health
ayager@wsu.edu
General Considerations

• The main purpose of a budget & budget justification is to provide a clear description of the project expenses.

  ▪ All costs should be a reasonable approximation of project expenses and should align with the scope of work.

  ▪ The justification should be thorough enough to convince reviewers that you fully understand the cost of executing the project, thus building your credibility and helping to convince them to fund your research.

  ▪ *Remember - Reviewers will typically know the nature of your work and the costs associated with this work* – writing an excellent budget justification will convince them that all expenses are necessary and could keep them from recommending cuts to your budget.
General Considerations Cont.

- Costs should be reasonable, allowable, treated consistently, and must follow the guidelines of your RFP (Request For Proposal), agency guidelines, federal Uniform Guidelines and WSU policies.

- *Give yourself enough time to draft the budget and justification.*
  
  ▪ Start budgeting as soon as you finalize the concept for the scope of your project but before you finalize the narrative.

  ▪ Occasionally during the budgeting process you will find that the proposed project is cost prohibitive given the funding cap from the agency. It is best find this out while you are still in the draft stages of the narrative rather than have to go back and completely rewrite a finished proposal to reduce the scope of work.

  ▪ If you are working with subawardees expect to spend almost as much time on the budget and budget considerations as you will on the project narrative.
Writing the Budget Justification

When writing you should:

• Indicate how each item relates and is necessary to the proposed project.
• Clearly state how the cost of the item was estimated.
• Provide sufficient details to address all sponsor and WSU concerns.
• Explain any yearly variations or other discrepancies in the budget.
Typical Budget Categories

• Personnel – i.e. Salaries, Wages, and Benefits
• Goods/Services – i.e. Project related Supplies and Materials
• Travel
• Equipment
• Consulting/Personal Services = External experts
• Subaward/Subcontract/Consortium = Working in partnership with another institution/agency
• Participant Support - If applying for funding for program attendees
• Facilities and Administration Costs (F&A) = 53%
Personnel – i.e. Salaries, Wages, and Benefits

Details to Include:

• List each individual included in the budget. Insert the employee's role on the project and a brief description of the work to be performed.

• Briefly indicate their level of effort on the project either as a % of FTE or in person months.

• Indicate their base salary (optional), and the total amount of salary requested for their work on the project.

• Indicate the fringe benefit rate for each individual listed above and the calculation used for the total benefit amount. For graduate students include the tuition amount.

• If an annual salary increase is included, indicate the rate of increase.
Personnel Costs Cont.

TIPS:

• Get to know your Research Administrator (RA). They know the most recent updates to the ever changing world of personnel costs.

• Include a 4% cost of living adjustment for all personnel costs, including graduate student tuition, for each year.

• Note, more than minor part time employment for time slip employees may require payment of retirement and health benefits which dramatically increases the cost of their benefits.

• Person Months = Effort % x Appointment Term

• Check for salary caps (NIH and others) – NIH currently $221,900 (http://grants.nih.gov/grants/policy/salcap_summary.htm)

• Use actual benefit rates for salary employees for a more accurate budget.

• Administrative and clerical staff salaries are normally part of F&A costs, but may be charged directly if the proposal is a Major Project and the work they are performing is directly related to the project goals.
Do Not Include Voluntary Cost Share

Examples of what not to include:

- Dr. Hartley will work for two months on this project. One month summer salary of summer salary is requested from the funding agency.

- Dr. Hartley will provide 20% FTE towards the completion of this project. 10% FTE is requested from the funding agency.

- No funds are requested on this project for Dr. Hartley’s effort. He is fully funded by WSU for his position.

- Dr. Hartley is a full-time faculty and is paid on university salary for the academic year (9 months). Summer salary is requested on this project so he will be able to continue working on this project.

The best place to mention resources that could be considered voluntary cost share is on the Facilities, Equipment and Other Resource document (for federal grants).
Equipment*

Equipment is defined as an item of property that has an acquisition cost of $5,000 or more and an expected service life of more than one year. General purpose equipment, such as a vehicle, is not eligible for support unless primarily or exclusively used in the actual conduct of the research, education, or outreach project.

Details to Include:

• List each item of equipment separately, and its cost. Briefly describe its purpose on the project and indicate project year in which item will be purchased.

TIPS:

• Work with your RA to get a quote for the equipment to add to the proposal or keep on file for WSU purposes depending upon the RFP/ agency requirements.

• Don’t forget to budget for necessary maintenance, repair and upkeep in the goods and services section.

• Purchase near the beginning of the project.

*Not allowed by all agencies.
Travel

Details to Include:

• List destination and purpose of travel for each proposed trip.

• Provide breakdown of associated costs for each trip, e.g., airfare per person or mileage x mileage reimbursement rate; car rental; lodging per night per person; per diem per person x number of days.

TIPS:

• Use Per Diem and mileage rates from http://www.gsa.gov when estimating domestic travel.

• Include travel to the annual meeting for each Co-PI if required by the RFP.
Participant/Trainee Support Costs*

The cost to support participants attending a conference, workshop, or training opportunity related to the proposed project or program. Expenses are usually paid on behalf of or directly to the participants or trainees who are generally not employees or students of WSU.

Details to Include:

• Costs should be itemized and justified with a dollar amount provided for each item. Costs could include scholarships, stipends, tuition, travel and subsistence.

• Participant travel should have the same level of detail as the non-participant travel.

• Must include the total number of people expected to participate in the workshop or conference.

*Not allowed by all agencies.
Other Direct Costs

Materials and Supplies/ Publication Costs/ Computer Services/ Equipment or Facility Rental, or User Fees/ Etc

Details to Include:

• List the general categories of expenses included in this budget area, and include an amount for each category.

• For example, project related supplies could include the categories of: software, educational or field supplies, and laboratory supplies such as chemicals, reagents, and glassware.

• If services or fees are included include the rate for the service or fee.

TIPS:

• Categories less than $1,000 do not usually need to be itemized.

• Do not include general office supplies such as post-it notes, pens, pencils, etc.

• Don’t forget tax and shipping costs on materials, supplies and equipment ordered from an off campus supplier.
Other Direct Costs Cont.

**Consultant Services** – services provided are standard services provided to all & the collaborator works independent from the rest of the grant team.

**Details to Include:**

- Identify each consultant, the services he/she will perform, total number of days, travel costs, and total budgeted.

**Subawards** – collaborates substantially on the programmatic work and the work is overseen by the lead PI of the project.

**Details to Include:**

- Briefly indicate and describe the costs associated with the project. Include the name of the collaborator and his/her organization, a brief description of work to be performed, and a brief description of the expenses being charged to the project.

- Depending upon the agency you will also need to collect from the subawardee a full budget and budget justification to submit with your proposal.
Facilities and Administrative Costs
aka: F&A, Indirect Costs or Overhead

- F&A is the cost of doing business at WSU and supports buildings, lights, heat, maintenance, libraries, office support, etc.

- Our federally negotiated F&A rate must be applied to all externally funded projects, unless agency policy restricts or prohibits it.

- The US Department of Health and Human Services (DHHS) audits, reviews, and sets F&A rates for WSU.

- Rates stating 7/1/2019 or later
  (% of Modified Total Direct Costs)

<table>
<thead>
<tr>
<th>Type</th>
<th>On Campus</th>
<th>Off Campus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research</td>
<td>53%</td>
<td>26%</td>
</tr>
<tr>
<td>Instruction</td>
<td>57.5%</td>
<td>26%</td>
</tr>
<tr>
<td>Other Sponsored Activity</td>
<td>36%</td>
<td>26%</td>
</tr>
</tbody>
</table>

Details to Include:
- Indicate how the indirect costs are determined, such as “Indirect costs are calculated at the WSU’s federally negotiated indirect cost rate of 53% of modified total direct costs.”
Sample Justification using the Research & Development of the Best Mascot (RDBM)
A. **Senior/Key Person: $181,446**

We are requesting one month of summer salary for the key personnel. The salary rate for lead PI, Dr. Hartley, is $12,000 per month and the monthly salaries for Co-PIs Dr. Martin and Dr. Langlie are $10,000 and $11,500 respectively. In subsequent years, an inflation rate of 4% has been added per WSU policies for a total of $64,995, $54,164 and $62,287 respectively.

B. **Other Personnel: $169,708**

Two PhD students will work on this project for five years. Their combined salary will be $31,333 in year one. As per WSU’s policy, a 4% increase in salary has been added in the subsequent years for a total of $169,708.
Samples – Improved Version

A. **Senior/Key Person: $181,446**

One month of summer salary is requested for lead PI, Dr. Hartley. He will provide technical oversight of the major project components, and coordination between tasks and team members. Salary requested: $12,000 per year for a total of $64,995 over five years.

Additionally, one month of summer salary is requested for Co-PI Dr. Martin in the amount of $10,000 per year for a total of $54,164. Dr. Martin will oversee one of the graduate students and will lead the mascot catch and release field work program.

$11,500 per year is requested for Co-PI Dr. Langlie to lead the data analysis component of this project and oversee the second graduate student. Total salary for Dr. Langlie over the five year period is $62,287.

An inflation rate of 4% has been added in years 2-5 per WSU policies.
B. Other Personnel: $169,708

Two PhD students will be hired to work on this project over five years. One student, under the direction of Dr. Martin, will assist with the development and execution of the mascot catch, examination and release program. Duties will include identifying possible subjects and field work for the humane capture program and accurate data collection.

The second student will assist Dr. Langlie with analysis of the data generated by the humane capture program.

Their combined yearly salary is $31,333. As per WSU’s policy, a 4% increase in salary has been added in the subsequent years for a total of $169,708.
D. **Equipment: $20,000**

$20,000 is budgeted for an ACME Humane Large Animal Trap (HLAT) in year 1.
Samples – Improved Version

D. **Equipment: $20,000**

$20,000 is budgeted for an ACME Humane Large Animal Trap (HLAT) in year 1 for the safe capture and release of the mascots.
E. **Travel: $25,000**

We have allocated a total $25,000 over five years for conference and project activity travel. Conference travel is budgeted at $2,943 per trip per year to allow two people to travel to DC for the annual Mascot Conference. Additionally, $2,057 is budgeted each year to allow up to two people to manage the mascot catch, examination and release program.
E. **Travel: $25,000**

We have allocated a total $25,000 over five years for conference and project activity travel. Conference travel is budgeted at $2,943 per trip per year to allow for two people to travel to DC to present project results at the annual Mascot Conference. Per trip cost includes airfare ($750 x two people), three days of lodging ($242 per person x 2 nights) and per diem ($69 per person x 3 days), and $61 per trip for incidentals such as airport parking.

Additionally, $2,057 is budgeted each year for the PI’s and to graduate students to accomplish field work associated with the mascot catch, examination and release program. We anticipate spending 6 days per year traveling throughout Washington state capturing and releasing mascots. Travel costs includes mileage for 1,000 miles per year (x $0.535 per mile) and lodging ($91 per person x 5 nights) and per diem for 2 people ($51 per person x 6 days).
G. Other Direct Costs: $299,316

- **Materials and Supplies:** We are allocating $27,500 over 5 years for mascot care supplies.

- **Publication Costs:** $1,000 is allocated in year 5 for publication costs.

- **Subaward/Consortium/Contractual Costs:** A sub award to UW will be granted in the amount of $270,816. See subaward budget for additional details.
G. **Other Direct Costs: $299,316**

- **Materials and Supplies:** We are allocating $25,000 over 5 years for mascot feed, shelter and medical supplies. Additionally, $2,500 will be used for catch and release supplies including food incentives to entice mascots into the HLAT and collars and leads for the safe transport of captured mascots.

- **Publication Costs:** $1,000 is allocated in year 5 for publication costs associated with publishing the results in the Journal for University Mascots.

- **Subaward/Consortium/Contractual Costs:** UW will be granted a total of $270,816 to assist with the husky capture and release program, see subaward budget for additional details.
Available Resources:

• When in doubt check the request for proposal, agency guidelines and university guidelines and remember your department research administrator (RA) and central grants department(s) can be a wealth of knowledge!

• **Departmental RA List**
  https://myresearch.wsu.edu/Grants/DepartmentContacts

• **ORSO Guidelines (Guideline 2 & Budget Template)**
  https://orso.wsu.edu/wsual-policies-guidelines

• **Sponsored Programs Services**
  https://sps.wsu.edu

For assistance with proposal narrative development or proposal management, contact the Office of Research Advancement and Partnerships (ORAP),
  https://orap.wsu.edu