Your budget must conform to your technical description

Go through the narrative and highlight every activity that has financial implications—make a list of everything that will have to be paid for during the course of the project

Assign each one of those costs to an appropriate budget category—personnel, equipment, materials and supplies, telecommunications, travel, services, publications...
Make a note, too, of the non-monetary contributions your institution will make to the project

You will want to emphasize these contributions in your budget narrative

Look at it from the funder’s point of view—your institution’s prior investment in facilities and equipment lowers the cost of doing this project for the funder, putting you at an advantage over competing proposals

Your budget must be realistic

Reviewers and program officers know what things cost; if your budget is not realistic they will think you are either dishonest or stupid

A budget that is too low may make it impossible to complete the project, which will jeopardize your chances for future funding

Estimate costs as accurately as possible; get formal price quotations for equipment and written agreements for subcontracts
Budgets must conform to the RFP and include only *eligible* costs

- Personnel
- Travel
- Equipment and Supplies
- Other Eligible Costs
- Institutional Overhead

The RFP will also tell you what costs are *not eligible*

- Payments to individuals who do no work on the project
- Travel that is not connected to the research project
- Equipment and supplies that will not be used in the research project
- Entertainment (including meals)
- Construction, repair, or remodeling of facilities
Evaluate every item in your budget with a reviewer’s skeptical eyes

Teach yourself to ask the questions that a reviewer would ask

For what? How much? Why?

Likely reviewer questions about personnel:

Are all these people really needed to do the work?
What is each person’s assigned role? What will he/she contribute to the project?
Does the budget allocation accurately reflect each person’s work contribution?
Is there an appropriate distribution of categories of personnel?
Are the salaries in line with funder guidelines?
Likely questions about equipment and research supplies:

Is the equipment needed to carry out the experiments described in the work plan?

Should the grantee already have this equipment? Is it replacing existing equipment? Why?

Is the equipment requested the best suited for the job to be done?

Are the supplies requested needed and the amounts reasonable?

Is the travel justified?

Is the travel necessary to carry out the work proposed?

Why travel to conferences in the first year of the project before there are any results to present?

Does the conference travel represent appropriate fora for results obtained in this project?

Why travel to one another’s labs at the end of the project?
What about subcontracts?

Is the subcontract really necessary?

Should the PI be able to do this work in his own laboratory?

Are the fees reasonable?

Is the time charged consistent with the amount of work to be done?

Overhead or indirect costs?

Are the institutional costs calculated correctly?

Do they exceed the maximum allowed by the funder guidelines?
Finally, review the rules and double-check everything

Check your arithmetic — is everything added correctly?
Have you included all required information?
Has every line and every box been completed?

Stop—you’re not done yet!

Now you’ve got to write the “budget justification”

Narrative that explains what assumptions you made and what methods you used to estimate project costs
Preparing a Proposal Budget, Celia M. Elliott 26 March 2016

The budget narrative should explain how costs were determined

- Explain what each person will do to contribute to the project
- Explain why equipment is needed and how it will be used in the project
- Provide written price quotations for expensive items of equipment
- Itemize each budget line and explain how those numbers were determined
- Ensure that your costs are realistic and in line with the scope of work to be done

Map your narrative to the formal budget forms

- Senior personnel
- Other personnel
- Fringe benefits
- Equipment
- Travel
- Other direct costs
- Indirect costs

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Example of a well-organized, clear budget narrative

Section headings correspond to budget forms

Detailed explanations are given for how costs were calculated

Use the budget narrative to show institutional support of and commitment to your project

To make your proposal more attractive, identify existing special equipment or unique facilities already owned that will be used in the project

N.B. Voluntary “cost-sharing” is now prohibited by federal agencies on almost all proposals; do not imply any financial support by your institution
The budget narrative should make a persuasive case for investing in you and your team

Demonstrate that project is cost-effective, that it will have a significant impact for a reasonable cost

Remind the reviewer again in a few sentences why your project is important

But—don’t include any scientific arguments that could be construed as an attempt to circumvent page limits of the project description

One final test for costs in a proposal budget...

“Allowable”—do funder and institutional policies allow you to charge this expense to a grant?

“Allocable”—can you prove that this expense was incurred solely to benefit the project?

“Reasonable”—would a reasonable person pay this amount for these goods or services?
To recap:

- Follow funder guidelines exactly
- Get help if you need if from someone in your institution’s business office
- Do not include or imply cost-sharing unless an RFP specifically requires it
- Do not include any scientific arguments in the budget justification
- Look at your budget and justification with a skeptical reviewer’s eyes

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