Costs in a proposal budget must meet three criteria:

“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 prudent person pay this amount for these goods or services?
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

Make a note, too, of the non-monetary contributions your institution will make

You will want to emphasize these contributions in your facilities description

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
A budget that is too low may make it impossible to complete the project, jeopardizing your chances for future funding
A budget that is unrealistically high makes you look incompetent or corrupt
Estimate costs as accurately as possible; get formal price quotations for equipment and written agreements for subcontracts and services

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?
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?

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 or her own laboratory?

Are the fees reasonable?

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

*Some agencies limit the percentage of the total budget that can be assigned to subawardees—read the directions
Overhead or indirect costs?

Are the institutional costs calculated correctly?
Do they exceed the maximum allowed by the funder guidelines?
Are they less than the negotiated rate?*

*NSF does not allow—considered prohibited cost-sharing

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 the numbers you plugged into the budget forms

The budget narrative should explain how costs were determined

Explain what each person will do to contribute to the project and how many months’ work

Explain why equipment is needed and how it will be used in the project

Provide written price quotations for expensive items of equipment (>5k)

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

Example of a well-organized, clear budget narrative
Section headings correspond to budget forms
Detailed explanations are given for how costs were calculated
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

To recap:

Follow funder guidelines exactly

Get help if you need it 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 or statements about institutional support in the budget justification

Look at your budget and justification with a skeptical reviewer’s eyes

© 2019 Board of Trustees of the University of Illinois
All rights reserved.