

# **PREPARING A BUDGET FOR YOUR GRANT**

**Farin Kamangar, MD, PhD  
Morgan State University**

# D-RED SEMINAR SERIES

## *D-RED Grant-Writing & Management Seminar:* Budget Preparation for Grants

The MSU Division of Research and Economic Development (D-RED) is proud to present monthly seminars on grant writing and management.

### COME JOIN US THIS MONTH!

Topic: Budget Preparation for Grants

Speaker: Dr. Farin Kamangar

When: March 10, 2021

Slides, handouts, and questions will be shared.

Seminars will be  
hosted virtually  
from  
2:00-4:00pm.

Register [here](#).

Connect with us  
on [zoom](#).

### SEE WHATS COMING UP NEXT

Apr 14, 2021	<b>Tips for Post-Award Management of Grants</b> Dr. Farin Kamangar
May 12, 2021	<b>Using the D-RED Website as a Resource</b> Ms. Envia Malone
Jun 9, 2021	<b>Finding the Right Award to Apply For</b> Dr. Edet Isuk
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*Office of Research  
Administration*

# URBAN RESEARCH INNOVATION AWARDS

- **Funds**: Provost and Vice President for Research, up to 10 awards, each up to \$10,000
- **Purpose**: Pilot research funds to initiate research and secure external funding. Primarily focused on urban research.
- **Eligibility**:
  - New faculty members
  - Faculty members switching their field of research
  - Faculty members planning to revitalize their research
- **Document**: 2- to 3-page white paper, due April 20, 2021 (send to [Envia.Malone@Morgan.Edu](mailto:Envia.Malone@Morgan.Edu), [Farin.Kamangar@Morgan.Edu](mailto:Farin.Kamangar@Morgan.Edu))
- **Outcomes**: Please include the outcomes and the agency you will be applying to.

# OUTLINE

- **Grants Pay For ...**
- **Restrictions**
- **Direct and Indirect Costs**
- **Paying Individuals**
- **Preparing Your Budget**

**Q1.**

**WHAT CAN YOUR  
GRANT BRING TO  
YOU,  
YOUR STUDENTS,  
AND MORGAN?**





# **POTENTIALLY ALLOWABLE**

## **(NOT EXHAUSTIVE)**

- **Salaries**
- **Wages**
- **Consultancy fees**
- **Stipend**
- **Tuition**
- **Incentives / gift cards**
- **Supplies (< \$5,000)**
- **Equipment (> \$5,000)**
- **Travel**
- **Communications**
- **Contractual payments**
- **Subawards**

**Q2.**

**WHAT ARE SOME  
RESTRICTIONS?**



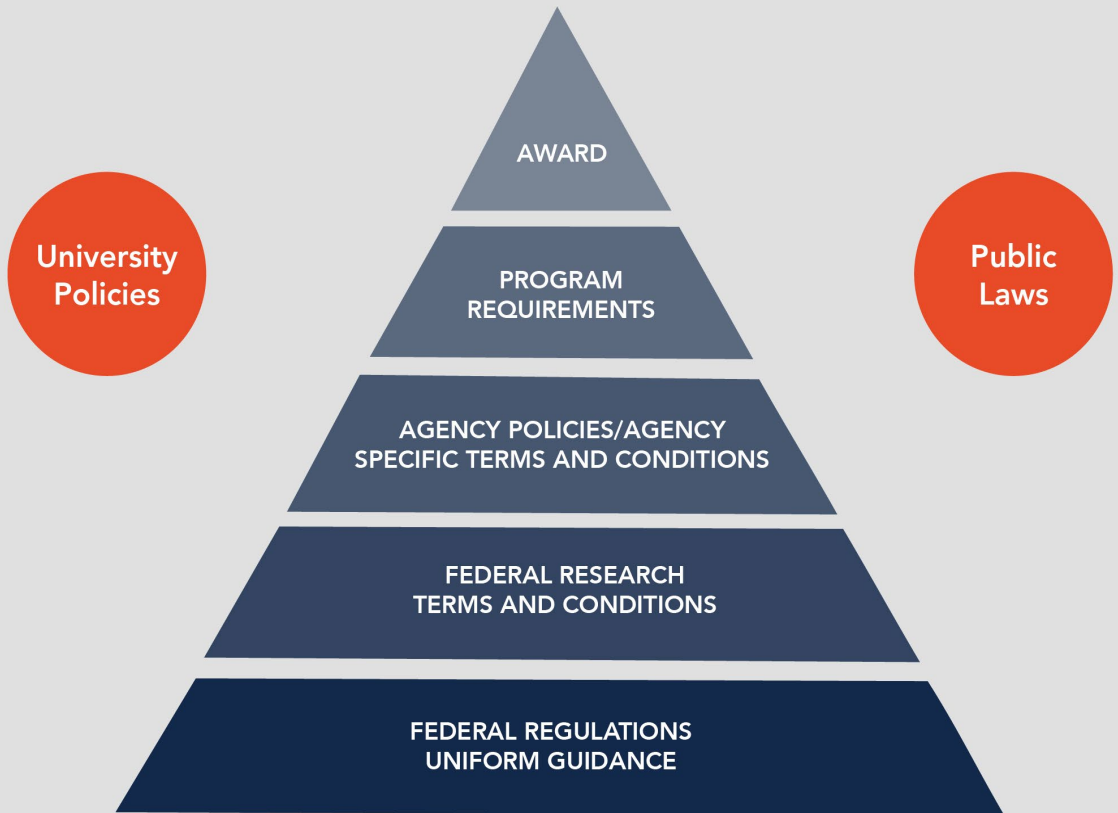
# RESTRICTIONS

- **Maximum budget**
  - Total
  - By year
  - By item
- **Allowability**



# COST PRINCIPLES

- Allocability
- Reasonableness
- Consistency
- Conformance
- Allowability



# PLEASE

- **Review**

- **The Funding Opportunity Announcement (FOA)**
- **The Notice of Award (NoA)**
- **The Budget Document prepared by the D-RED ORA**

- **Ask for guidance**

- **Google federal and state rules, in case you are super-interested!!**
  - **NIH GPS**
  - **NSF PAPPG**
  - **2 CFR 200**

# **ORA BUDGET DOCUMENT**



**PREPARING A BUDGET FOR  
YOUR GRANT PROPOSAL**

**Q3.**

**WHICH ONES ARE  
ALLOWABLE?**

# **ALLOWABLE?**

- **Alcoholic beverages using your NSF grant?**
- **International travel using your NIH grant?**
- **Hiring a postdoc using your NIH grant?**
- **Paying stipends to students using your NSF grant?**
- **Paying consultancy fees using your DoD grant?**



# **ALLOWABLE?**

- **Pay for your family to accompany you to Utah for a research meeting using your DoD grant?**
- **Paying for classroom renovations using your NIH grant?**
- **Paying 100% of your student trainee tuition using your NIH grant?**
- **Using your equipment purchased by your NIH grant as cost share for your DoT grant?**

# **ALLOWABLE?**

- **Buying pipettes using your DoD grant?**
- **Buying tissues and paper towels using your NIH grant? Papers and ink?**
- **Providing for food for student lunch using your NIH grant?**

# ALLOWABLE?

- A PI has a technician who is written into his grant for 12 months a year. For a period of 2 months, the project is slow because an instrument is not set up. The PI allows his technician to work for another project during that time.
- A PI wants to do a simple statistical analysis of data from 200 people. He buys a laptop for \$5000 and puts the most advanced version of Stata on it.
- A faculty member receives \$95,000 per year for a 9.5-month contract. She has 2 months of summer funding, for which she requests \$30,000 of salary + fringe benefits.

# ALLOWABLE?

- NSF only agrees to 2 months of PI time for the project but the PI believes there is a lot of work and provides 4 months of salary to himself.
- The PI has some extra money and decides to buy a \$2000 computer for his other project, which really needs one.
- The PI pays \$26 per hour to a 3rd year doctoral student in biology but \$18 per to another one with similar qualifications.

**Q4.**

**WHAT ARE  
DIRECT / INDIRECT  
COSTS?**

# **DIRECT COSTS: ALLOCABLE TO THE STUDY**

- Salaries
- Wages
- Consultancy fees
- Stipend
- Tuition
- Incentives / gift cards
- Supplies (< \$5,000)
- Equipment (> \$5,000)
- Travel
- Communications
- Contractual payments
- Subawards



# **INDIRECT COSTS: FACILITIES & ADMINISTRATION**

## ■ **Administration (26%)**

- VP for Research
- Grant Office
- Restricted Funds Accounting
- Department Chair
- Dean
- ....

## ■ **Facilities (25%)**

- Building depreciation
- Equipment depreciation
- Operations
- Library
- ...

## ■ **MSU F&A Rates**

- On campus
  - Organized Research (51%)
  - Other activities (38%)
- Off campus
  - Organized Research (26%)
  - Other activities (26%)

## ■ **NIH Training Grants (8%)**

## ■ **Other (eg, AHA)**

- There may be room for negotiation

**Q5.**

**DO INDIRECT COSTS  
APPLY TO ALL GRANT  
ITEMS?**

# INDIRECT COST

**Ask. Unfortunately, they vary by the funder and funding mechanism.**

## ■ Typically “Yes”

- Salaries
- Wages
- Supplies
- Travel

## ■ Typically “No”

- Equipment
- Renovations
- Participant costs (eg, stipends)

**Q6.**

**PAYING INDIVIDUALS:  
WHAT ARE  
SOME CATEGORIES?**

# **PAYING INDIVIDUALS**

## **(NOT EXHAUSTIVE)**

- **Salaries**
- **Wages**
- **Fringe benefits**
- **Stipend**
- **Tuition**
- **Incentives / gift cards**
- **Honoraria**
- **Consultancy fees**

**Q7.**

**WHAT ARE  
FRINGE BENEFITS?**



# **FRINGE BENEFITS**

- **Fringe benefits**
  - **Health Plan, Dental Plan**
  - **Life Insurance**
  - **Social Security**
  - **Retirement**
  - **Tuition Assistance**
  - **...**
  
- **Fringe benefit rates at MSU**
  - **12-month employees (42%, all year)**
  - **9.5-month faculty (42% over the academic year, 9% over the summer)**

**Q8.**

**ARE STIPENDS  
AND WAGES  
FOR GRADUATE  
STUDENTS  
THE SAME?**

**Q9.**

**CAN YOU PAY  
CONSULTANCY FEES  
TO YOUR COLLEAGUE  
IN THE DEPARTMENT?**

# CATEGORIES

## (NOT EXHAUSTIVE)

- **Salaries** are usually fixed amounts paid to employees for conducting their duties. The amount is usually fixed and does not change each pay period.
- **Wages** are hourly payments to employees for each hour they work. Although the rate usually remains constant, the total sum paid may fluctuate from pay period to pay period.
- **Stipends** are different from salaries and wages. Stipends are typically predetermined (fixed) amounts paid to trainees to defray the cost of living. Unlike salaries and wages, which are given to employees to accomplish the work, stipends are mostly for the benefit of the trainees. Think of benefit to the trainee, not to the project.

# **CATEGORIES**

## **(NOT EXHAUSTIVE)**

- **Tuition benefits** may be considered for students.
- **Consultancy fees** may be paid to external experts, such as scientists who have their own business or faculty members who work for other universities (as long as their institution allows them to do so).
- **Speaker fees (honoraria)** can be paid, at a reasonable rate, to external experts who give a talk or provide some expertise.
- **Gift cards and cash incentives** may be given to study participants for various purposes, such as completing a survey. These are usually small amounts and need to be accounted for very carefully.

# PAYING INDIVIDUALS USING GRANTS

	Primary target	Budget line	Fringe benefits	Indirect Costs
Salaries	Key personnel; Other full-time or part-time personnel	Personnel	Yes	Yes
Wages	Part-time personnel; Graduate students	Personnel	Yes	Yes
Stipends	Trainees	Participant support	No	Maybe
Tuition	Students	Other Direct Costs or Participant Support	No	No
Consultancy fees	External experts	Consultant services	No	Yes
Speaker fees	External experts	Consultant services	No	Yes
Gift cards /cash	Study participants	Other Direct Costs or Participant Support Cost	No	Yes



**Q10.**

**CAN YOU CHARGE  
THE GRANT  
DIFFERENT RATES  
OVER THE SUMMER?**

**Q11.**  
**HOW DO WE**  
**PRACTICALLY**  
**DEVELOP A BUDGET?**

# **PREPARING YOUR BUDGET**

- **“Estimate” your budget**
- **Determine your “Needs” and “Wants”**
- **Determine if they are “Allowable”**
- **Make a “Rough Budget”**
- **“Fine-tune” with Excel**

# **EXAMPLE BUDGET (ESTIMATE)**

- An NSF grant has \$500,000 in total budget for 3 years.
- Let's assume a 50% indirect cost.
- Estimated direct cost  $\approx \$500,000 / 1.50 = \$333,333$
- Assuming equal distribution over the 3 years,  
estimated annual direct cost =  $\$333,333 / 3 = \$111,111$
- In reality, it may be more than \$111,111, because not all items have indirect cost. But let's stay within this limit and we will change it later.

# EXAMPLE BUDGET (NEEDS AND WANTS)

## Needs

- PI ac. year salary (2.25 months)
- PI summer salary (2.5 months)
- Doctoral student (20 hours/week, 40 weeks/year)
- Equipment 1
- Research supplies

## Wants

- Travel to a conference
- Consultancy by an outside expert
- Equipment 2



■ Postdoc (unallowable per FOA)

# EXAMPLE BUDGET (ROUGH BUDGET)

## ■ PI Salary (\$59,200)

- \$95,000 for 9.5 months
- Monthly =  $95,000 / 9.5 = \$10,000$  per month
- Academic year
  - $2.25 \times \$10,000 = \$22,500$
  - Fringe =  $\$22,500 \times 0.42 = \$9,450$
- Summer
  - $2.5 \times \$10,000 = \$25,000$
  - Fringe =  $\$25,000 \times 0.09 = \$2,250$
- Total =  $22,500 + 9,450 + 25,000 + 2,250 = \$59,200$

# EXAMPLE BUDGET (ROUGH BUDGET)

## ■ Graduate Student (\$17,440)

- \$20 per hour
- 20 hour per week
- Weekly =  $\$20 \times 20 = \$400$
- Per year =  $\$400 \times 40 = \$16,000$
- Fringe benefits =  $\$16,000 \times 0.09 = \$1,440$
- Total =  $\$16,000 + \$1,440 = \$17,440$

## ■ Equipment 1 (\$22,000)

- Price (\$20,000)
- Delivery and installation (\$2,000)

# **EXAMPLE BUDGET (ROUGH BUDGET)**

- **Research supplies (\$5,000)**

- Pipettes
- Reagents
- ...

- **Travel (\$3,000)**

- Registration (\$600)
- Airline (\$600)
- Hotel (\$1,200)
- Per diem (\$400)
- Ground transportation (\$200)



# **EXAMPLE BUDGET (ROUGH BUDGET)**

- **Consultant (\$5,000)**
  - 50 hours x \$100 per hour
- **Equipment 2 (\$16,000)**
  - Price (\$15,000)
  - Delivery and installation (\$1,000)


	Year 1	Year 2	Year 3
PI	60	60	60
Grad Student	17	17	17
Consultant	5	5	5
Research Supplies	5	5	5
Travel	3	3	3
Equipment 1	22	0	0
Equipment 2	0	16	0
Total	112	106	90

# **EXAMPLE BUDGET (FINE-TUNE)**

- **We have some budget left**
  - **Almost \$10K in Year 1 (because Equipment 1 does not have indirect cost)**
  - **Almost \$13K in Year 2 (because Equipment 2 does not have indirect cost, and because we still have \$5K to reach \$111K)**
  - **Almost \$22K in Year 3 (because we are \$22K below \$111K)**
- **You can add other items as needed (eg, more money for the doctoral student, or publication costs, or ..., as long as they are allowable and reasonable).**
- **Use an Excel sheet to fine-tune the budget.**

✕      ✓       $f_x$

1	
2	
3	

	A	B	C
1	 <b>MORGAN</b> STATE UNIVERSITY		
2			
3			
4	<b>Agency/ Solicitation:</b>		
5	<b>Project Title:</b>		
6	<b>Project/Budget Period:</b>	<b>Base Salary</b>	<b>Year 1</b>
7	<b>A. Senior Personnel</b>		
8	PI		
9	<b>B. Other Personnel</b>		
10	Technician, Programmer		
11	<b>Personnel Sub-total</b>		
12	<b>C. Fringe Benefits</b>		
13	Fringe benefits @ 9%		
14	Fringe benefits @ 42%		
15	Fringe benefits @ 9% + \$1000/month		
16	<b>Fringe Benefits Sub-total</b>		
17	<b>D. Equipment</b>		

# **ITEMS THAT WILL BE SHARED WITH YOU**

- **These slides**
- **Budget Preparation Document**
- **Excel Budget Sheet**
- **Budget Justification Template**
- **MSU Indirect Cost Rate Agreement**

# UPCOMING SEMINARS

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