Creating a Budget for a Research Proposal

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HIP Buffet        April 2, 2013
A budget is an important part of preparing a research proposal.

The budget provides a financial blueprint for your project and shows that you will manage the sponsor’s funds responsibly.

From Office of Sponsored Projects, Appalachian State University
First of all, carefully read the Funding Opportunity Announcement for budget information.

Are there limits to the funding?
Total costs?
Total direct costs?
Salaries?
Personnel allowed on the project?
F&A rate?
There may be agency restrictions on the amount you can budget or prior approvals needed.

For some NIH grants, if total direct costs for any year are budgeted at $500,000 or more, excluding consortium Facilities and Administrative (F&A) costs, written permission must be obtained from NIH at least 6 weeks prior to proposal submission.
Identify all the costs that are *necessary* and *reasonable* to complete the work described in your proposal.

Reviewers look for reasonable costs and will judge whether your request is justified by your aims and methods.

Reviewers will consider the person months you've listed for each of the senior/key personnel and will judge whether the figures are in sync with reviewer expectations, based on the research proposed.
Is your budget appropriate for your project?

OMB Circular A-21 says costs charged to federal grants must be:

Allowable & Allocable & Reasonable

Some budget items are not allowed at an institutional level – they are supposed to come out of indirect costs.
What does your budget communicate?

NIH warns that significant over- or under-budgeting can show that you don't understand the scope of the work. This may count against you in peer review.

Does your budget mesh with your Specific Aims?
Planning a budget early can help to determine if you can afford your research project.

I like to create a budget in Excel first and then tweak it to create a final version before loading into electronic forms.
In many types of research, personnel are usually 80-90% of your budget.

Who are key personnel?

How much FTE (calendar months) should each investigator or staff have to conduct the study?

Are there any personnel requirements in the RFA?

Is there a maximum or minimum FTE restriction for the PI?

Are some kinds of personnel not allowed on the project?
Determine who your co-investigators are.

How will they contribute to the research?
Make sure they have enough FTE to devote to the project.
If they are from another department, make sure there is buy-in from that department.
Decide on your non-key personnel.

What research personnel do you need?
These are often To Be Determined or To Be Named.
If so, work with your departmental grants coordinator to make sure you are using appropriate salaries in your budget.

Can some services be supplied from OHSU Shared Resources? These would be fee-for-service and not personnel costs.
Example: statisticians
Other significant contributors do not have measurable FTE on a project.

Individuals who commit to contribute to the scientific development or execution of the project, but do not commit any specified measurable effort (i.e., person months) to the project. These individuals are typically presented at effort of “zero person months” or "as needed." Individuals with measurable effort may not be listed as Other Significant Contributors (OSCs). Consultants should be included if they meet this definition.
Work with your departmental grants coordinator and Research Grants and Contracts about appropriate ways to deal with salary increases for personnel.
In 2013, the NIH salary cap is $179,700.

This salary level is used by other DHHS agencies, for example, AHRQ.

If someone is at or above the cap, use that level as the full-time equivalent salary for all years of a proposal budget.
Determine non-labor expenses.

Non-labor expenses are usually minimal in some types of research.

- Travel to required meetings and/or scientific meetings to present research results.
- Inter-Library Loan costs to obtain journal articles
- Telecommunications/teleconferencing
- Publication costs
- Consultants
- Laptop computers
- Software such as statistical or reference management
Consultants are a “briefcase and a brain.”

An individual who provides professional advice or services for a fee, but typically not as an employee of the engaging party. OHSU employees cannot be consultants – you need to list them as personnel with salary and FTE.

If you are listing a consultant from another institution, make sure s/he is able to be a consultant, that the other institution will allow that and not require a subaward.

While the NIH salary cap does not apply to consultant fees, the rate used should be reasonable and justifiable.
Travel costs are separated by domestic and foreign travel.

Travel costs may be requested for field work, attendance at meetings and/or conferences that are either necessary to accomplish proposal objectives or where results of the proposed research are presented, and other travel associated with the work proposed.

For NIH, all air travel paid for with federal grant funds must be on a U.S.-flagged carrier if available.
Equipment is its own budget category.

OHSU definition: Tangible, nonexpendable personal property having a useful life of more than one year and an acquisition cost of $3,000 or more per unit. Computers are not necessarily equipment. If each unit is less than $3,000, then it is considered a supply.
Supplies are tangible items used to conduct the research.

When charged as direct costs, materials and supplies must be directly allocable to the research project: things such as chemicals, test kits, laboratory glassware and small equipment, specialized software packages or licenses, specimen bottles, or anything else that you need to carry out the research you are proposing.

OHSU does not allow “general office supplies” as a budget item on grant applications.
You can budget for incentive payments to study participants.

Incentive payments to volunteers or patients participating in a grant-supported project or program are allowable. Incentive payments to individuals to motivate them to take advantage of grant-supported health care or other services are allowable if within the scope of an approved project.
Other costs is a miscellaneous category.

Publication costs: NIH allows costs for dissemination of research findings from the proposed research. These would be costs in later years of the grant.

Teleconferencing: if you need to communicate with agency personnel or subcontractors

Fee-for-service costs: such as OHSU Shared Resources

Note: Food and entertainment costs are not allowed on NIH grants.
Subcontract or subaward expenses are a special part of a grant budget.

Subcontract direct and indirect expenses are considered part of the prime institution’s direct expenses, but subcontract indirects are not considered if there is a maximum allowed for direct costs. Many institutions take indirects costs on the first $25,000 of a subcontract budget.
Having subcontractors on a proposal means building in enough time for them to get signoff at their institutions.

Allow time for them to create their budget, for you to approve it, and for them to get approval at their institution.

You will also need materials such as budget justification, biosketches, facilities & resources and personnel contact information.

Usually there is a signed Statement of Intent between the two institutions — this can take time.
Make sure your budget justification will answer any questions reviewers may have about your budget.

Personnel section should indicate what each person will be doing on the project.

Provide detail for travel, consultant other direct costs.

Subcontract costs need a justification as well.

Explain increases or decreases per year.
NIH grants with direct costs under $250,000 are submitted as modular budgets.

These criteria apply if you are applying for an R grant and the institution is in the United States. But it you still need to create a detailed budget for yourself and your institution.

AHRQ does not have modular budgets, nor does PCORI.
Be aware of direct costs vs. indirect costs.

Direct Costs: Costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

F&A Costs: Costs that are incurred by a grantee for common or joint objectives and that, therefore, cannot be identified specifically with a particular project or program. These costs also are known as “indirect costs.”

From: http://grants.nih.gov/grants/developing_budget.htm
NIH usually has a limit on direct costs while AHRQ has a limit on total costs.

The PA or RFA will tell you of any budget caps.

For NIH grants you normally need advance permission to exceed $500K per year of direct costs.

AHRQ usually puts a cap on total costs, both directs and indirects (F&A).
NIAID is a great resource for investigators.

National Institute of Allergy and Infectious Diseases has All About Grants Tutorials.

www.niaid.nih.gov/researchfunding/grant/pages/aag.aspx

There is a section on budgets:

"Strategy for NIH Funding: Plan Your Budget":
http://www.niaid.nih.gov/researchfunding/grant/strategy/pages/3forms.aspx#j01
In conclusion

Working early to identify all the components of your proposal budget and verifying that your budget meets proposal requirements can lead to a successful proposal budgeting experience.
Addendum:
Budgeting for Industry Sponsored Clinical Trials

Information from Darlene Kitterman, MBA, Director, Investigator Support & Integration Services (ISIS), Oregon Clinical & Translational Research Institute (OCTRI)
What is a Clinical Trial at OHSU?

• Clinical Drug/Device Investigation
  – Mission code 54
  – A study of a drug (device, or diagnostic) where it “...is administered or dispensed to, or used involving, one or more human subjects.” and is a "prospective biomedical or behavioral research study of human subjects that is designed to answer specific questions about biomedical...interventions (drugs,... devices, or new ways of using known drugs...or devices).”
  – Translation: A drug or device intervention into a person
Budget Preparation

• Analyze costs
  – Identify standard of care vs. research procedures
  – Minimum: all research costs must be covered in budget
    • All tests and procedures
    • Salary support (investigator, study coordinator, other)
    • Professional fees (if not already getting salary support)
    • Other invoicable costs (informed consent translation, IRB initial, continuing, and modification review fees*, pharmacy**, shipping, document storage, subject reimbursement, supplies, advertising, etc.)

*Required if industry sponsored  **Required if study of drug
Budget Preparation

• Determine rates
  – Hospital Services
    • Obtain rates from Clinical Department Contact or Research Rates Database
    • Technical Fees
      – Federal:
        » Must use research rate
        » Hospital price X Research Rate % = Research price
      – Industry sponsored:
        » Budget for full price if possible
        » Will be charged research price (see below)
      – Budget for ~10% increase per year
  – Professional Fees
    – Obtain from Clinical Department Contact or Research Rates Database
    – Standard discount ($75/RVU) reflected in database
    – Invoice from UMG reflects discount
Budget Preparation

- **Determine rates (cont.)**
  - University service
    - Service center rate
    - Contact manager of service center
  - Outside vendor
    - Commercial vendor services: Agreement through Logistics
    - Outside organization involved in study: Subcontract through RGC

- **Apply Correct Indirect Cost Rate (IDC)**
  - Industry: 25% Total Cost (TC)
    - 20% institutional F&A
    - 5% Department Assessment
      - Some departments don’t assess, stays in account
      - Some departments assess more, must add line item in budget
      - Some divisions assess in addition to department assessment, must add line item in budget
  - Non-industry: 32% Modified Total Direct Cost (MTDC), excludes
    - Patient care costs
    - Equipment
    - Tuition, etc.
Unallowable Costs

• Industry
  – Finders fees
  – Referral fees
  – Enrollment incentives

• Federal
  – All industry unallowable above
  – Also unallowable costs per A-21
    • Administrative
    • Preparatory to research, etc.