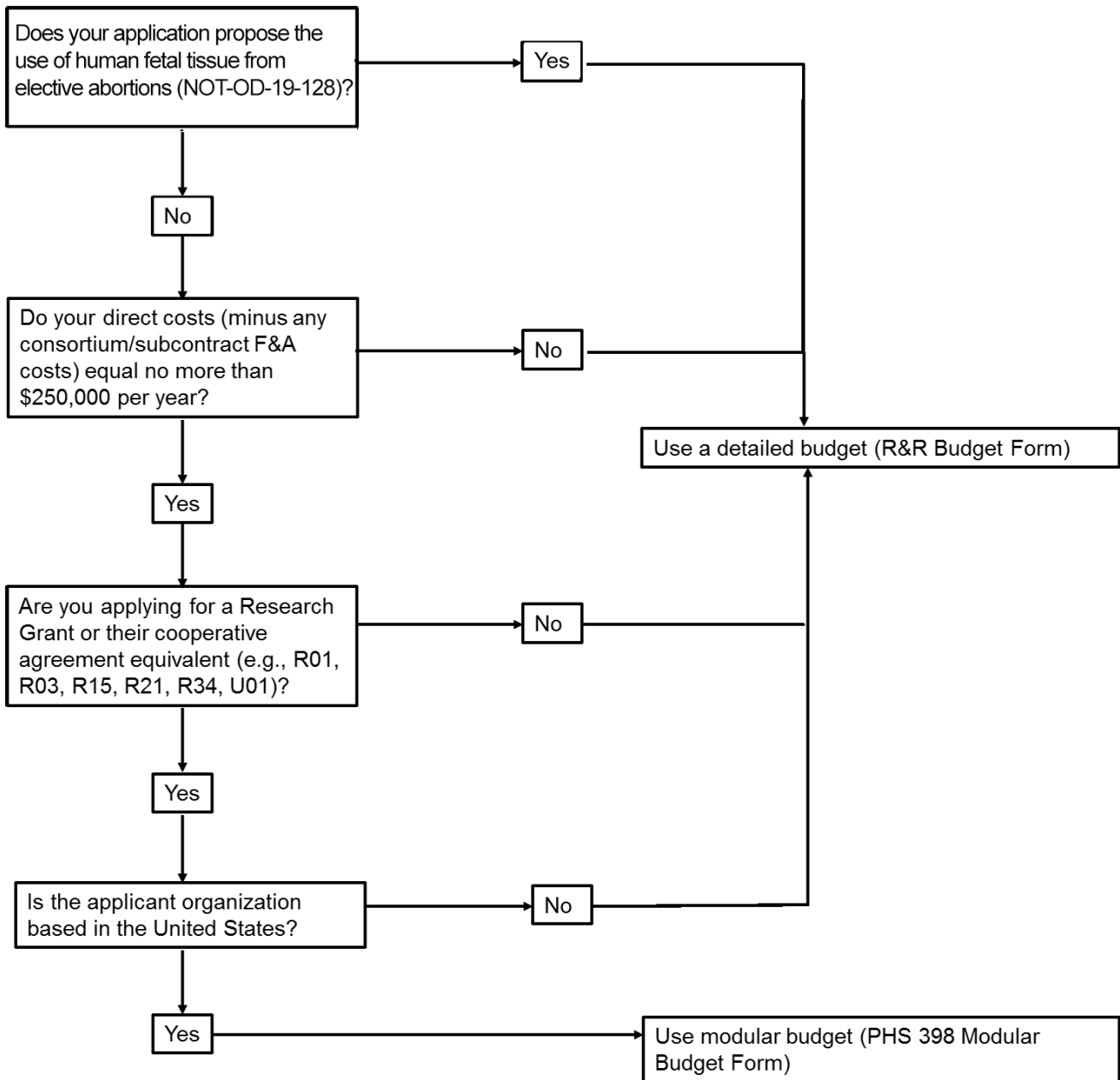# Modular versus Detailed Budgets

The NIH uses 2 different formats for budget submission depending on the total direct costs requested and the activity code used.

The application forms package associated with most NIH funding opportunities includes two optional budget forms—(1) R&R Budget Form; and, (2) PHS 398 Modular Budget Form. NIH applications will include either the R&R Budget Form or the PHS 398 Modular Budget Form, but not both. To determine whether to use a detailed versus modular budget for your NIH application, see the flowchart below.

Modular Budgets

NIH uses a modular budget format to request up to a total of $250,000 of direct costs per year (in modules of $25,000, excluding consortium F&A costs) for some applications, rather than requiring a full detailed budget.

The modular budget format is NOT accepted for

- SBIR and STTR grant applications,
- applications from foreign (non-U.S.) institutions (must use detailed budget even when modular option is available), or
- applications that propose the use of human fetal tissue (HFT) obtained from elective abortions (as defined in NOT-OD-19-128 for HFT) whether or not costs are incurred.

Creating a modular budget

- Select the PHS398 Modular Budget form for your submission package, and use the appropriate set of instructions from the electronic application user's guide. You do not need to submit the SF424 (R&R) Budget form if you submit the PHS398 Modular Budget form.
- Consider creating a detailed budget for your own institution's use including salaries, equipment, supplies, graduate student tuition, etc. for every year of funds requested. While the NIH will not ask for these details, they are important for you to have on hand when calculating your F&A costs base and writing your justification, and for audit purposes.
- In order to determine how many modules you should request, subtract any consortium F&A from the total direct costs, and then round to the nearest $25,000 increment.

A modular budget justification should include:

- *Personnel Justification:* The Personnel Justification should include the name, role, and number of person-months devoted to this project for every person on the project. Do not include salary and fringe benefit rate in the justification, but keep in mind the legislatively mandated salary cap when calculating your budget. [When preparing a modular budget, you are instructed to use the current cap when determining the appropriate number of modules.]
- *Consortium Justification:* If you have a consortium/subcontract, include the total costs (direct costs plus F&A costs), rounded to the nearest $1,000, for each consortium/subcontract. Additionally, any personnel should include their roles and person months; if the consortium is foreign, that should be stated as well.
- *Additional Narrative Justification:* Additional justification should include explanations for any variations in the number of modules requested annually. Also, this section should describe any direct costs that were excluded from the total direct costs (such as equipment, tuition remission) and any work being conducted off-site, especially if it involves a foreign study site or an off-site F&A rate.

See the NIH Modular Research Grant Applications page and the NIH Grants Policy Statement for more information.

Detailed Budget: Personnel (Sections A & B)

Personnel make up sections A and B of the SF424 (R&R) Budget form. *All personnel from the applicant organization dedicating effort to the project should be listed on the personnel budget with their base salary and effort, even if they are not requesting salary support.*

- *Effort:* Effort must be reported in person months. For help converting percent effort to person months, see: https://grants.nih.gov/grants/policy/person_months_faqs.htm.

- *Salary Caps:* NIH will not pay requested salary above the annual salary cap, which can be found at https://grants.nih.gov/grants/policy/salcap_summary.htm. If salary is requested above the salary cap, NIH will reduce that line item to the salary cap, resulting in a reduced total award amount. In future years, if the salary cap increases, grantees may rebudget to pay investigator salaries up to the new salary cap, but NIH will not increase the total award amount. If you are preparing a detailed budget, you are instructed to base your request on actual institutional base salaries (not the cap) so that NIH staff has the most current information in hand at the time of award and can apply the appropriate salary cap at that time.

- *Fringe Benefits:* The fringe benefits rate is based on your institution's policy; the NIH does not have a pre-set limit on fringe benefits. More information on what is included as fringe benefits can be found in the Grants Policy Statement at https://grants.nih.gov/grants/policy/nihgps/HTML5/section_12/12.8.1_salaries_and_fringe_benefits.htm. If you have questions about what rate to use, consult your institution's sponsored programs office.

- *Senior/Key Personnel:* The Senior/Key Personnel section should include any senior or key personnel *from the applicant organization* who are dedicating effort to this project. "Other Significant Contributors" who dedicate negligible effort should not be included. Some common significant contributors include: 1) CEOs of companies who provide overall leadership, but no direct contribution to the research; and 2) mentors for K awardees, who provide advice and guidance to the candidate but do not work on the project. Likewise, any consultants or collaborators who are not employed by the applicant organization should not be included in section A, but rather should be included in section F.3 of the budget (for consultants) or in section A of the consortium/subaward budget page (for collaborators).

- *Postdoctoral Associates:* Postdocs can be listed in either section A or B depending on their level of involvement in project design and execution. If listed in section B, include the individuals' names and level of effort in the budget justification section.

- *Graduate Students:* Graduate students can be listed in either section A or B, but if listed in section B, include the individuals' names and level of effort in the budget justification section. Tuition remission is included in section F.8 (not section A), but is included in the graduate student compensation limits. For more about the graduate student compensation limit, see: https://grants.nih.gov/grants/guide/notice-files/NOT-OD-02-017.html. For current NRSA stipend levels, see the NRSA help page at: https://researchtraining.nih.gov.

- *Other Personnel:* Other personnel can be listed by project role. If multiple people share the same role such as "lab technician", indicate the number of personnel to the left of the role description, add their person months together, and add their requested salaries together. The salaries of secretarial/clerical staff should normally be treated as F&A costs. Direct charging of these costs may be appropriate where a major project or activity explicitly budgets for administrative or clerical services and individuals involved can be specifically identified with the project or activity [see Exhibit C of OMB Circular A-21 (relocated to 2 CFR, Part 220)]. Be specific in your budget justifications when describing other personnel's roles and responsibilities.

Detailed Budget: Equipment, Travel, and Trainee Costs (Sections C, D, and E)

- *Equipment:* Equipment is defined as an item of property that has an acquisition cost of $5,000 or more (unless the organization has established lower levels) and an expected service life of more than one year. Tips:
    - Generally equipment is excluded from the F&A base, so if you have something with a short service life (< 1 year), even if it costs more than $5,000, you are better off including it under "supplies".
    - If you request equipment that is already available (listed in the Facilities & Other Resources section, for example), the narrative justification must explain why the current equipment is insufficient to accomplish the proposed research and how the new equipment's use will be allocated specifically to the proposed research. Otherwise, NIH may disallow this cost.
    - General purpose equipment, such as desktop computers and laptops, that will be used on multiple projects or for personal use should not be listed as a direct cost but should come out of the F&A costs, unless primarily or exclusively used in the actual conduct of the proposed scientific research.
    - While the application does not require you to have a price quote for new equipment, including price quotes in your budget justification can aid in the evaluation of the equipment cost to support the project.
- *Travel:* In the budget justification, include the destination, number of people traveling and dates or duration of your stay for all anticipated travel. As with the equipment justification, it is important that you clearly state how the travel is directly related to your proposed research (e.g. you can go to a conference to present your research, but not just for the purpose of "staying current in your field"). You should refer to your institution's travel policy for guidance on how you should arrange the travel, but if your institution lacks a policy, it is expected that you will follow the U.S. federal government policy found here: http://www.gsa.gov/federaltravelregulation.

- *Trainee Costs:* Leave this section blank unless otherwise stated in the FOA. Graduate student tuition remission can be entered in section F.8.

Detailed Budget: Other Direct Costs (Section F)

- *Materials and Supplies:* In the budget justification, indicate general categories such as glassware, chemicals, animal costs, including an amount for each category. Categories that include costs less than $1,000 do not have to be itemized.

- *Animal Costs:* While included under "materials and supplies", it is often helpful to include more specific details about how you developed your estimate for animal costs. Include the number of animals you expect to use, the purchase price for the animals (if you need to purchase any), and your animal facility's per diem care rate, if available. Details are especially helpful if your animal care costs are unusually large or small. For example, if you plan to follow your animals for an abnormally long time period and do not include per diem rates, the reviewers may think you have budgeted too much for animal costs and may recommend a budget cut.

- *Publication Costs:* You may include the costs associated with helping you disseminate your research findings from the proposed research. If this is a new application, you may want to delay publication costs until the later budget periods, once you have actually obtained data to share.

- *Consultant Services:* Consultants differ from Consortiums in that they may provide advice, but should not be making decisions for the direction of the research. Typically, consultants will charge a fixed rate for their services that includes both their direct and F&A costs. You do not need to report separate direct and F&A costs for consultants; however, you should report how much of the total estimated costs will be spent on travel. Consultants are not subject to the salary cap restriction; however, any consultant charges should meet your institution's definition of "reasonableness".

- *ADP/Computer Services:* The services you include here should be research specific computer services- such as reserving computing time on supercomputers or getting specialized software to help run your statistics. This section should not include your standard desktop office computer, laptop, or the standard tech support provided by your institution. Those types of charges should come out of the F&A costs.

- *Alterations and Renovations (A&R):* A&R does not include general maintenance projects (normally handled under F&A) or projects exceeding $500,000 (considered "construction" projects). A&R can be used for projects such as altering a room to make space for a new grant-related piece of equipment. If applicable:
    o Justify basis for costs, itemize by category.
    o Enter the total funds requested for alterations and renovations. Where applicable, provide the square footage and costs.
    o If A&R costs are in excess of $300,000 further limitations apply and additional documentation will be required.
- *Research Patient Care Costs:* Few budgets contain patient care expenses, however if inpatient and/or outpatient costs are requested, the following information should be provided:
    o The names of any hospitals and/or clinics and the amounts requested for each.
    o If both inpatient and outpatient costs are requested, provide information for each separately.
    o Provide cost breakdown, number of days, number of patients, costs of tests/treatments.
    o Justify the costs associated with standard care or research care. (Note: If these costs are associated with patient accrual, restrictions may be justified in the Notice of Award.)
      (See NIH Grants Policy Statement NIH Grants Policy Statement, Research Patient Care Costs)
- *Tuition:* In your budget justification, for any graduate students on your project, include what your school's tuition rates are. You may have to report both an in-state and out-of-state tuition rate. Depending on your school stipend and tuition levels, you may have to budget less than your school's full tuition rate in order to meet the graduate student compensation limit (equivalent to the NRSA

zero-level postdoctorate stipend level).

- *Human Fetal Tissue (HFT) from elective abortions:* If your application proposes the use of human fetal tissue obtained from elective abortions (as defined in NOT-OD-19-128), you must include a line item titled "Human Fetal Tissue Costs" on the budget form and an explanation of those costs in the budget justification.

- *Other:* Some types of costs, such as entertainment costs, are not allowed under federal grants. NIH has included a list of the most common questionable items in the NIH Grants Policy Statement (https://grants.nih.gov/grants/policy/nihgps/HTML5/section_7/7_cost_consideration.htm). If NIH discovers an unallowable cost in your budget, generally we will discount that cost from your total award amount, so it is in your best interest to avoid requesting unallowable costs. If you have any question over whether a cost is allowable, contact your sponsored programs office or the grants management specialist listed on the funding opportunity announcement.