Creating a Budget for Your Project Proposal

Budget creation is for some one of the most difficult aspects of proposal preparation. I think this is primarily a psychological problem – people don’t want to make a mistake and find it daunting to put actual numbers to a project that can be changeable and somewhat unpredictable. It helps to view the budget as the financial expression of your statement of work. The two are intimately related. If you know what you are going to do, and how you will want to accomplish your goals, the job of budgeting follows more easily. And it also helps to know that most funding agencies understand that budgets cannot be cemented down. They are a best estimate, and most awards include a provision allowing you to re-budget your project within an agency’s terms and conditions, to meet the unexpected changes or needs of your project.

So as you may have gleaned from the above, the first thing is to map out your project’s tasks in a statement of work. Know what activities will be involved. Know how you will accomplish your objectives. Then break down the budget into cost categories, and consider them individually:

**People** - This is by far the most difficult budget category to estimate. It’s difficult enough for a new researcher to estimate how much time it will take to complete something, but then you have to estimate for any others who will help you get the work done. The central point here, is that you think about the work in terms of time. For example, as a Principal Investigator, consider the specific tasks you need to accomplish, and estimate how much time they will take (and don’t forget that tasks always take longer than you think they will), then add on 30-40% more time for project management, reporting, supervision, and all the administrative tasks you never knew you had to do. Then it’s a simple matter at Syracuse to fill in the Campus budget template with your salary and the time you will need, and voila, a budget amount is created.

Next, who else will be needed? Do you have a CoPI? Will you need some student help? What kind of students will be able to accomplish the tasks? PhD students? Master students? When during the project will you need their assistance? Do you want to ensure student commitment by offering Research Assistantships? Or will your project be better accomplished by hiring students on an hourly basis?

Do you need professionals? Evaluators, programmers, statisticians? Will you need the expertise of a particular consultant?

In drawing up your budget, you will need to make a clear distinction between which of these people are at your institution, and which will come from outside your institution, requiring either subcontracts or consultant agreements.

**Fringe Benefits** - It’s best to use the Campus budget template to generate your budget, as Fringe benefits are automatically calculated. If you are using a different tool, don’t forget to include this important category!! Rates can be found on the OSP website.

**Travel** - Will your project involve travel? This category can include travel for field work, program level meetings, and conference attendance. Estimate the number of trips you need to budget, how many people will be involved and the purpose of the trip. Fare, mileage, ground transportation,
accommodations and meals can be included, and must be reasonable. While you can do the research to estimate costs for your trip to Austin or to Seattle, you may want to confer with OSP or your budget people and use a rough average per-trip cost per trip based on its purpose and whether domestic or international.

In budgeting travel, it is important to identify if there is any international travel involved. Funding agencies want to be alerted to potential problems, and international travel can raise issues regarding export control, security and safety. At the very least, they will want to be aware of your travel plans.

**Equipment** - For proposals, this category is for major equipment valued at $5000 or more.

**Participant costs** - This is a special category of cost that is used primarily for training grants – to cover scholarships, or to cover costs incurred by participants in order to attend a training session or focus group you are holding, or a workshop. It primarily consists of travel costs, tuition and registration.

**Materials and supplies** - Do you need an audio recorder? Special software? Special communication devices? Eye tracking equipment? Signage? All of these types of costs are included in this category. Be careful budgeting computing devices – these are usually considered administrative costs not allowable in a grant budget. However, if they are needed and dedicated to the project, you can budget them with a good justification.

**Tuition** - If you are budgeting a Research Assistant, their tuition needs are budgeted here. Estimated tuition rates for future years are posted on the OSP website.

**Other** - There are many other types of costs that can go into a budget – Subcontracts, Consultants, Publication costs, Services (website design, transcription, evaluation, etc), that your statement of work will reveal. They should all be considered carefully and accounted for.

**Indirect costs** - You will need to include indirect costs, often referred to as Facilities and Administrative costs, or Overhead. This is a negotiated rate that covers the institution's cost of doing research. Specifically, it covers facilities – lights, heat, desks, chairs – needed for research, personnel to handle accounting and administrative tasks, computing equipment, and the like. These costs are not usually dedicated to a single project, but rather are dedicated to all sponsored projects at the institution. There are different rates as well depending on whether your project is research or training, on campus or off campus, or limited by the funder.

Now that you have your ideal costs budgeted, where do you stand? Does it fit within the limits of the program you are applying to? If not, you need to consider if the scope of your project is too big, and adjust your scope of work to fit with program expectations better.

Finally, you don’t have to do this alone. There are always people in your school or department (me!), or in your Sponsored Programs office that can assist you with budgeting. Call on them for information, feedback, advice. They’re here to help you!