

### **Budget Development Process**

The National Institutes of Health (NIH) requires applicants to submit a well-structured budget that accurately reflects the financial needs of their proposed research. This document provides guidance on preparing an NIH grant budget, outlining the differences between a modular and a detailed budget and including examples for reference.

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#### **1. NIH Budget Types**

The NIH recognizes two primary types of budgets:

##### **a. Modular Budget**

- Used for research project grants (R01, R03, R15, R21, etc.) with direct costs of \$250,000 or less per year.
- Submitted in modules of \$25,000 increments.
- Does not require a detailed breakdown of direct costs.
- Facilities and Administrative (F&A) costs are requested separately.
- Suitable for smaller projects with predictable expenses.

##### **b. Detailed Budget**

- Required when direct costs exceed \$250,000 per year or for specific grant mechanisms.
- Provides an itemized breakdown of costs, including personnel, equipment, supplies, travel, and other expenses.
- Requires justification for all budget items.
- Necessary for large-scale or complex research projects.

#### **2. Budget Components**

Both budget types include the following cost categories:

##### **a. Direct Costs**

Costs directly attributable to the project, including:

- **Personnel:** Salaries, fringe benefits.
- **Equipment:** Items exceeding \$5,000 with a useful life of over a year.
- **Supplies:** Consumables, lab materials.
- **Travel:** Conference attendance, fieldwork.
- **Other Costs:** Publication fees, subawards, consultant services, patient care costs.

## b. Indirect Costs (F&A Costs)

- Cover institutional overhead, such as administrative support and facility maintenance.
- Applied as a percentage of direct costs, determined by MSM's negotiated rate.

## 3. Budget Justification

- **Modular Budget Justification:** Describes personnel roles, effort commitment, and general project expenses.
- **Detailed Budget Justification:** Provides a line-by-line explanation of costs, linking each to project objectives.

## 4. Budget Comparison Table

Budget Type	Direct Cost Threshold	Submission Format	Justification Required?	Suitable For
Modular	≤ \$250,000 per year	\$25,000 modules	Yes, but summary-level	Small, less complex projects
Detailed	> \$250,000 per year	Line-item format	Yes, detailed breakdown	Large, complex projects requiring oversight

## 5. Example Budgets

### Example 1: Modular Budget (\$225,000 Total Direct Costs Per Year)

- Total Direct Costs: \$225,000 (9 modules of \$25,000)
- No detailed breakdown required
- Justification:
  - Personnel: PI, Postdoc, and Technician effort levels
  - Equipment: Basic laboratory setup
  - Supplies: General lab supplies
  - Travel: Conference attendance

### Example 2: Detailed Budget (\$300,000 Total Direct Costs Per Year)

Category	Year 1 Cost
Personnel	\$150,000
Equipment	\$50,000
Supplies	\$30,000
Travel	\$10,000
Other Costs	\$20,000
Total	\$300,000

## 6. Conclusion

A well-prepared budget enhances the credibility of the grant application and ensures appropriate financial planning. Understanding the differences between modular and detailed budgets allows applicants to choose the appropriate format and provide accurate cost justifications.

For more information and official forms, visit [GENERAL APPLICATION GUIDE FOR NIH AND OTHER PHS AGENCIES SF424 \(R&R\) - Forms Version I](#), for due dates ON/AFTER Jan. 25, 2025.