



SOCIETY OF  
RESEARCH  
ADMINISTRATORS  
INTERNATIONAL

# Budgeting Basics for Research Administration Success

Nicholas Prieur  
University of Michigan  
SRA Midwest 2025

# **Who Am I?**

## **Why Are They Letting Me Teach This?**

# Who Am I?

- Research Administration Senior Manager
- Survey Research Center, University of Michigan
- Four full research programs
- Lifecycle research administrator
- Teaching budgeting basics for research administrators!



# Learning Objectives

# Learning Objectives

- Objective 1: Learn common budgeting categories and items in creating sponsored budgets
- Objective 2: Understand the difference between direct and indirect costs
- Objective 3: Identify stumbling blocks in budget creation and implement strategies for mitigation



**Let's Learn About All of You!**

# Let's Learn About All of You!

- How many of you.....
  - Have been in research administration less than 2 years? More?
  - Work in pre-award?
  - Have never done a budget before?
  - Are interested in how this works?



# Quick Housekeeping

# Budget Basics ..... here we go!

# Budget Basics .... Here we go!

- What is a budget?
  - A written plan for expenses on a project
  - Identifying your priorities and goals is key to a successful budget
  - Tracking your actual spending and income is vital upon award



# Budget Basics .... Here we go!

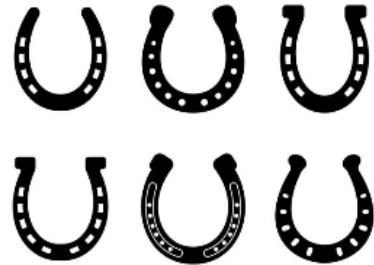
- Types of Budgets!
  - Normal sponsors (NIH, NSF, CDC, etc)
    - Cost reimbursable
  - Hourly rate budgets
  - Budgets by task
  - Budgets by period
  - Fixed Price
  - Others????



*How Do You Know Which Kind to Use?????*

# Budget Basics .... Here we go!

- Nick's Pro Tips Part 1
  - Budgets are like horseshoes and hand grenades.....
  - Living, breathing document
  - Best estimates based on the information you have
  - Don't be intimidated!
  - **KNOW YOUR SPONSOR!**



# Budget Basics .... Here we go!

- Nick's Pro Tips Part 2....how do you get information?
  - Talk to your faculty! Go back multiple times for clarification!
  - Know what number you're shooting for (caps)
  - Have a template you can easily use
  - How will you share data?
  - What output do you need?
  - Identify colleagues to help!



# Budget Basics .... Here we go!

- Cost Principles - What are they?
  - Policies and procedures established by the federal government in accordance with generally accepted accounting principles.
- Where do they come from?
  - Started in the early 1990's after an audit at Stanford
  - Originally referred to as "OMB Circular A-21 Circular, Cost Principles for Educational Institutions." **Now called the Uniform Guidance (UG).**
- **Allowable:** are necessary for the performance of the project; conform to any limitations or exclusions
- **Allocable:** solely benefits the project in proportion to other projects
- **Reasonable:** if in its nature and amount it does not exceed what a prudent person would do in the same circumstance
- **Consistently treated:** each item of cost incurred for the same purpose should be treated consistently in like circumstances

# Budget Basics .... Here we go!

- Three Basics Types of Costs
  - Direct Costs
    - Directly allocable to the project
    - Examples? Salary, fringe benefits, travel, respondent payments, etc
  - Indirect Costs
    - Expenses incurred by an organization that are not directly tied to a specific project or product but are necessary for the overall operation and support of the organization
    - Often charged as a percentage of directs
    - Examples? Rent, space, administrative costs, insurance, classrooms, etc
  - Modified Total Direct Costs (more on this later!)

# Budget Basics .... Here we go!

- Common Direct Costs
  - Salaries
  - Fringe benefits
  - Travel
  - Students / Tuition
  - Consultants
  - Supplies
  - Equipment
  - Subcontracts
  - Respondent Payments
  - Data Collection
  - Data Costs
  - The List Continues....any others?



# Budget Basics .... Here we go!

- Common Direct Costs
  - Salaries
    - Overall appointments of individuals & know how to budget them
    - Common: Academic, Summer, Calendar
    - Both faculty and staff
    - Can include TBN based on work scope
    - Budgeted by effort or months or hours
  - Fringes
    - Proportional fraction (many universities) or actual fringe benefit rates
    - Covers insurance, FICA, retirement, etc.

***Do You Know How to Get This Information????***

# Budget Basics .... Here we go!

- Other Direct Costs
  - Travel
  - Students / Tuition
  - Consultants
  - Supplies
  - Equipment or Fees
  - Subcontracts
  - Respondent Payments
  - Data Collection
  - Data Costs
  - Clinical Trials
  - Animals



# Budget Basics .... Here we go!

- Subcontract vs. Consultants
  - Subcontracts
    - Definition: An entity or person who is a non-U-M investigator that carries out work often used in large, collaborative proposals with several partners that are involved in the scientific development and execution (considered Key Personnel (Co-PI, Co-I)).
    - Must include subcontracts individual budgets and other necessary documents with the overall proposal submission
  - Consultants
    - Participant who provides expertise, primary organizational affiliation, and amount of proposed compensation

			<b>Total Period</b>			
			04/01/24	—	03/31/27	
	<b>SALARY COSTS:</b>		<b>YEAR 1</b>			
424 Categories	Name		Base	Months	Salary	Fringe TOTAL
	<b>RESEARCH SALARIES</b>					
	Mickey Mouse		\$161,628	6	80,814	24,244 105,058
	Donald Duck Academic		\$161,887	0.6	8,094	2,428 10,522
	Donald Duck Summer		\$53,962	0.6	2,698	809 3,507
	Minnie Mouse		\$156,520	0	-	- -
	Fringe Benefits @			30%	50,256	
	<b>TOTAL PERSONNEL COSTS</b>				<b>217,773</b>	
	<b>NONSALARY COSTS:</b>					
	Equipment				-	
	Travel -- Domestic				5,000	
	Travel -- Foreign				-	
	Materials & Supplies (Gen Sup UG)				-	
	Publication/doc/dissemination				-	
	Consultant Services				105,858	
	ADP/Computer Services				-	
	Subawards/subcontracts				615,481	
	Equipment/Facility Rental Fee				-	
	Alterations/Renovations				-	
	Other				169,000	
	<b>TOTAL NONSALARY COSTS</b>				<b>895,339</b>	
	<b>TOTAL DIRECT COSTS .....</b>				<b>1,113,112</b>	

# Are You Still With Me???



# Budget Basics .... Here we go!

- Indirect Costs
  - Expenses incurred by an organization that are not directly tied to a specific project or product but are necessary for the overall operation and support of the organization
  - Often charged as a percentage of directs or a flat rate
  - Examples? Rent, space, administrative costs, insurance, classrooms, etc

Total Direct Costs	\$200,000
Indirect Cost Rate	56%
Indirect Costs	\$112,000
Total Costs	\$312,000

# Budget Basics .... Here we go!

- Indirect Costs
  - Have you heard anything about indirects lately???

Supplemental Guidance to the 2024 NIH Grants Policy Statement: Indirect Cost Rates

Notice Number:

NOT-OD-25-068

## Key Dates

Release Date:

February 7, 2025

# Budget Basics .... Here we go!

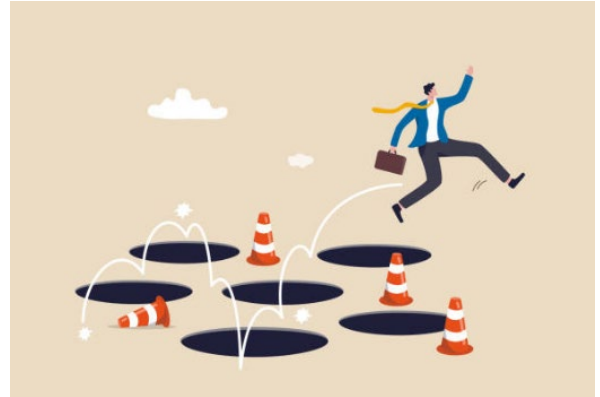
- Modified Total Direct Costs (used for calculating indirects)
  - Based on your sponsor!
  - MTDC includes all direct costs except:
  - Subcontract(s) beyond first \$25,000\*\* for each subcontract
  - Participant Costs (stipends, travel allowances, registration fees)
  - Tuition
  - Equipment
  - Patient Care
  - Genomic Array Costs

\*\*will eventually change to  
Over \$50K

Salaries	100,000
Fringes	30,000
Equipment	10,000
Supplies	15,000
Travel	2,500
Tuition	14,000
<b>Total Direct Cost</b>	<b>171,500</b>
<b>Less Exclusions</b>	<b>24,000</b>
<b>MTDC</b>	<b>147,500</b>

# Pitfalls

- Ensuring you understand your caps
- Checking salaries – phone a friend
- Engage with PI's regularly
  - Ask for specific aims
- Know what you are budgeting!
  - Subs vs. consultants
  - Effort
  - Bouncing between categories
- Find a template & stick with it
  - Will have multiple iterations
  - Need to be nimble
  - Watch formulas!



# Any Questions?

Nick Prieur – [nprieur@umich.edu](mailto:nprieur@umich.edu)

Thank you so much!

