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Budgeting Basics for Research Administration Success

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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

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- 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!

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- 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!

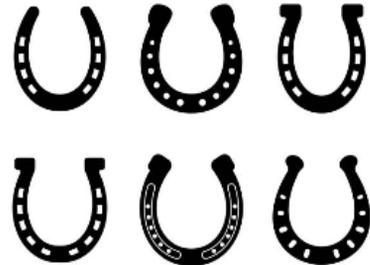
- Types of Budgets!
 - Normal sponsors (NIH, NSF, CDC, etc)
 - Cost reimbursable
 - Hourly rate budgets
 - Budgets by task
 - Budgets by period
 - Fixed Price
 - Others????



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

		Total Period				
		04/01/24	--	03/31/27		
SALARY COSTS:		YEAR 1				
424 Categories	Name	Base	Months	Salary	Fringe	TOTAL
	RESEARCH SALARIES					
	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		
	TOTAL PERSONNEL COSTS			217,773		
	NONSALARY COSTS:					
	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		
	TOTAL NONSALARY COSTS			895,339		
	TOTAL DIRECT COSTS			1,113,112		

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
Total Direct Cost	171,500
Less Exclusions	24,000
MTDC	147,500

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?

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Thank you so much!

