

## Budget Justification

Essentially, the budget justification should explain all of the expenses included in the budget. The requested information varies depending on whether you are using the modular or categorical budget format.

### Modular Budget Format

The budget justification accompanying a modular budget should be comprised of three separate documents:

- 1) **Personnel Justification:** List all personnel, including name, role, number of person months devoted to the project (indicate academic, calendar, and/or summer) and activity to be performed on the project. Do not provide individual salary information. Since the modules should be a reasonable estimate of costs allowable, allocable, and appropriate for the proposed project, you must use the current salary cap when estimating the number of modules. No other items should be listed on the Personnel Justification.
- 2) **Consortium Justification:** Provide an estimate of total costs (direct plus facilities and administrative) for each year, rounded to the nearest \$1,000. When more than one consortium is involved, provide this estimate for each. List the individuals/organizations with whom consortium or contractual arrangements have been made, along with all personnel, including effort (in person months) and roles on the project. Do not provide individual salary information. Indicate whether the collaborating institution is foreign or domestic. While only the direct cost for a consortium/contractual arrangement is factored into eligibility for using the modular budget format, the total consortium/contractual costs must be included in the overall requested modular direct cost amount.
- 3) **Additional Narrative Justification:** This justification should be included if the requested budget requires any additional justification, such as variations in the number of modules requested, or explanation of exclusions applied to the F&A base calculation.

### Categorical Budget Format

Use the budget justification to provide the additional information requested in each budget category and any other information the applicant wishes to submit to support the budget request. The following budget categories must be justified, where applicable: equipment, travel, participant/trainee support and other direct cost categories (other expenses).

When justifying personnel, ensure each participating individual's name, role, person months devoted to the project (indicate academic, calendar, and/or summer), and activity to be performed are included.

Include in the justification any significant increases or decreases from the initial year budget. Justify budgets with more than a standard escalation from the initial to the future year(s) of support. Also use this section to explain any exclusions applied to the F&A base calculation.

If the application includes a subaward/consortium budget, a separate budget justification is submitted for that budget.

## **Things to Keep in Mind**

**Fringe Benefits / Inflation:** It is acceptable to list the fringe benefit rate used, but not to say that X% was used as it is “University policy.” It is also acceptable to note that an annual X% inflation was used in preparing the budget, but again not that it is “University policy.” The University has no formal policies in place regarding neither the fringe benefit rate to be used nor the inclusion of inflation.

**0 Calendar Months:** When listing consultants in the budget justification people sometimes note “0 calendar months” as the effort of the consultant. While we understand the effort of the individual may be minimal, we advise against listing “0 calendar months.” The listed activity to be performed for the project/role generally insinuates some, although small, portion of effort. Therefore, from an effort reporting compliance perspective listing 0 calendar months isn’t necessarily accurate. As an alternative we suggest leaving this field blank for those consultants or to list that the consultant is “unpaid.”

**GSRAs:** When listing GSRAs sometimes the salary requested on the budget may appear incorrect, even when it is accurate. The following sentence may be added to the justification for clarification:

- “GSRAs have a .5 FTE appointment at the University and the base salary reflects the reduced appointment.”

In addition to this statement, if the PI feels compelled to explain the employment arrangement in the justification, there are a few options that are approved by the Medical School:

- “X will devote 6 calendar months, which is equal to full time research effort for a GSRA.”
- “X will spend his full university appointment, which, under GSRA contract, is 6 calendar months.”
- “X will devote 100% of her appointment to this project. Under University of Michigan policy, GSRAs are contracted appointments of 6 calendar months.”

For information on budgeting GSRAs see the Frequently Asked Questions page of our website under the “FAQ About Budgets (General) header: <http://med.umich.edu/medschool/grants/faq.htm>

**UM/VA Joint Appointments:** When justifying faculty with a joint UM/VA appointment follow the instructions below:

- 1) Indicate the months proposed.  
(# of months at the UM as reflected on the MoU worksheet \* % of University Effort)  
Example: 3 months at the UM \* 50% UM effort = 1.5 calendar months
- 2) Indicate that there is a joint appointment with the VA, but all effort charged to the proposal comes from the University of Michigan (you may have additional time from the VA appointment reflected and no dollars recovered).
- 3) Indicate that a Memorandum of Understanding is on file.

Example language to use: “Dr. X will have 1.5 months devoted to this project. He also has a VA appointment, however all effort on this project will be from the University appointment. A MoU is on file describing the relationship.”