



BUDGET JUSTIFICATIONS: THE IMPORTANCE OF GETTING IT RIGHT

SEPTEMBER 23, 2026 1-3PM

AGENDA



- Purpose/ Necessity of the Budget Justification
- Allowable Budget Items
- Budget Category Justifications
- Special Allowable Costs
- Justification Examples
- General Discussion/ Questions

PURPOSE AND NECESSITY OF THE BUDGET JUSTIFICATION





- The budget justification is used to link the budget needs for your project to your research strategy.
- The justification should complement the other items in your application.
- DO NOT use the budget justification to expound upon your research strategy.

PURPOSE OF THE BUDGET JUSTIFICATION

- The sponsor wants to know that you thought through the needs of your project. The budget justification is the way to do that.
- You want to utilize every inch of your research strategy page count to explain your research strategy.
- Each description does not need to be lengthy but does need to thoroughly explain how your project will not be successful without the budget item.



WHY IS A BUDGET JUSTIFICATION NEEDED?

AGENCY REQUIREMENTS VERSUS LSU HEALTH SCIENCES CENTER REQUIREMENTS

- LSU Health Sciences Center will expect you to include your justification in your internal routing documents for all new applications, resubmissions, carryover requests, competing renewals, and requests for supplements.
 - The justification provided internally should match the format that the sponsor requires.
 - It should be as close to final as possible. Remember that if you need to change your budget numbers, the proposal needs to be rerouted internally, which includes your justification.
-

BUSINESS MANAGER REVIEW OF BUDGET JUSTIFICATIONS

Business Managers should be reviewing not just the budget numbers but the justifications as well.

As someone who is not close to the science, Business Managers can help a PI with the language. If its not clear to the Business Manager, it won't be clear to the reviewer.

It's important for the Business Manager to double and triple check that the numbers in the justification match the numbers in the SF424 Budget Form.

The Business Manager should also be catching any items that are unallowable per the sponsor and/or the funding opportunity.

Business Managers and Investigators should work as a team to put forward the best product possible.

BUDGET JUSTIFICATIONS AND NO COST EXTENSIONS

As a reminder, No Cost Extensions are requested to finish the work that wasn't completed during the allotted project period. There should be no new work/work that is a change in scope during an approved No Cost Extension.

It's important that the budget justification was clear at the time of submission so that during a No Cost Extension, it is much easier to apply to the remaining dollars and time.

You don't want to steer too far away from what was included in the original justification. Exceptions include costs that are higher because of inflation, or a publication increased its rates during the initial project period.

It's also important when requesting a No Cost Extension to justify why you need the opportunity to continue the initial project period. **You are not asking for a No Cost Extension just because you have money left over.**



ALLOWABLE COSTS AND HOW TO JUSTIFY THEM

- Personnel/Effort and Respective Fringe Benefits
- Supplies/Materials
- Travel
- Equipment
- Consultants
- Tuition
- Subawards
- Other Expenses
 - Animal Care
 - Research Patient Costs
 - Publications Costs
 - All other costs allowed but does not fit into a category
- Facilities & Administration (F&A)/ Indirect Costs



ALLOWABLE COST CATEGORIES

WHAT SHOULD ALLOWABLE COST JUSTIFICATIONS LOOK LIKE?

Regardless of category, you should list the amount you are requesting and a brief discussion on why that person/item is needed.

For Personnel specifically, list the name of each person, their total effort they are expected to contribute, and what they will contribute to the project.

Fringe Benefits should list the total amount in Personnel being requested, the rate for each personnel category at the time of submission, and the result of that calculation.

Ex. We are requesting a total of \$100,000 in personnel costs over the five years of the project at an approved benefit rate of 35% for faculty and staff, which equals a total request of \$35,000 in Fringe Benefits over the five years of the project.

PERSONNEL CATEGORIES

There are several categories under Personnel. Regardless of category, all persons listed under Personnel should be employees of LSUHSC or the applying institution. Effort should be listed in calendar months.

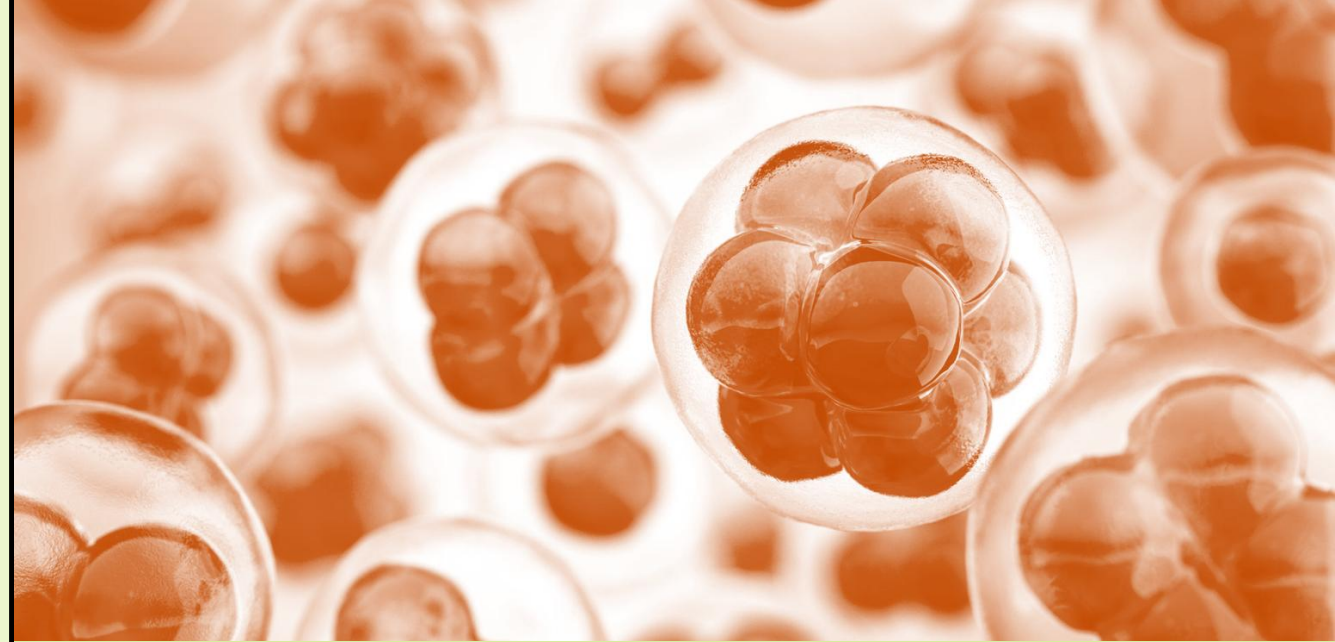
1. Senior/Key Personnel: Will contribute the most to the project; Discuss exactly what they will do but also why they are the only person or persons who could do the work; Will also require a biographical sketch.
2. Postdoctoral Associates: List what they will contribute to the project specifically and follow the NIH effort levels for years of experience.
3. Graduate Students: List what they will contribute to the project; Tuition is not listed here but later in the justification.
4. Other Personnel: Includes Research Associates, Lab Technicians, Coordinators; Secretarial/Clerical Staff should be considered under F&A Costs unless the funding opportunity specifically lists this personnel as a requirement. Secretarial/Clerical Staff must be specifically identified with the project objectives and cannot be generalized.
5. Other Significant Contributors: Should have negligible effort; Mentors are an example of an Other Significant Contributor

SALARY CAPS

Several sponsors have salary caps that needs to be followed:

1. HHS, which includes NIH:
Funds cannot exceed Executive Level II, currently \$228,000
2. NSF: Senior/Key Personnel are limited to 2 calendar months of their regular salary

- Supplies and Materials (\$4,999 per item or less): Should be justified into general categories (glassware, chemicals, animals)
 - According to NIH, any items below \$1,000 do not have to be itemized
- Equipment: Requires more justification; Should have an acquisition cost of \$5,000 or greater and a shelf life of more than one year
 - If you are requesting to purchase items listed in your Facilities & Other Resources Section, you must justify why the current equipment is insufficient
 - General purpose equipment, especially items used for multiple projects should be purchased through F&A costs
 - If a piece of equipment can be used on multiple projects, you must justify it on each project and costs should be applied as needed. Ex. Equipment is purchased for three projects: Project A: 30%, Project B: 50%, and Project C 20%



SUPPLIES/MATERIALS & EQUIPMENT

TRAVEL

General items to include in the justification: destination, how many people are traveling, dates and/or duration of stay.

It is **insufficient** to justify the travel as needed to “stay current in the field.” The justification must explain how the travel is directly related to the research.

Potential Update to Uniform Guidance (UG):
Travel will be unallowable after funding if not requested and justified within the application. Travel will require prior approval for all travel, and it needs to be specific such as listing the formal names of meetings.

If these UG updates are implemented, it will be very difficult to add travel “after the fact.”

CONSULTANTS & SUBAWARDS

Consultants: Provide advice **but do not directly contribute** to the decisions on the direction of the research.

Consultants **cannot** be employees of the submitting institution.

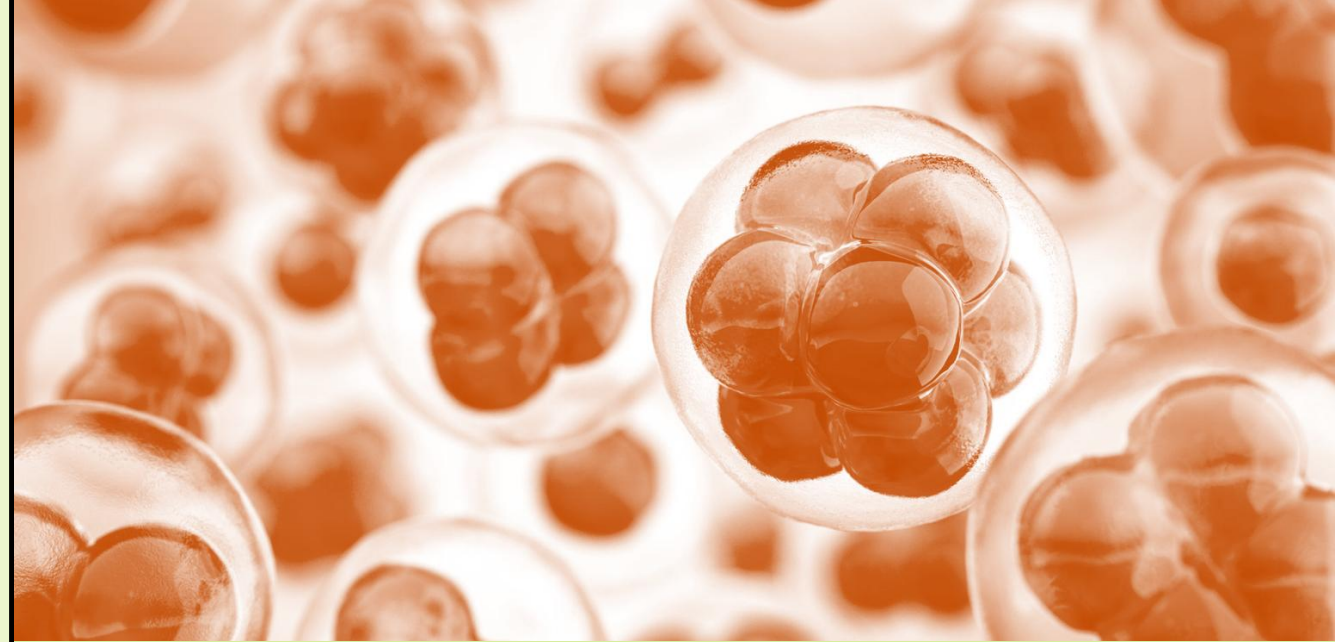
Include in the justification the rate of pay, approximate number of hours, and what kind of services will be provided for the rate of pay listed.

Subawards: Must contribute directly to the objectives of the project.

Subaward justifications should be listed separately from the main justification and should only list personnel/items specific to the subaward.

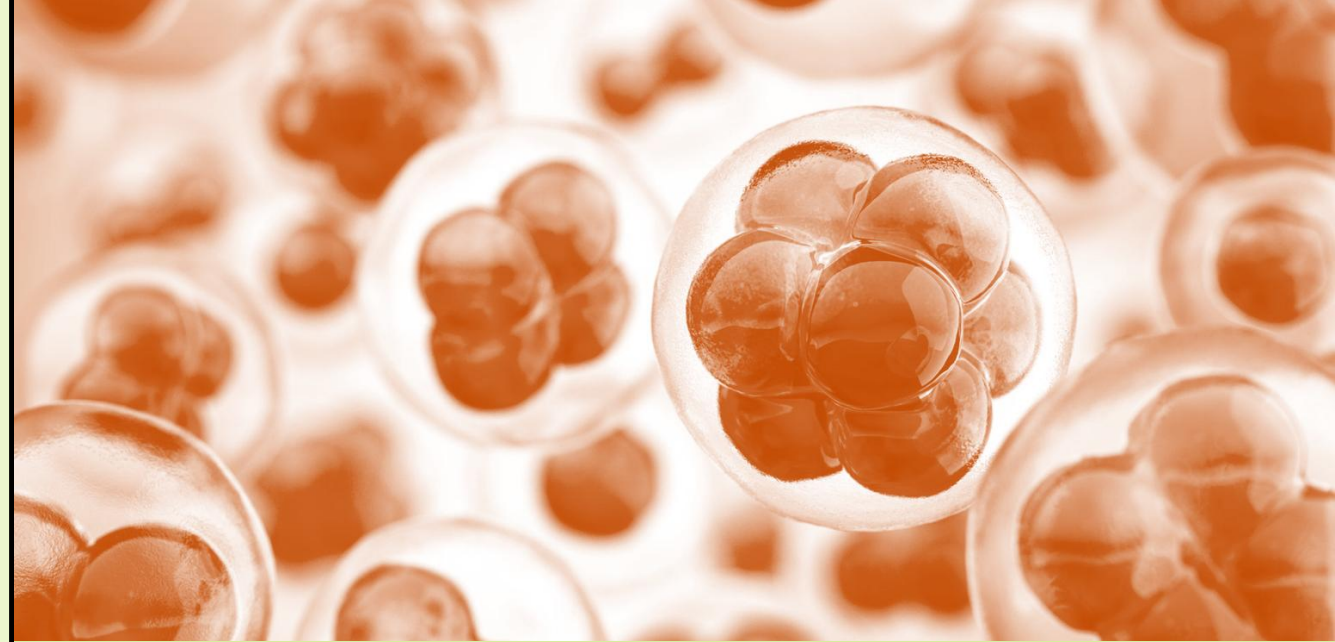
F&A for a subaward should have their negotiated rate or the de minimus rate if they do not have a negotiated rate: Foreign subs are limited to 8%.

- **Animal Care:** This should only justify the care of the animals. The animals themselves are listed under Materials/Supplies.
 - Include per diem rates for the institution and length of time you plan to hold the animals. The choice of animal should have been discussed in the research strategy and a brief justification on the type of animal should be included in the budget narrative.
- **Publication Costs**
 - Should include the potential journal and current fees at the time of application
 - *Another category that is expected to become unallowable if the OMB UG Revisions are allowed to be implemented.*



OTHER EXPENSES

- Research Patient Care Costs
 - Justify the specific needs that directly relate to the research patient; Include costs of testing and subject payments. Subject payments should be justified and discuss why the choice of amount is reasonable to the project. Ex. \$2,000 for completing two online surveys IS NOT reasonable.
 - List the following:
 - Names of hospitals and/or clinics and amount requested for each
 - Inpatient and Outpatient costs need to be justified separately
 - Should include cost breakdown, number of days, number of patients, and costs of tests/treatments
 - Costs associated with standard care or research care need to be justified



OTHER EXPENSES- RESEARCH PATIENT CARE COSTS

TUITION

Tuition is allowable for any graduate students listed in the project.

Tuition rates at the time of application need to be listed in the justification.

Keep in mind that between stipends and tuition, the combination cannot be greater the graduate student compensation limit.

Graduate Student Compensation Limits:
<https://grants.nih.gov/grants/guide/notice-files/NOT-OD-02-017.html>

FACILITIES & ADMINISTRATION (F&A) COSTS

A brief explanation should be provided in the justification on how you came to the number listed for the requested F&A Costs.

We follow the Modified Total Direct Costs type of indirect cost calculation.

Ex. We are requesting a total of \$1,874,015 in F&A Costs during the five years of the project. This is based on our negotiated rate of 50% charged against the Modified Total Direct Costs of \$3,748,031 for the project.

- A modular budget is for all **NIH** projects with \$250,000 or less in Direct Costs per year.
- Justifications for a Modular Budget must include the following categories:
 - Personnel: Name, Role, and Number of Person Months for every person; Do not include salary and fringe rates but salary cap should be kept in mind when calculating the total personnel request
 - Consortium: Include the total costs rounded to the nearest \$1,000 for each consortium. Personnel should be listed the same as in the submitting institution's personnel justification
 - Additional Narrative Justification: Should explain any variations in the number of modules requested annually; Should also describe any direct costs that were excluded from the calculation of the F&A; This should also include your Data Management and Sharing justification



MODULAR BUDGET JUSTIFICATIONS



SPECIAL ALLOWABLE COSTS



- Professional Memberships
- Alcohol & Drugs
- Consultant
- Moon Pies
- PI Salary and Fringe
- Promotional Items
- Recruitment Material for a New Trial



**IS IT ALLOWABLE:
YES (MAJORITY OF
THE TIME), NO
(NEVER ALLOWED),
OR IT DEPENDS!**

ALLOWED: YES (MAJORITY OF THE TIME)



1. Consultants
2. PI Salary & Fringe
3. Recruitment Material for a New Trial

ALLOWED: NO (NEVER ALLOWED)



1. Professional Memberships
2. Promotional Items

ALLOWED: IT DEPENDS

☐ Yes

☐ No

☒ It Depends

1. Moon Pies
2. Alcohol & Drugs
3. What are your examples?



**EXAMPLE
JUSTIFICATIONS: THE
GOOD, THE BAD, AND THE
UGLY**

PERSONNEL/ SALARY AND EFFORT

The Ugly: The PI will lead the project for 50% of their time.

The Bad: The PI will provide 6 calendar months to the project and will oversee all aspects of the project.

The Good: Dr. Jane Smith will serve as the PI for this project and will provide 6 calendar months. Dr. Smith will oversee all aspects of the administration and direction of the project at the lead institution and work directly with the subaward PI to implement the project as a whole. Dr. Smith will lead all meetings needed for the project, attend required sponsor meetings and calls, and work with the project coordinator to complete and submit all required sponsor reporting.

SUPPLIES/ MATERIALS

The Ugly: We are requesting to purchase \$10,000 in supplies and materials.

The Bad: We are requesting \$25,000 for lab supplies that include glassware, pipettes, 3D printer supplies, and cleaning supplies.

The Good: We are requesting \$25,000 for supplies and materials to include the following:

1. Glassware: \$5,000 for Specific Aim 1 and 2
2. Mice: \$15,000 for Specific Aim 3
3. General Lab Supplies: \$5,000 for all Specific Aims; This is estimated based on the PI's knowledge of prior projects of similar scope and size.

EQUIPMENT

The Ugly: We are requesting funds to purchase a widget maker.

The Bad: We are requesting funds in the amount of \$100,000 to purchase a widget maker for Specific Aim 1.

The Good: Funds are budgeted in the amount of \$100,000 to purchase a widget maker. The purpose of the widget maker is to create prototype parts for the developmental robot being created under Specific Aim 1. The robot will be utilized to determine proof of concept for the research completed under Specific Aims 2 and 3.

TRAVEL

The Ugly: The PI will attend the Space Travel Conference in Paris, France for \$15,000.

The Bad: Two project staff will attend the Space Travel Conference in Paris, France for \$15,000. The conference is expected to be held in May 2027.

The Good: Funds are budgeted for the PI, Project Coordinator, and Core Lead to attend the Space Travel Conference in Paris, France for a total of \$15,000. Approximate travel costs are included below:

Total Nights	4
Airfare	\$4000
Lodging	\$6000
Meals & Incidentals	\$4000
Taxis to/from airport	\$1000
Subtotal Costs	\$15,000
Number of Person Trips	1
Total Costs	\$15,000

OTHER EXPENSES

The Ugly: We are requesting funds for mice.

The Bad: We are requesting funds in the amount of \$5,000 for animal per diems.

The Good: We are requesting funds for per diems for mice research. We will utilize 30 mice annually for Years 1 to 3 to be housed for 20 days per mouse. The per diem rate per mouse per day is \$0.88, which will be approximately \$1,600. We would also like to request funds for surgery for half of the mouse population for a half hour each. The minimum rate per mouse is \$4.00 to include use of the surgery suite, clippers, glass-bead sterilizer, basic surgical instrument pack, chlorhexidine scrub, betadine scrub and spray, alcohol, diaper pads, heating pad, and cleanup. This request is \$180. We are also requesting fees for euthanasia for all animals at a rate of \$.20 per mouse, which is a total of \$18. Total animal care funding request is \$1,800.



QUESTIONS/ GENERAL DISCUSSION





THANK YOU

Carly Pigg, CRA, CPRA, CFRA | cgera@lsuhsc.edu |

REFERENCES

National Institutes of Health Develop Your Budget:
<https://grants.nih.gov/grants-process/write-application/advice-on-application-sections/develop-your-budget>

Appalachian State Writing a Budget Justification:
<https://sp.appstate.edu/guides/prepare-budget/writing-budget-justification>

National Institutes of Health Graduate Student Compensation:
<https://grants.nih.gov/grants/guide/notice-files/NOT-OD-02-017.html>

Massachusetts Institute of Technology Sample Budget Justifications: <https://ras.mit.edu/grant-and-contract-administration/preparing-and-submitting-proposal/budget-development/sample-budget>