

SBIR Project Budgets and Budgeting



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Cost Elements

- **Direct Costs**
 - **Project Personnel**
 - **Permanent Equipment**
 - **Travel**
 - **Materials and Supplies**
 - **Consultants**
 - **Subawards**
 - **Other Direct Costs**

Cost Elements (continued)

- **Indirect Costs**
 - **Fringe Benefits (Payroll Expenses)**
 - **Labor Overhead**
 - **General and Administrative Expense**
 - **Fee**

Personnel Costs

- **Senior Personnel**
 - **Principal Investigator (PI)**
 - minimum 1 month every 6
 - **Other Personnel**
 - **Post Doctoral Associates (not likely)**
 - **Other Professionals (technicians, programmers)**
 - **Graduates (graduate students part time)**
 - **Undergraduates (REU, Phase II only)**
 - **Secretarial Clerical (requires justification)**

Direct Costs (continued)

- **Permanent Equipment**
 - purchases of \$5,000 or over
 - not allowed in Phase I
 - no general purpose equipment
- **Travel**
 - grantee conferences required
 - deliver paper at technical symposia
 - no international travel

Direct Costs (continued)

- **Material and Supplies**
 - **itemization required if over \$5,000**
 - **provide itemized list in budget comments**
 - **justify items in budget comments**
 - **no permanent equipment**
- **Consultants**
 - **commitment letter required in proposal**
 - **daily rate limited to \$498**

Direct Costs (continued)

- **Subawards or Subcontracts**
 - support for participation in the research
 - subaward budget uses Form 1030
 - this Form 1030 must be in original proposal
- **Other Direct Costs**
 - non-research contracts, e.g., metal shop

Indirect Costs

- **Indirect Cost Accounting System**
 - you need it!
 - trade off between direct and indirect
 - indirect cost structure
 - Choose it, and stay with it!
 - budget your indirect costs on annual basis
 - Phase II indirect costs given pre-award audit
 - no Independent Research & Development (IRD)

Non-Allowed Costs

- **IR&D**
- **Market Research**
- **Literature Searches**
- **Other Non-Research Activities**
- **FAR-disallowed costs**
 - interest
 - gratuities, etc.

Typical Shortcomings

- **Omission of Grantee Conference Travel**
- **Omission of Subaward Budget**
- **Insufficient PI Time**
- **Omission of Person-months for Personnel**
- **Omission of Consultant Letter(s)**
- **Budget Numbers Fail to Add Up**

Final Thought

- **Does the budget make sense for the proposed research? Does it reflect the work to be done?**