Hello. My name is Kelli Oster from the Grants Management Office of the National Institute of Nursing Research, and I will be discussing the application process from a grants management perspective.
I’ll start by discussing:

• Features of a Modular Application
• Developing a Modular Budget
• Features of a Categorical Application
• Developing a Categorical Budget
NIH research grant applications utilize one of two application formats: either the modular or categorical application. Depending on the dollar threshold of the grant and the relevant FOA, you, as the applicant, can determine which format applies to your application.
• Research grant applications requesting up to $250,000 direct costs per year (not including consortium F&A costs) must use the Modular format. This is applicable to only the R01, R03, some R15’s, R21 and R34 mechanisms.

• Applicants request total direct costs in modules of $25,000. No future year escalations should be built in.

• A narrative budget justification is required, especially when there is a variation in the number of modules requested per year.

• An Any Initial Review Group (IRG) recommends or adjustments to the budget with come in $25,000 increments, as opposed to individual items.
So how do you create a modular budget?

1. You start with an itemized budget, just as if you were developing a categorical budget
2. Any Consortia costs should be rounded to nearest $1,000
3. And you would do the same thing for any out-year budgets

It is important to make sure you have an understanding of all of the costs that will be associated with your application in all years to make sure you request the correct amount.
4. You than divide the total amount being requested by the number of years of the project
5. Round each year up to the nearest $25,000 increment
6. And make sure you request the same number of modules each year unless there is an exception such as a piece of equipment that may need to be purchased in year 3)
So, in this example,

**Year 1 budget = $179,000**

Calculate the direct costs for subsequent years taking into account salary increases and changes in funds requested for equipment.

- **Year 2 = $164,800**
- **Year 3 = $165,744**
- **Year 4 = $171,836**
- **Year 5 = $173,081**
Once you’ve added up the costs for all years, divide the total by the number of years requested. If the amount per year is less than $250,000 direct costs, you know the modular format applies.
So, in our example, the average direct cost per year comes to $170,892. Rounding this number up to the next $25,000 increment, you would request $175,000 per year – this equates to 7 modules.

No yearly increases for inflation are permitted; however, you can request additional modules for one-time expenses like equipment. Make sure you provide an appropriate explanation for this variation in the budget justification.
This is the PHS 398 Modular Budget page which you will complete if submitting a modular application. Section A is where you enter the direct costs, Section B, the indirect costs, or F&A costs, and Section C is the total costs requested for the budget period.

You will need to submit a budget justification, which lists all personnel, including names, number of months devoted to the project and the roles on the project, consortium costs rounded to the nearest $1,000, as well as the justification if there is a variation in the number of modules requested per year.
The other budget format is the categorical budget.

This applies to grant applications requesting greater than $250,000 direct costs per year and those mechanisms not included in the modular initiative.

It also applies to all competing foreign grantees and the budgets for these applications must be submitted in U.S. dollars.
This is the first Categorical Budget page in which you enter information about your organization, budget period and personnel.

Section A is used to enter Key Personnel. You will enter the name, project role, base salary, person months, salary requested for this project and the fringe benefits requested.

Section B is for Other Personnel who are not considered senior or key but are no less important to a successful outcome. Aggregate information is provided here, so you will need to provide details on these positions in the budget justification.
The next page of the categorical budget is where you request equipment, travel and if applicable, participant/trainee costs.

Section C is for equipment requests. If you are requesting more than 10 pieces of equipment, there is a place to upload an additional file with the remaining equipment and the funds requested in the attachment.

Section D is for travel.

Section E is for participant/trainee costs. Only use this section if instructed to do so in the FOA.
This page is for other direct costs and indirect costs, as itemized on the screen.

NOTE: If there is a subcontract on the grant, you will need to enter the total costs, both direct and indirect costs – it is NOT automatically populated from the subcontract budget pages.

Section G provides the total direct costs and Section H is the Indirect Cost section where you provide the indirect cost type, rate, base and funds requested. Section I which reflects the total funds requested.

Section J is used for SBIR/STTR grants. And Section K is where you would upload your budget justification.
This is the cumulative budget page, which is system-generated and provides totals based on costs requested in each budget period. I suggest you review these numbers for accuracy.
If you are developing a categorical budget, keep in mind the following points:

• Ask for a budget that is adequate to conduct the research, but that is reasonable; for example, don’t ask for $30,000 in travel unless there is a very compelling justification.

• A budget justification is required for each component of each category for every year. In other words, we need to be able to read your budget justification and duplicate the calculation of every cost component requested. Categories in amounts less than $1,000 do not have to be itemized.

• Make sure the costs you’ve requested are allowable per NIH Grants Policy. Here’s the URL for NIH policy on allowable costs.

This concludes our Introduction to Grants Management. If you have any questions please contact the NINR Office of Grants Management at WWW.NINR.NIH.GOV