The Budget Explanation/Justification section of the proposal provides the structure necessary to explain the Budget as well as an opportunity to present critical information for reviewers to understand and evaluate the merits of your project. Program officers and reviewers may even analyze your potential to manage a funded grant effectively by reading between the lines of your Budget Explanation.

Basically, the Budget Explanation provides documentation on how you calculated the figures presented in your Budget. The level of detail is important, both to you and to the reviewers. Your calculations must be exact and must be consistent with the information entered onto the Budget spreadsheet. Errors here can impede award negotiations later on in the process, as well as reflect poorly on your ability to collect and report information correctly.

Construct the Budget Explanation following the same format used in your Budget, utilizing the same language and identifiers. For example, if you listed a position for a Research Assistant to be paid $12,000 in each of three years, be certain the same title (Research Assistant) appears on the Budget Explanation and that you show how you arrived at that figure. [20 hours/week x 40 weeks/year @ $15/hour = $12,000]. You can even use the Budget Explanation to provide additional information on the position, e.g., required qualifications or duties that did not fit into the Project Narrative due to space constraints. Each category in the Budget, e.g., Personnel, Supplies, and Travel, should appear in the Budget Explanation with a clear rationalization for why that item is required. Any unusual costs, additions or deletions across the years will require a reasonable explanation. For example, if you apply merit increases to the Personnel line, explain the percentage used and how this conforms to institutional policy.

Also, if your department or school provides budget assistance, be sure to consult with that person early in the process. The staff can provide current rates, charges specific to your unit, samples, and other guidance to ensure smooth processing and institutional approval to enable you to meet agency deadlines.