Create Modular Budget

On the Budget Smart Form 1.0 General Budget Information, answer **yes** to Question 4.

* Is this a modular budget? (NIH only):
◉ Yes ○ No Clear

Sponsor Budget Detail Level:
Full Details ▼

NIH modular budgets are built in increments of $25,000.   ERA has a feature which shows the difference between the total direct costs budgeted and the next module. This feature is called 'Modular Offset'.

EXAMPLE

In Year 2 below, the Total budgeted Direct Costs were $25,476.   ERA automatically calculated the difference between $25,476 and the next module - $50,000: i.e., $24,524. RAs must then determine if the $50,000 module will be used or if it would be more appropriate to reduce to the lower module of $25,000. As a general rule, budgeted direct costs should be rounded to the nearest module (up or down, as appropriate).

Total budgeted Direct Costs: $25,476	Total budget Direct Costs: $25,476
Next Module: $50,000	Next Module: $50,000
Requested Modules: $50,000	Requested Modules: $25,000
Increase Budget Direct Costs by $24,524	Reduce Budgeted Direct Costs by $476

	Period 1	Period 2	Period 3	Projects Totals
Direct F&A Base:	$25,000	$50,000	$25,000	$100,000
Direct Non-F&A Base:	$0	$0	$0	$0
Modular Offset:	$3	$24,524	$130	$24,657
Total Direct:	$25,000	$50,000	$25,000	$100,000
F&A:	$13,625	$27,250	$13,625	$54,500
Total Costs:	$38,625	$77,250	$38,625	$154,500

Modular Budgets in ERA: FAQs

Q: When running the Create/Update SF 424 activity in ERA, the modular budget doesn't appear; why is this?

A: This is most often caused by missing one of the following steps. First, make sure yes is selected for the question "Is this a modular budget" in subsection 4.0 of section 1.0 of the budget module. Secondly, make sure PHS 398 Modular Budget V1.2 is selected when creating/updating the 424. If any one of these steps are missed, ERA will not generate a modular budget in the 424.

Q: ERA is calculating a modular offset, what should be done.

A: When possible, either reduce or increase direct costs so that the modular offset is as close to zero as possible.

Q: Why should modular offsets be budgeted as direct costs; can't I just keep in the modular offset?

A: Budgeting for direct costs allows for better management of the funds during the project duration. By budgeting these costs you are creating a budgetary map with amounts allocated to cost codes for the project's PI/PM to follow. The magnitude of an offset is also an indicator of whether the scope of work is in agreement with the budget. For example, a project that realistically should only cost $26k, would have a $24k offset (the modular offsets in ERA always go UP to the next module); the requested amount would reflect a budget almost double the appropriate cost for the scope of work being presented to the sponsor. In other words, it may look odd to reviewers.

General Tips and Tricks

1. The best budget summary to look at in ERA to determine how close the budget is to the $250K direct cost limit is on the Grids Summary Cost tab. Just subtract the Subcontractor F&A amount from the Total Direct F&A *Base* to determine total direct costs minus consortium F&A costs.

2. When preparing an S2S submission, if some forms are not generated after running the Create/Update 424 activity, these forms can be manually added by selecting them in the Select Optional Forms section of the 424 module.

3. If submitting via S2S, select the Hide/Show Errors option within the 424 Module. This will allow one to review and correct errors in advance, which will help reduce errors in submissions.