

General Guidance

Budget Narrative

A critical element of any proposal is the budget narrative. The budget narrative serves as complimentary information to the dollars figures presented in the actual budget. The budget narrative should provide sufficient detail to guide a reviewer through the budget with a minimum of questions. Some sponsors have extremely detailed requirement for budget narratives while other provide little guidance if at all. Consult the sponsor guidelines to determine the level of detail appropriate for your proposal. The budget narrative also provides information that is necessary for account set up when the project is funded, including salary, type and duration of appointment, in-state vs. out-of-state travel and subcontracts.

Cost Sharing/Matching

Cost share only when specifically required by the sponsor. Cost sharing in excess of the amount required should be questioned and minimized at the unit level. All cost sharing commitments must be documented in detail. Give consideration to documentation needs when securing cost sharing commitments for your project. Typical cost share items are include PI salary and fringe benefits and the related facilities and administrative cost. These costs are easily identifiable and documented. Click here for a more thorough discussion of [Cost Sharing](#)

Facilities and Administrative Costs

Facilities and administrative rate (F&A), indirect cost, even overhead - all three refer to the same thing. F&A represents the inherent costs of infrastructure/support that are not provided at the unit level as well as those costs which cannot be easily attributable to a single project. Examples include routine miscellaneous photocopying and postage, UNC-GA accounting and IT support, and physical plant and facilities services resources. Sponsored activities benefit from these resources and the associated costs must be recovered. Budgets that include the full allowable F&A represent the true, full cost of projects at UNC. When budgets exclude F&A, the inherent costs of infrastructure are absorbed by UNC as a whole. Click here to view the current [UNC F&A Rate Agreement](#). Click here for a more thorough discussion of [budgeting for F&A](#).

Fringe Benefits

All budgeted salaries must include the appropriate amount for related fringe benefits. Salaries cannot be paid without incurring the related fringe benefit charges. Fringe benefits include the employer's contribution to employee taxes, health insurance, retirement and social security, depending on eligibility. Temporary employees are generally not eligible for retirement or health insurance. Click here to view current [UNC fringe benefit rates](#).

Inflation Factors

Projects covering more than one year should reflect an appropriate annual inflationary adjustment. A suggested inflationary adjustment of 5%/project year is recommended in the absence of sponsor specific guidance. The inflationary adjustment typically applies to salaries (EPA/SPA or temporary), fringe benefits and tuition support for students. While 5% is suggested, 4 - 8% is a reasonable range of potential inflationary rate factors.

Maximize Your Budget

Make every effort to maximize the budget for your project. The goal is to capture the total project costs, including fringe benefits, facilities and administrative costs and inflation, if your project covers more than one year. Consult the sections below for detailed descriptions of line items typically found in proposal budgets.

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