

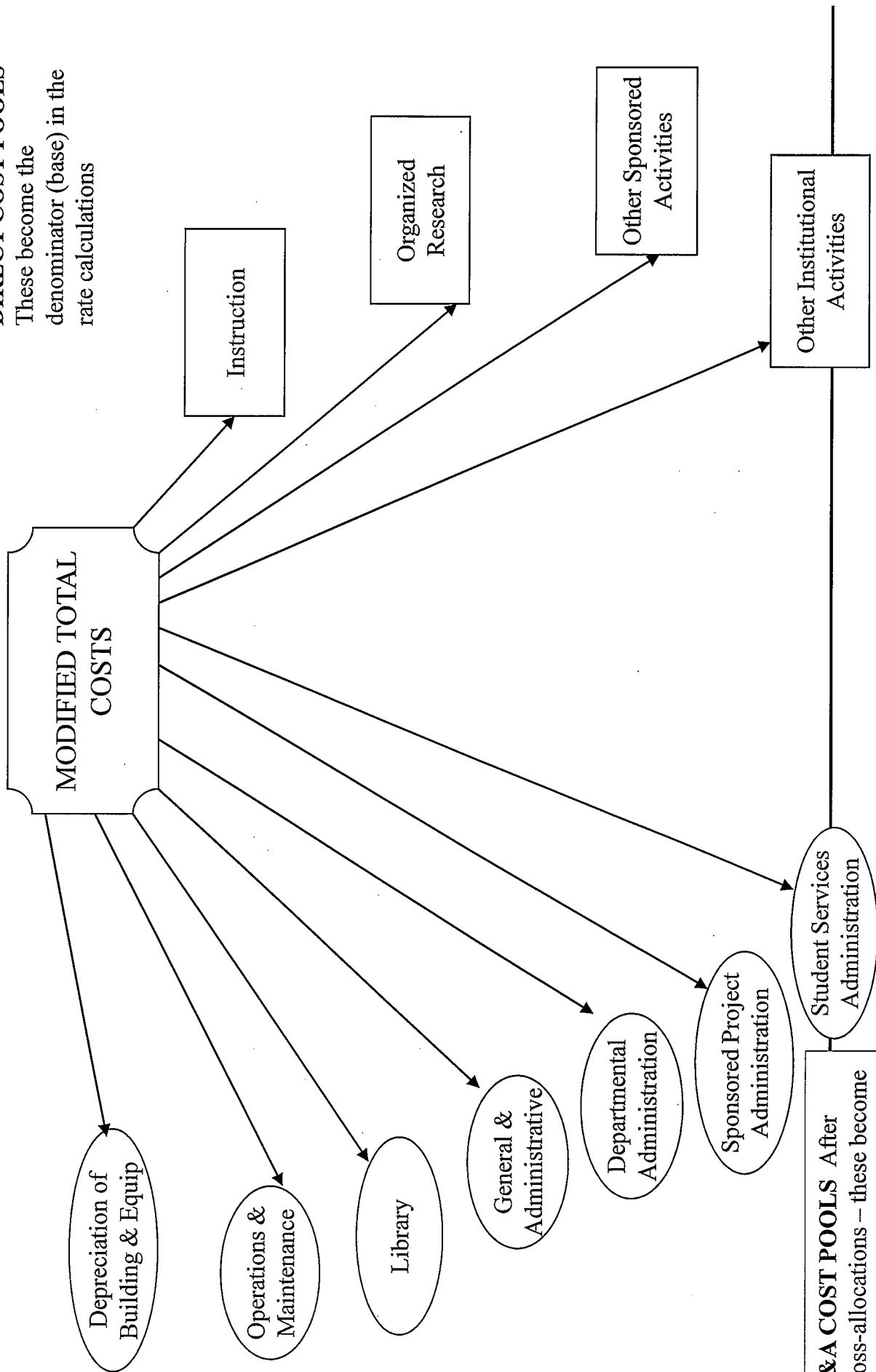
Module 5 Supplementary Materials

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*This class also references the text in the Uniform Guidance (UG), which is not provided in your packet. A copy of the UG as highlighted for training purposes can be downloaded from: http://www.ora.umd.edu/sites/default/files/documents/training/certificate-program/UG_highlighted_Jan_2015.pdf

FACILITIES AND ADMINISTRATION (F&A) COST CALCULATION

DIRECT COST POOLS
 These become the denominator (base) in the rate calculations



F&A COST POOLS After cross-allocations – these become the numerator in the rate calculations

Rate Schedule - Research

<u>Administrative</u>	<u>F&A</u> (\$ in 000's)	<u>MTDC</u> (\$ in 000's)	<u>%</u>
General Administration	12,194	180,647	6.75
Department Administration	32,740	180,647	18.12
Sponsored Programs Administration	6,405	175,780	3.64
Student Service Administration	281	180,647	0.16
Subtotal Administration			28.67
<hr/>			
<u>Facilities</u>			
Building Use Allowance	5,035	127,343	3.95
Equipment Use	2,822	127,343	2.22
Building Interest	850	127,343	0.67
Operating & Maintenance	25,447	127,343	19.98
Library	2,822	161,669	1.75
Subtotal Facilities			28.57
Total On Campus Rate			57.24
Total Off Campus Rate			28.67
			26.00

* Based on FY 09 Facilities and Administrative Rate Proposal

Application of F&A Rates to Sponsored Projects

F&A cost rates are applicable to all sponsored projects, i.e. grants, contracts, cooperative agreements, subgrants and subcontracts funded by Federal, state or private sponsors. The application of these rates allows UMD to recover certain costs (e.g. facilities, utilities, libraries, administration, student services, etc.) associated with externally funded activities that, although they are true costs that are incurred, cannot be identified specifically with a particular project or activity. The Federal Government determines the rate that is necessary to collect these costs from sponsored awards. Therefore, any reduction in the allowable rate is considered cost sharing, and UMD must recover those costs from other sources.

The first step in determining the proper F&A rate is to read the sponsor program guidelines. If there is a limit on F&A, the program guidelines or announcement will list the rate that should be used. If the guidelines do not mention F&A or indicate that something other than the applicable Federally negotiated rate should be used, the appropriate full rate should be used. The next step in determining the appropriate rate is to establish what type of project you have. **OMB Circular A-21** describes the different types of awards – Organized Research, Instruction and Training or Other Sponsored Activities.

Organized Research

Organized Research is described as all research and development activities that are sponsored by Federal and non-Federal agencies and organizations. This term includes activities involving the training of individuals in research techniques (commonly called research training) where such activities utilize the same facilities as other research and development activities and where such activities are not included in the Instruction function. Research activities include the rigorous inquiry, experiment or investigation to increase the scholarly understanding of the involved discipline.

Examples of sponsored research include:

- Awards to UMD_faculty to support research activities
- External funding to maintain facilities or equipment and/or operation of a center facility which will be used for research
- External support for the writing of books, when the purpose of the writing is to publish research results
- Data collection, evaluation, analysis and/or reporting

Instruction and Training

Sponsored Instruction is defined as teaching and training activities at UMD funded by grants and contracts from Federal or non-Federal sponsors. Sponsored Instruction includes agreements which support curriculum development as well as all types of teaching/training activities, whether offered for credit toward a degree or certificate, on a non-credit basis, or through regular academic departments or by separate divisions, summer school or external division.

Sponsored Instruction includes:

- Any project for which the purpose is to instruct any student at any location; recipients of his/her instruction may be UMD students or staff, teachers or students in elementary or secondary schools, or the general public
- Curriculum development projects at any level, including projects which involve evaluation of curriculum or teaching methods. Note that such evaluation may be considered “research” when the preponderance of activity is data collection, evaluation and reporting
- Projects which involve UMD students in community service activities for which they are receiving academic credit
- Activities funded by awards to departments or schools for the support of students

- Fellowship support for pre-doctoral and post-doctoral training activities, which may include grants to fund dissertation work and travel in relation to a dissertation
- General support for the writing of textbooks or reference books, video or software to be used as instructional materials

Other Sponsored Activities

Other Sponsored Activities means programs and projects financed by Federal and non-Federal agencies and organizations which involve the performance of work other than Instruction and Organized Research. Since most projects in this category do not directly involve students and gain little, if any, benefit from libraries, the F&A rate applicable to Other Sponsored Activities is less than the rate for Organized Research or Sponsored Instruction.

Examples of Other Sponsored Activities include:

- Travel grants
- Support for conferences, seminars or workshops
- Support for University public events such as “lively arts”
- Support for student participation in community service projects which do not result in academic credit
- Support for projects pertaining to library collections, acquisitions, bibliographies or cataloging
- Programs to enhance institutional resources, including computer enhancements, etc.
- Health services projects

Off Campus Rate Determination

Next, determine if your project qualifies for an off campus rate. Currently, there are two types of off campus rates applicable to Organized Research projects conducted in facilities not owned by UM. An off campus “remote” rate at 26% MTDC will be for activities performed outside the commuting area of College Park. An off campus “adjacent” rate of 27.5% MTDC will be for activities performed within the commuting area (50 miles) of College Park. For projects that are not Organized Research, there remains a single off campus rate of 26% MTDC.

In order for a project to be considered off campus, the following qualifications must be met:

1. The PI will be away from his or her campus facilities (i.e. office and laboratory) for a minimum of three consecutive months; and
2. The PI will be performing work in accordance with the statement of work of the sponsored project while at the off campus location.

Off campus rates can only be used relative to the effort of a University employee. The performance of non-university personnel must be handled via a subaward to another institution or a consulting agreement. Subawards must include full on campus F&A on the first \$25,000 of the subaward. Consulting agreements are charged the full on campus F&A rate on the entire amount of the consulting agreement.

Once the project type and location are determined, the proper Federally negotiated rate should be applied. Current rates can be found at

http://www.umresearch.umd.edu/ORAA/um_references/basic_references/FA/fa.html

Federal rates should be used with state and private sponsors, and must be used if UMD will be a subcontractor on a Federal prime award. Questions can be directed to your ORAA contact.



UNIVERSITY OF MARYLAND

OFFICE OF THE PRESIDENT

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June 29, 2011

MEMORANDUM

TO: Vice Presidents, Deans, Directors, Department Chairs,
College and Department Business Officers

FROM: Michele A. Eastman, Assistant President and Chief of Staff

SUBJECT: New Facilities and Administrative (F & A) Rates

The Facilities and Administrative Cost Rate Agreement (formerly known as the Indirect Cost Rate Agreement) between the University and the Department of Health and Human Services expired June 30, 2010. The University has been negotiating a new rate agreement, which has now been concluded with the following results:

1. The previously agreed upon facilities and administrative cost rates for **research and instruction** on-campus has been extended at 50% until June 30, 2011.
2. Effective July 1, 2011 the facilities and administrative cost rate for on-campus **research** will be 52%.
3. There are two types of off-campus rates applicable to **research** projects conducted in facilities not owned by the University. An off-campus "remote" rate of 26% MTDC will be for activities performed outside the commuting area of College Park. An off-campus "adjacent" rate of 27.5% MTDC will be for activities performed within the commuting area (50 miles) of College Park. For projects that are not research, there remains a single off-campus rate of 26% MTDC.
4. Effective July 1, 2011 the Facilities and Administrative cost rate for **instructional** projects will be 56% on campus and 26% off-campus.
5. Effective July 1, 2011 the facilities and administrative cost rate for those activities that meet the criteria for "**Other** Sponsored Programs," e.g., service projects that do NOT include research and instruction components, will have an on-campus rate of 38.5% and off-campus rate of 26%.
6. Included for the first time in the new agreement is an Interagency Personnel Agreements (IPA) rate of 10%.
7. All rates are pre-determined through June 30, 2015 and become provisional as of July 1, 2015 until the agreement is amended.

To summarize:

Starting July 1, 2011 until amended, the Facilities and Administrative Rates for the campus will be:

	<u>On-Campus</u>	<u>Off-Campus Remote</u>	<u>Off Campus Adjacent</u>
Research	52%	26%	27.5%
Instruction	56%	26%	26%
Other Sponsored Programs	38.5%	26%	26%
IPA	10%	10%	10%

All rates above apply to a Modified Total Direct Costs (MTDC) base which, as defined in the agreement, excludes:

- Individual items of equipment in excess of \$5,000;
- Capital expenditures (includes alterations and renovations);
- Tuition remission;
- Rental costs of off-campus facilities;
- The portion of individual sub-grants and subcontracts over \$25,000; and
- Scholarship and fellowship stipends.

In addition, we will continue the UMCP waiver on individual items of computer equipment in excess of \$1,000.

Guidelines for implementation of the terms of the new agreement follow as an attachment to this memorandum. This memorandum and copy of the DHHS Rate Agreement, officially dated June 07, 2011, can be found at http://www.umresearch.umd.edu/ORAA/memos_policy/#F&AMEMO If you have questions, please contact Denise Clark, AVP of ORAA at (301) 405-4282, or at djclark@umd.edu.

cc: Julie Phelps, Assistant Vice President Administrative Affairs
Frank Carpenter, Comptroller
Denise Clark, Assistant Vice President for Research Administration and Advancement
Edward Waskiewicz, Associate Comptroller

**IMPLEMENTATION OF FACILITIES AND ADMINISTRATIVE COSTS RATE
AGREEMENT
June 2011**

Existing Awards

Grants, contracts and other agreements currently in effect will continue with the existing facilities and administrative costs rate and MTDC base for the duration of the award.

New Awards

New awards will be charged the facilities and administrative cost rate and MTDC base stipulated in the award agreement from the initial budget period through the project period awarded. For example, NSF awards often project a three-year grant based on a three-year proposal, all three years will carry the rate in the approved proposal. Subsequent renewal or continuation periods will be assessed the new rate and MTDC base in effect at that time.

Proposals

All proposals received by ORAA must budget the new facilities and administrative cost rate for budget periods beginning July 1, 2011.

Sub-agreements

The first \$25,000 of each sub-grant and subcontract will be assessed the same facilities and administrative cost rate applied to the project as a whole.

Off-Campus, Remote

An off-campus project is defined as one which, for three or more continuous months, does not make use of facilities or space supported by UM.

Projects are designated as on-campus unless 25% or more of the direct costs of the project meet the off campus definition. In cases where a single project has a mix of on-and off-campus costs, separate accounts will be created for the on- and off-campus portions. Justification for use of other than the on-campus rate should be included in the proposal's budget explanation. The off-campus site is to be provided on the UMCP internal Routing Form for Proposals, item 17.b.

Off-Campus, Adjacent

An adjacent project is one that meets the criteria for an off-campus project and is within commuting distance (50 miles) from College Park. This rate is applicable only to research projects.

Equipment

Equipment is defined as an article of non-expendable, tangible property having a useful life of more than one year and an acquisition cost of \$5,000 or more.

Institution	On Campus	Off Campus	Through Date (On)	Through Date (Off)
Alabama, U. of	46.00	26.00	09/2012	09/2012
Alabama, U. of (at Birmingham)	46.50	26.00	09/2011	09/2011
Arizona State U.	52.50	26.00	"Until Amended"	"Until Amended"
Arizona, U. of	51.50	26.00	06/2013	06/2013
Arkansas, U. of	44.00	25.00	06/2013	06/2013
Auburn University	47.00	26.00	09/2011	09/2014
Baylor College of Medicine	56.50	27.10	06/2014	06/2014
Boston College	56.50	26.00	05/2014	05/2014
Boston U.	63.50	26.00	06/2012	06/2012
Brandeis U.	58.00	30.20	06/2012	06/2012
Brown U.	62.00	26.00	06/2013	06/2015
California Institute of Tech.	62.00	25.80	"Until Amended"	"Until Amended"
California State U. (Sacramento)	38.00	22.00	06/2013	06/2013
California State U. (Fresno)	38.40	17.30	06/2013	06/2013
California State U. (San Diego)	49.50	26.00	06/2012	06/2012
California, U. of (Berkeley)	53.50	26.00	"Until Amended"	"Until Amended"
California, U. of (Davis)	53.50	26.00	06/2012	06/2013
California, U. of (Irving)	53.00	26.00	06/2012	06/2012
California, U. of (Los Angeles)	54.50	26.00	"Until Amended"	"Until Amended"
California, U. of (San Diego)	54.50	26.00	06/2012	06/2012
California, U. of (San Fran)	54.50	26.00	"Until Amended"	"Until Amended"
Carnegie Mellon U.	55.35	26.00	06/2014	06/2014
Case Western Reserve U.	57.00	26.00	06/2012	06/2012
Chicago, U. of	56.00	26.00	"Until Amended"	"Until Amended"
Cincinnati, U of	57.00	26.00	06/2012	06/2012
Clarkson U.	56.00	26.00	"Until Amended"	"Until Amended"
Clemson U.	48.50	26.00	06/2012	06/2015
Colorado State U.	48.00	26.00	06/2012	06/2014
Colorado, U. of (Boulder)	52.50	26.00	06/2013	06/2013
Colorado, U. of (Health Sci. Ctr.)	53.00	26.00	"Until Amended"	"Until Amended"
Columbia U.	60.00	26.00	06/2014	06/2014
Connecticut, U. of	57.00	26.00	06/2012	06/2012
Cornell U.	59.00	26.00	"Until Amended"	"Until Amended"
Dartmouth College	58.00	26.00	"Until Amended"	"Until Amended"
Dayton, U. of	44.25	23.97	"Until Amended"	"Until Amended"
Delaware, U. of	53.00	26.40	06/2012	06/2012
Denver, U. of	47.40	26.00	06/2012	06/2012
Duke U.	57.00	26.00	06/2013	06/2013
East Tennessee State U.	46.00	26.00	06/2014	06/2014
Emory U.	55.00	26.00	"Until Amended"	"Until Amended"
Florida State U.	47.00	26.00	"Until Amended"	"Until Amended"
Florida, U. of	46.50	26.00	"Until Amended"	"Until Amended"
George Mason U.	47.25	27.50	"Until Amended"	"Until Amended"
George Washington U.	52.50	26.00	06/2015	06/2015
Georgetown U.	55.00	26.00	07/2013	"Until Amended"
Georgia Institute of Technology	52.70	N/A	"Until Amended"	N/A
Georgia, Medical College of	49.00	26.00	07/2012	"Until Amended"

Institution	On Campus	Off Campus	Through Date (On)	Through Date (Off)
Georgia State U.	44.50	26.00	"Until Amended"	"Until Amended"
Georgia, U. of	48.50	26.00	"Until Amended"	"Until Amended"
Harvard Medical School	69.00	26.00	06/2013	06/2015
Harvard U.	69.00	26.00	06/2015	06/2015
Hawaii, U. of	36.70	20.60	06/2012	06/2012
Houston, U. of	50.00	26.00	"Until Amended"	"Until Amended"
Idaho, U. of	45.20	26.00	06/2012	06/2013
Illinois, U. of (Urbana)	58.50	24.00	06/6012	06/2012
Indiana U.	55.00	26.00	06/2012	06/2015
Iowa State U.	48.00	26.00	06/2012	06/2012
Iowa, U. of	51.00	26.00	06/2014	06/2014
Johns Hopkins U.	62.00	26.00	06/2015	06/2015
Kansas State U.	48.00	26.00	06/2012	06/2012
Kansas, U. of	47.00	26.00	"Until Amended"	"Until Amended"
Kent State U.	47.20	26.00	"Until Amended"	"Until Amended"
Kentucky, U. of	48.50	26.00	06/2012	06/2012
Lehigh U.	61.00	26.00	06/2013	06/2013
Louisiana State U. Med. Ctr.	42.00	26.00	"Until Amended"	"Until Amended"
Louisiana State U. and A&M Coll.	48.00	26.00	06/2013	06/2013
Louisville, U. of	49.00	26.00	06/2012	06/2013
Loyola U. of Chicago	41.50	26.00	06/2012	06/2012
Loyola U. (Maywood Med. Ctr.)	49.50	26.00	06/2012	06/2012
Maine System, U. of	42.80	26.00	06/2015	06/2015
Maryland U. of, College Park	52.00	26.00	06/2015	06/2015
Maryland U. of, Baltimore	53.50	26.00	06/2015	06/2015
Massachusetts Inst. of Tech.	60.50	5.00	06/2012	06/2012
Massachusetts, U. of (Amherst)	58.50	26.00	06/2012	06/2013
Memphis, U. of	41.00	26.00	06/2012	06/2012
Miami, U. of	50.00	26.00	"Until Amended"	"Until Amended"
Michigan State U.	53.50	26.00	06/2015	06/2015
Michigan, U. of	55.50	26.00	06/2014	06/2014
Minnesota, U. of	51.00	26.00	"Until Amended"	"Until Amended"
Mississippi State U.	44.50	26.00	06/2013	06/2013
Missouri, U. of (Columbia)	51.50	26.00	06/2012	06/2012
Montana State U.	42.50	26.00	06/2012	06/2014
Nebraska, U. of (Lincoln)	48.50	26.00	06/2012	06/2012
Nevada, Las Vegas, U. of	44.00	26.00	"Until Amended"	"Until Amended"
Nevada, Reno, U. of	41.00	26.00	"Until Amended"	"Until Amended"
New Hampshire, U. of	46.50	26.00	06/2012	06/2014
New Jersey Inst. of Tech.	53.00	26.00	06/2012	06/2013
New Jersey, U. of Med. and Dent. of	56.00	26.00	"Until Amended"	"Until Amended"
New Mexico State U.	42.00	25.00	"Until Amended"	"Until Amended"
New Mexico, U. of	51.00	26.00	06/2013	06/2013
New York, City U. of	69.00	21.00	06/2007	06/2007
New York Medical College	61.00	26.00	06/2013	"Until Amended"
New York University	54.00	26.00	"Until Amended"	"Until Amended"
North Carolina State A&T U.	42.50	26.00	06/2014	06/2014

Institution	On Campus	Off Campus	Through Date (On)	Through Date (Off)
North Carolina State U.	49.00	26.00	"Until Amended"	"Until Amended"
North Carolina, U. of (Chapel Hill)	48.00	26.00	"Until Amended"	"Until Amended"
North Dakota, U. of	38.00	26.00	06/2013	06/2013
Northern Illinois U.	45.00	26.00	"Until Amended"	"Until Amended"
Northwestern U.	52.50	26.00	"Until Amended"	"Until Amended"
Notre Dame, U. of	50.00	26.00	"Until Amended"	"Until Amended"
Ohio State U.	52.50	26.00	06/2012	06/2012
Oklahoma State U. (Stillwater)	42.00	24.20	06/2012	06/2012
Oklahoma, U. of	48.00	26.00	06/2013	06/2013
Old Dominion U.	53.00	26.00	"Until Amended"	"Until Amended"
Oregon Health Sciences U.	54.00	26.00	06/2013	06/2013
Oregon State U.	46.00	26.00	06/2014	06/2014
Oregon, U. of	42.00	26.00	"Until Amended"	"Until Amended"
Pennsylvania State U.	49.00	26.00	"Until Amended"	"Until Amended"
Pennsylvania, U. of	60.00	26.00	06/2012	06/2012
Pittsburgh, U. of	51.50	24.00	"Until Amended"	"Until Amended"
Princeton U.	61.00	26.00	06/2012	06/2012
Purdue U.	54.00	26.00	06/2013	06/2013
Rensselaer Polytechnic Inst.	61.35	26.00	"Until Amended"	"Until Amended"
Rhode Island, U. of	52.00	26.00	06/2012	06/2012
Rice U.	52.50	26.00	"Until Amended"	"Until Amended"
Rochester, U. of	54.50	26.60	06/2012	06/2012
Rockefeller University	69.50	26.00	"Until Amended"	"Until Amended"
Rutgers, the State U. of New Jersey	55.00	26.00	06/2013	06/2013
South Carolina, Medical U. of	47.50	26.00	"Until Amended"	"Until Amended"
South Carolina, U. of	45.00	26.00	06/2012	06/2012
South Florida, U. of	49.00	26.00	06/2012	06/2014
Southern California, U. of	63.00	26.00	06/2012	06/2016
Southern Illinois U. at Carbondale	45.50	26.00	06/2012	06/2012
Stanford U.	57.00	30.20	08/2012	08/2012
SUNY, Albany	52.00	26.00	06/2013	06/2014
SUNY, at Buffalo	58.50	26.00	06/2012	06/2012
SUNY, Binghamton	53.00	26.00	"Until Amended"	"Until Amended"
SUNY, Stony Brook	57.00	26.00	"Until Amended"	"Until Amended"
Syracuse U.	47.00	26.00	06/2012	06/2014
Temple U.	52.00	26.00	"Until Amended"	"Until Amended"
Tennessee, U. of	49.00	26.00	06/2012	06/2012
Texas A&M U.	46.50	26.00	"Until Amended"	"Until Amended"
Texas, U. of (Austin)	54.00	26.00	08/2014	08/2014
Texas Health Sci. Ctr. at San Antonio, U. of	48.50	26.00	08/2012	08/2012
Texas Med. Branch at Galveston, U. of	53.00	26.00	08/2012	08/2012
Texas SWern Med. Ctr. At Dallas, U. of	N/A	30.00	N/A	N/A
Thomas Jefferson U.	55.00	26.00	06/2013	06/2013
Tufts U.	65.00	26.00	"Until Amended"	"Until Amended"
Tulane U.	50.50	26.00	06/2013	06/2013
Utah State U.	41.00	22.00	06/2012	06/2012
Utah, U. of	49.50	26.00	06/2013	06/2016

Institution	On Campus	Off Campus	Through Date (On)	Through Date (Off)
Vanderbilt University	56.00	26.00	06/2012	06/2012
Vermont, U. of	52.50	26.00	06/2012	06/2012
Virginia Commonwealth U.	49.50	26.00	"Until Amended"	"Until Amended"
Virginia Tech	59.60	26.00	06/2012	06/2012
University of Virginia	54.00	26.00	"Until Amended"	"Until Amended"
Wake Forest University	56.00	26.00	"Until Amended"	"Until Amended"
Washington State U.	50.00	26.00	06/2012	06/2015
Washington U. (St. Louis)	52.00	26.00	06/2013	06/2013
Washington, U. of (Seattle)	54.00	26.00	06/2012	06/2012
Wayne State U.	52.00	26.00	09/2012	09/2012
West Virginia U.	48.00	26.00	06/2013	06/2013
William and Mary, College of	48.00	N/A	06/2012	N/A
Wisconsin-Madison, U. of	50.50	26.00	06/2013	06/2013
Yale U.	65.50	26.00	06/2012	06/2014
Yeshiva U.	66.00	N/A	"Until Amended"	N/A

Direct Charging

Overview:

The institution certifies to the federal government that its faculty, staff and students, when dealing with federal and other sponsored funds, comply with all government and sponsor rules and regulations and follow established standards for determining when it is appropriate to propose and, if approved, directly charge costs normally considered facilities and administrative (F&A) costs to a sponsored project.

These procedures have been established to meet the compliance standards as set forth in Office of Management and Budget (OMB) Circular A-21 (A-21) *Cost Principles for Educational Institutions* for defining, charging and accounting for direct and facilities and administrative (F&A or indirect) costs to sponsored funds (see related <http://www.ora.umd.edu/proposal-development/administrative-cost-designations>)

Definitions:

Direct Costs are expenses that can be identified specifically with a particular sponsored project or other direct cost objective, such as Auxiliary Activities or Instruction, or expenses that can be directly assigned to such activities relatively easily with a high degree of accuracy.

Examples of costs that provide direct benefit to a sponsored project's scientific or technical scope of work:

- Salaries and related benefits of faculty, research associates, graduate students and technical personnel;
- laboratory supplies (e.g. chemicals);
- telephone toll charges;
- animals and animal care costs;
- travel required for the project.

Facilities & Administrative Costs are those that are incurred for common or joint objectives and therefore cannot be identified readily with a particular sponsored project. Facility & Administrative (F&A) costs are sometimes called indirect costs or overhead costs.

Examples of costs that cannot be identified readily with a sponsored project:

- salaries of administrative and clerical staff;
- office supplies;
- postage and photocopying;
- local telephone costs;
- memberships and subscriptions.

In general, expenses are chargeable as direct costs to sponsored awards only if they are:

- **Reasonable** - A prudent person would have purchased this item and paid this price.
- **Allocable** - Expenses can be allocated to the government activity based on benefit derived, cause and effect, or other equitable relationship.
- **Consistently Treated** - Like expenses must be treated the same in similar circumstances.
- **Allowable** - Allowable or not unallowable as specified by sponsor regulations. (A-21, Section J and UG 200.421-475)

If an expense cannot meet the above criteria, it is not eligible to be charged directly to a grant or contract no matter what its purpose.

NOTE: Agencies that sponsor grants and contracts use the term allowable to mean permitted as a direct cost under the terms of a specific grant or contract. Expenses which are generally allowable for sponsor reimbursement may not necessarily be permitted under the terms of a specific grant or contract.

Procedures:

Costs normally treated as F&A costs cannot be charged directly to a sponsored project unless the specific activities related to the project are clearly different in type or significantly different in scale from the Institute norm. Costs normally charged as F&A costs may be charged directly when "unlike or unusual" circumstances exist. These costs may be included in the proposal budget if the intended use is for project specific activities that are clearly justified in terms of their relevance to the methods used in conducting the research. When costs that are normally administrative F&A costs are planned and used for a project's technical scope of work, they must be specifically identified, included and justified in the budget and not specifically disapproved by the sponsor.

The Institute expects the Principal Investigator or designee to:

- exercise prudent judgment in identifying situations where "unlike or unusual" circumstances exist;
- ensure that an adequate process is in place to document the "unlike or unusual" circumstances.

Criteria for determining the appropriateness of budgeting and charging normally F&A costs as direct costs to sponsored agreements are:

- size, nature, and complexity of the sponsored project;
- unique requirements for extensive administrative and clerical support, office supplies, postage and/or local telecommunications costs (e.g., monthly recurring costs, surcharges for local calls) substantially beyond those normally provided by academic units, when:

- costs (activities) are required by and can be specifically identified with the objectives of the project (e.g., salaries of clerical staff, postage, and local telephone costs for a program requiring surveys by mail and by telephone);
- costs are explicitly budgeted and justified in the proposal;
- the sponsoring agency accepts the proposed cost, as part of the project direct cost budget (i.e., does not specifically disapprove the cost in the award or other notification to the university).

The following represents key questions related to the inclusion and justification of normally F&A costs on sponsored projects. To justify administrative charges the Principal Investigator or designee should ask the following questions:

- Because all projects require a certain amount of account reconciliation, correspondence, phone calling, office supplies, etc., how will the proposed charge(s) differ from the standard level of support expected for all projects?
- The job title or payroll classification may imply administrative work is being conducted. How will the nature of the work differ from general administrative work conducted for all projects and why are the charges necessary to meet the technical purposes of the award rather than to support the administrative needs?
- The cost category, e.g., supplies, may imply that the items are being used for administrative purposes. How will these items be used to meet the technical needs of the project and what is their relevance to the methods used in conducting the project?
- How will the proposed charges be accurately documented and assigned to the project with a high degree of accuracy? (e.g., an administrator working full-time for a project can be allocated easily and accurately to the project. However, if that person works on five or more projects, it will be difficult to accurately document the relative benefit to any specific project.)
- How does the charge meet a specific need of the project, i.e., the benefit derived by the project as a result of it being directly charged to the project?

Administrative and Clerical Effort

To charge administrative and clerical effort to the project, the effort must be:

- required to complete the specific and distinctive requirements of a particular sponsored project (or group of sponsored projects); and
- not routine administrative work that benefits multiple activities of the unit.

Examples:

- The nature of the work performed under a particular sponsored project is directly related to the technical substance of the project, e.g., individual(s) collecting data, maintaining subject data, conducting phone surveys, scheduling visits, etc.

- On an NSF research center or NIH program project grant, the administrative/clerical effort is documented in the proposal as part of the scope of work, and is approved by the sponsor.

Office Supplies

Office supplies that are normally used in the general administrative support of a project may not be included in the budget or charged to the award. Office supplies that are used for project-specific activities outlined in the proposal may be included in the budget and charged to the project. Because many items of office supplies are used for both general administrative support and project-specific activities, it is important that these items, when included in the budget, be justified in terms of their relevance to the methods used in conducting the project. Examples of when supplies may be charged directly are:

- Envelopes used to mail an unusually large number of research questionnaires;
- Folders for filing survey responses and/or lab results;
- Data storage media if the project involves extensive data accumulation and analysis.

Local Telephone Costs

Local telephone rentals used to conduct routine business of the project may not be included in the budget. Telephone lines, including data lines, modems and telephones, may be charged directly if required to:

- Conduct surveys;
- Maintain contact with project activities conducted at remote locations.

Cell Phones and Pagers

Cell phone and pager expenses are usually considered “local telephone costs” and may not be included in the budget if they are used to conduct routine business of the project. An example of when these devices may be directly charged is:

- Maintain contact at remote sites for logistical or safety reasons.

Postage Costs

Postage costs may be included in the budget and directly charged for when related to the conduct of the study. Examples are:

- Shipment of research materials and deliverables to perform the project’s scope of work;
- Correspondence with the sponsor and/or project participants;

- Dissemination of surveys and/or materials produced as a result of the project activities.

Photocopies

Ordinary photocopies that used in general administrative support of a project may not be included in the budget unless it is project specific and can be tracked.

Procurement Card Purchases

Procurement card purchases may be direct charged if the expense is allowable, allocable, and reasonable. Sponsored funds may not be used as default funds unless the fund is a major program or Center award.

Memberships

Memberships in professional and scientific organizations may not be included in the budget unless:

- The membership is the only means of obtaining a specific journal or periodical directly related to the project;
- The membership is required to attend a conference which is part of the sponsored project;
- The membership results in reduced conference registration fees or other associated costs and is charged to the same sponsored project (savings must be greater than or equal to the membership cost).

Major Project Definition

Direct charging of normally F&A costs may be appropriate where a major project or activity explicitly budgets for administrative or clerical services and individuals involved can be specifically identified with the project or activity. "Major project" is defined as a project that requires an extensive amount of administrative or clerical support, which is significantly greater than the routine level of such services provided by academic departments. The following examples are drawn from OMB. The list is not intended to be exhaustive, nor is it intended to imply that direct charging of administrative or clerical support would always be appropriate for the situations illustrated:

- Large, complex programs, such as General Clinical Research Centers, Primate Centers, Program Projects, environmental research centers, engineering research centers, and other grants and contracts that entail assembling and managing teams of investigators from a number of institutions;
- Projects which involve extensive data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature, and reporting, such as epidemiological studies, clinical trials, and retrospective clinical records studies;

- Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars;
- Projects whose principal focus is the preparation and production of manuals and large reports, books and monographs (excluding routine progress and technical reports);
- Projects that are geographically inaccessible to normal departmental administrative services, such as seagoing research vessels, radio astronomy projects, and other research field sites that are remote from the campus;
- Individual projects requiring project-specific database management; individualized graphics or manuscript preparation; human or animal protocol, IRB preparations and/or other project-specific regulatory protocols; and multiple project-related investigator coordination and communications.

NORMALLY DIRECT *	NORMALLY F&A
<p>Data Communication</p> <p>Wide area network usage necessary to meet the goals of the project (must be specifically budgeted, justified, and approved (or not specifically disapproved) by the sponsor).</p>	<p>Data Communication</p> <p>Backbone/wireless services, port fees, wide area network usage related to administrative activities, internet services.</p>
<p>Dues and Memberships</p> <p>Directly related to the project.</p>	<p>Dues and Memberships</p> <p>Dues/memberships (other than those specifically required) in business, professional and technical organizations; subscriptions.</p>
<p>Equipment</p> <p>Scientific and technical computer costs including software, supplies and services.</p>	<p>Equipment</p> <p>General purpose equipment.</p>
<p>Postage</p> <p>Shipment of research materials and deliverables.</p>	<p>Postage</p> <p>General purpose, including express delivery.</p>
<p>Repair and Maintenance</p> <p>Maintenance agreements related to scientific and technical equipment.</p>	<p>Repair and Maintenance</p> <p>Buildings, grounds, building equipment, remodeling</p>
<p>Salaries and Wages/Benefits</p> <p>Faculty, technicians, research associates and assistants, including graduate research assistants and other students performing scientific or technical work, post doctoral associates and other technical and programmatic personnel necessary to meet the goals of the project.</p>	<p>Salaries and Wages/Benefits</p> <p>Administrative and clerical positions such as administrative assistants, accountants, office personnel, including student workers, purchasing agents and buyers; administrative activities of directors and assistant and associate directors, executive assistants, and other administrators.</p>
<p>Services</p> <p>Consultant's fees, printing, reprints and page charges, photography and photocopy charges. Repairs and maintenance (related to scientific and technical equipment).</p>	<p>Services</p> <p>Legal and financial services, insurance, general recruitment advertising. Repairs and maintenance (facilities and general purpose equipment). Administrative computing. Sanitation services including hazardous waste.</p>
<p>Supplies</p> <p>Laboratory and scientific supplies, chemicals, glassware, field supplies, compressed gases and liquids, radioactive material, software, animals.</p>	<p>Supplies</p> <p>Office Supplies, custodial supplies, parts and supplies associated with repair and maintenance of general purpose equipment and facilities, paper, forms, general purpose books and reference materials.</p>
<p>Telephone</p> <p>Telephone (including FAX) toll charges.</p>	<p>Telephone</p> <p>Recurring basic service, installation and maintenance, cell phones, pagers.</p>
<p>Travel</p> <p>That which is required to carry out the objectives of the sponsored project.</p>	<p>Travel</p> <p>That which is related to administrative activities.</p>
<p>* While the information on this page is accurate, there are exceptions to some of the items for entities like Centers and will be handled on a case by case basis.</p>	