

Directly Charging Costs to Sponsored Projects that are Normally Considered F&A Costs

Summary/Purpose: Certain types of costs normally treated as facilities and administration (F&A) costs (e.g., salaries and related benefits of administrative and clerical staff, office supplies, postage, local telephone, and memberships) 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 institution norm. Such costs should be explicitly budgeted and justified in the proposal and approved by the sponsoring agency as part of the project direct cost budget.

Awards issued prior to December 26, 2014 will follow the United States Office of Management and Budget (OMB) *Circular A-21: Cost Principles for Educational Institutions*. Awards issued after this date will follow the OMB guidance at 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

Section 200.413(c) of the *Uniform Guidance* specifies that salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs and should not be direct charged to sponsored projects. However, under certain conditions, the *Uniform Guidance* does provide criteria where the direct charging of administrative and clerical costs may occur. Direct charging of these costs may be appropriate only if all of the following conditions are met:

1. Administrative or clerical services are integral to a project or activity;
2. Individuals involved can be specifically identified with the project or activity;
3. Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and
4. The costs are not also recovered as indirect costs.

Section 200.453 of the *Uniform Guidance* states in the specific case of computing devices, charging as direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a Federal award. Principal Investigators (PI) are responsible for determining whether or not the device is essential and to what extent the cost of the device is allocable to the sponsored project. PIs and departments should maintain documentation that describes how the proposed computing device meets the above requirements. Computing devices may be direct charged to a project or activity under the following circumstances:

1. The machines are essential and allocable to the project in that they are necessary to acquire, store, analyze, process, and publish data and other information electronically, including accessories for printing, transmitting and receiving, or storing electronic information.
2. The project does not have reasonable access to other devices or equipment that can achieve the same purpose. Devices may not be purchased for reasons of convenience or preference.