Costs, Normally Treated as Indirect Costs, That May be Directly Charged to Sponsored Projects

Circular A-21 does not absolutely prohibit costs from being charged directly to a sponsored project, if "they can be identified specifically with" the sponsored program or can be assigned to its activities "relatively easily and with a high degree of accuracy." [§D.1.]

Items of cost such as salaries of administrative and clerical staff, computer network, computer supplies, office supplies, postage, local telephone (including monthly service charges), and membership dues are normally treated as indirect costs; however, for special purposes and circumstances (refer to Section c.ii in this policy), costs that are normally indirect may be directly charged. The examples shown in the Appendix 1 table are not exhaustive nor are they intended to imply that direct charging of administrative or clerical salaries and other categories of costs, normally treated as indirect, would always be appropriate for every situation.

Costs of this kind may be charged directly to sponsored projects, but only if the cost supports the activity that is directly related to the special purpose or circumstance of the sponsored project (refer to Section c.ii in this policy), and the link between the cost and the activity is close and clear. Examples or practices that would establish a link between the cost and the sponsored project activity are shown below. These examples are not meant to cover all situations.

1. POSTAGE COSTS. These costs are allowable as direct costs when they directly support the special purpose or circumstance of the sponsored project. A postage meter or log should be used to document such support. Shipping costs not classified as ordinary postage are acceptable direct costs. Sponsored projects with significant postage requirements should be specifically identified and included in the proposed budget to the sponsor.

2. OFFICE SUPPLY COSTS. These costs cannot be charged to a sponsored project unless their applicability to the special purpose or circumstance of the sponsored project can be clearly established. Only those supplies actually used in the performance of the sponsored project (or by a documented, reasonable allocation between projects) may be directly charged. General office supplies, including paper, pencils and pens, tablets, file folders, binders, transparencies, and staples would not normally be a direct charge to a sponsored project unless the special purpose or circumstance can be justified, as shown in Section c.ii of this policy.

3. LOCAL TELEPHONE CHARGES (Including Cell Phones, PDAs). These costs cannot be directly charged to a sponsored project unless their applicability to the special circumstance or purpose of the sponsored project can be clearly established (refer to examples in Section c.ii of this policy). The basic telephone line charge and local calls should not be directly charged to sponsored projects, except in special circumstances when a separate, dedicated telephone line is necessary solely for the performance of a sponsored project. Costs for Cellular phones, PDA and other similar devices should also not be charged directly to sponsored projects.

4. COMPUTING COSTS (GENERAL). This category includes 1) ITS Support, 2) Computer networking costs (network cables, servers, etc.), and 3) Service Level Agreements. These costs cannot be directly charged to a sponsored project unless their applicability to the special circumstance or purpose of the sponsored project can be clearly established.
5. **GENERAL PURPOSE SOFTWARE AND COMPUTER SUPPLIES.** General purpose computer supplies, including computer diskettes, printer paper for research data and reports, and toner cartridges, may not normally be direct charged. Also included is general purpose office software, such as word processing and spreadsheet programs. These costs cannot be directly charged to a sponsored project unless their applicability to the special circumstance or purpose of the sponsored project can be clearly established. These items must be justified in the budget and not specifically disallowed. When such items are purchased to support multiple activities of project personnel, they may not be directly charged. If it can be documented that these types of supplies are used only for project purposes, then the cost(s) may be direct charged.

6. **MEMBERSHIPS AND SUBSCRIPTIONS.** Memberships in professional or scholarship societies and subscriptions to scholarship publications should not be directly charged to sponsored projects unless their applicability to the special circumstance or purpose of the sponsored project can be clearly documented. The link between the cost of the subscription and the project activity must be "close and clear." If the conference registration fee for a professional society/organization meeting includes a required membership fee in a professional organization, then the total amount paid would be allowable as a direct cost. If membership is optional, the membership fee would be considered an indirect cost and must be paid on a departmental operating or discretionary chartfield. See *Memberships, Subscriptions and Professional Activity Costs Policy for Federally Sponsored Programs* for further information.