

New York University

UNIVERSITY POLICIES

Title:	Charging Administrative Expenses to Federal Awards Policy
Effective Date:	December 1, 2017
Supersedes:	September 1, 2013
Issuing Authority:	Sponsored Programs Administration; Office of Sponsored Programs
Responsible Officer:	Assistant Vice President for Post-Award Administration; Associate Vice Provost for Research Compliance and Administration

Policy

It is the policy of New York University (NYU, “the University”) to comply with all regulations concerning awards for research, training and related activities from the Federal Government. The *Federal Office of Management and Budget Uniform Guidance* ([OMB Uniform Guidance](#)) imposes strict limitations on the direct charging of administrative and clerical salaries and certain other costs to federal awards.

Purpose of the Policy

The purpose of this policy is to provide guidance on the limited conditions under which charging administrative and clerical salaries, as well as other non-salary administrative costs, to a Federal award may be appropriate.

Scope of this Policy

This policy is applicable to all schools, departments, units and personnel of the University involved in administering federally-sponsored awards.

Procedures for Implementation

[OMB Uniform Guidance, section 200.413\(c\)](#) states that the salaries of administrative and clerical staff should normally be treated as Facilities and Administration (F&A, or indirect) costs. Salaries associated with routine services such as preparing proposals, making routine travel arrangements and typing reports should not be budgeted or charged as direct costs, even when there is a direct benefit to the project. Similarly, items such as office supplies, postage, local telephone costs and memberships should normally be treated as F&A costs.

However, direct charging of administrative and clerical salaries and other administrative items may be appropriate when it can be demonstrated that they largely meet Uniform Guidance standards for

classifying the expenses as direct costs, i.e., they can be closely identified with the project and fulfillment of the its objectives. In these cases, the related costs can be allocated to the project based on the proportional benefit as long as they are treated consistently in like circumstances.

When a detailed budget is required by the Federal sponsor, requests for any of the foregoing costs must be itemized in the proposal budget and accompanied by a clear and concise justification. When an agency does not call for a categorical budget, the internal budget developed at the pre-award stage should include a corresponding justification. Post-award requests to re-budget into administrative cost categories must be addressed to the Office of Sponsored Programs, following OSP's Prior Approval Matrix, which will determine whether such post-award changes may be considered internally, or should be routed to the sponsor for prior written approval.

Administrative and Clerical Effort

To charge administrative and clerical effort directly to a Federally-funded project all four of the following conditions must be met:

- Administrative or clerical services are integral to a project or activity;
- Individuals involved can be specifically identified with project objectives;
- Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and
- The costs are not also recovered indirectly (through the F&A rate).

OMB has not established a minimum (or maximum) level of project effort for an administrative or clerical employee whose salary may be direct charged. Given the concern in this area, however, the smaller the percent of effort requested, the greater the difficulty in justifying the charge. Budget line items of 5%-10% effort or less are unlikely to be regarded as integral to the project. Likewise, the direct allocation of such modest amounts of administrative effort over multiple projects is not an indication of consistent treatment, nor that specific individuals can be clearly identified with project objectives.

Non-Personnel Administrative Costs

Whenever non-salary administrative costs are to be charged, they must be explicitly justified and explained. The costs must be essential to the project, which creates a special or unique need for the item that is clearly different from normal circumstances. For example:

- Office supplies that are used exclusively for project-specific activities may be direct charged when appropriately described in terms of their proposed use.
- Computing devices, such as laptops, may be charged if it can be clearly demonstrated that they are essential to fulfill project objectives (even if not used exclusively). Computing devices are defined as equipment that is used to acquire, store, analyze, process and publish data and other information electronically, including accessories (or peripherals) for printing, transmitting and receiving, or storing electronic information.

Policy Definitions

Direct Costs

Expenses that directly further the programmatic objectives of a sponsored project with a high degree of accuracy.

Indirect Costs

General business expenses that are not specifically identifiable to a sponsored project but rather support the project indirectly. This term is also referred to as *Facilities and Administrative Costs (F&A) or Overhead*. Examples of F&A/Overhead expenses include space costs, utilities, and general, sponsored projects and departmental administration costs.

OMB Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)

The set of Federal regulations which establishes the principles for determining costs applicable to Federal grants, contracts and other agreements with educational institutions.

Related Policies

- Budgeting Policy
<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/budgeting-policy-for-sponsored-program-awards.html>
- Costing Policy
<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/costing-policy.html>
- Effort Reporting for Sponsored Programs
<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/effort-reporting-policy-for-sponsored-programs.html>

Federal Regulations

- OMB Uniform Guidance
http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl