

## Uniform Guidance Proposals and Budgeting Reference Guide

The Office of Management and Budget (OMB) Uniform Guidance includes revised cost principles, which are applicable to new federal awards or funding increments made on or after December 26, 2014. This reference guide highlights select items of cost that should be considered in the budget preparation process and post-award management of awards expected to begin on or after the aforementioned date.

The table below provides a summary of the most significant changes in the treatment of select items of cost resulting from the Uniform Guidance. Additional details on each are provided below. Consult the agency-specific guidance, funding announcement, program guide, or notice of award for additional information.

### Select Items of Cost: Direct Costs

Description	Directly chargeable to a federal project?	Prior agency written approval required? (See section below)	UG Section(s)
<a href="#">Administrative and Clerical Salaries</a>	<b>Maybe</b> , provided they meet the four criteria defined in the explanatory section below.	<b>Yes</b> , budget justification must explain integral nature of the services to the project.	<a href="#">§200.430</a>
<a href="#">Computing Devices</a> (under \$5,000/unit)	<b>Maybe</b> , provided they are essential and allocable (but not solely dedicated) to the project.	<b>No</b> , but computing devices must be itemized in the detailed budget.	<a href="#">§200.453</a>
<a href="#">Conferences</a>	<b>Maybe</b> , if there is a direct benefit to the project.	<b>Maybe</b> . Some sponsors may require prior written approval.	<a href="#">§200.432</a>
<a href="#">Entertainment</a>	<b>No</b> , unless cost is specific and has a programmatic purpose to the project.	<b>Yes</b> , budget justification must explain the programmatic purpose.	<a href="#">§200.438</a>
<a href="#">Exchange Rates</a>	<b>Yes</b> , subject to the availability of funding.	<b>Yes</b> , where the change requires additional federal funding or a reduction in scope.	<a href="#">§200.440</a>
<a href="#">Goods or Services for Personal Use</a>	<b>No</b> , unless they are preapproved by the sponsor for certain costs,	<b>Yes</b> , for housing. Budget justification must explain how housing or housing	<a href="#">§200.445</a>

(including housing costs)	such as housing allowances.	allowance is essential and allocable.	
<a href="#">Memberships &amp; Subscriptions</a>	<b>Maybe</b> , they must directly benefit the project.	<b>Maybe</b> . Civic and community organizations require prior written approval.	<a href="#">§200.454</a>
<a href="#">Participant Support Costs</a>	<b>Yes</b> , now universally across all agencies.	<b>Yes</b> .	<a href="#">§200.456</a>
<a href="#">Programmatic Salary Costs</a>	<b>Yes</b> , when they are directly related to work on the award.	<b>No</b> .	<a href="#">§200.430</a>
<a href="#">Publication and Printing</a>	<b>Yes</b> , even if incurred outside the period of award, but before closeout.	<b>No</b> .	<a href="#">§200.461</a>
<a href="#">Travel</a> (Dependent Care Costs)	<b>No</b> , University policy does not allow these costs on all fund types, therefore they are not allowed on sponsored awards.	<b>No</b> .	<a href="#">§200.474</a>
<a href="#">Visas</a> (Short-term)	<b>Yes</b> , if short-term, critical and necessary for the project.	<b>No</b> .	<a href="#">§200.463</a>

## Indirect Costs

Description	What Rate Should be Used?	Any Exceptions?	UG Section
<a href="#">Awards Issued to the University</a> (Federal, or federal pass-through)	The University's negotiated indirect cost rate should be requested on all federal and federal pass-through awards.	In the case of statutory limitations or other agency approved and published reduced rates, the University may want to consider the impact of accepting the award.	<a href="#">§200.414</a>
<a href="#">Subawards Issued by the University</a> (Federal pass-through)	The subawardee's negotiated indirect cost rate should be honored.	<b>Yes</b> , in the absence of a federally negotiated rate agreement, a de minimis rate of up to 10% can be used, unless the sponsor's guidelines indicate otherwise.	<a href="#">§200.331</a>

## Allowable Costs

The definition of what constitutes an allowable cost remains essentially the same (i.e. necessary, reasonable, allocable, allowable and consistently treated). Most costs that were unallowable before remain unallowable now. What has changed is that for certain costs to be allowable as direct charges, they must be included in the proposal budget or require prior written approval from the sponsor before the cost is incurred.

## Prior Approval

**At the proposal stage**, items requiring prior approval must be itemized in the proposal budget and explained in the budget justification. In rare cases, the justification may be documented in the scope of work. Sponsor acceptance of the budget and issuance of the notice of award constitutes prior approval.

**After an award has been issued**, if costs were not included in the original budget, prior written approval must be requested from the federal awarding agency or pass-through entity prior to incurring costs. These requests must include a budget and budget justification, and submitted to the appropriate central office at your campus:

UIUC - Grants and Contract's Office  
UIC – Office of Research Services  
UIS - Office of Research Administration

The full list of costs requiring prior written approval is provided in the Uniform Guidance, [§ 200.407](#). Additional details regarding budget revisions can be found in the Uniform Guidance, [§200.308](#).

**Modular budgets** (funding is requested in modules of \$25,000 total direct costs, without specific budget line items), which are most commonly used by NIH, conflict with the Uniform Guidance's requirement for certain costs to have prior written approval or be explicitly included in the budget in order to be allowable. Unless NIH provides updated modular budget instructions or changes its Grants Policy Statement, any costs requiring prior approval under a modular award will likely require NIH approval after an award has been made, but prior to incurring such costs.

## Direct v. Indirect Costs

**Direct costs** are those costs that can be identified specifically with a particular sponsored project or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. For more information, see Uniform Guidance [§200.413](#).

**Indirect costs**, or facilities and administrative (F&A) costs, means those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to a particular sponsored project. Indirect (F&A) cost components include depreciation, interest, operations and maintenance, and library costs, as well as departmental, sponsored project, general,

and student services administration costs, and other similar costs, that benefit many activities. For more information, see Uniform Guidance [§200.414](#).

Specific identification with a sponsored project should be the determining factor in distinguishing direct from indirect costs, rather than the nature of the goods or services. Costs incurred for the same purpose in like circumstances must be treated consistently, as either direct or indirect costs.

## Additional Details on Select Items of Cost

### 1. Administrative and Clerical Salaries (200.413 / 200.430)

The salaries of administrative and clerical staff should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

- Administrative or clerical services are integral\* to a project or activity;
- Individuals involved can be specifically identified with the project or activity;
- Such costs are explicitly included in the budget (by employee name(s) or specific position title(s)) or have the prior written approval of the federal awarding agency; and
- The costs are not also recovered as indirect costs.

\***Integral** is defined as essential to the completion of the project's goals and objectives, rather than necessary for the overall operation of the institution. Services are essential when they are vital or fundamental to the project or activity. In general, minimal effort contributions are not likely to be considered essential.

You may not include the salaries of administrative personnel conducting activities such as financial reconciliations, general clerical work, and proposal preparation, as these costs support overall institutional operations and must be treated as indirect (F&A) costs.

Items to consider when determining if direct charging of administrative personnel costs may be appropriate:

- How is this project an exception as opposed to other similar projects?
- What is required that makes this direct charge necessary and how is it above and beyond the normal level of support?
- What specific circumstances is this project experiencing that makes this different?

To directly charge the salaries of administrative and clerical staff, the budget justification in the proposal must include a narrative that explains how the services are integral to the project. If it was not included at the time of the proposal, the costs must still meet the four requirements listed above and you must work with your campus central office to obtain prior written approval from the federal awarding agency or pass-through entity before the costs are incurred. Departments must discretely identify and charge each individual engaged in supporting a particular grant or contract, and not charge out costs from a clerical pool.

## 2. Computing Devices (200.453)

Computing devices are defined as machines 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. Computing devices, including the associated shipping costs, should be included under the budget category ‘Materials and Supplies’ in proposals.

Computing devices costing less than \$5,000 that are essential and allocable may be charged as direct costs. The Uniform Guidance states that it is not necessary for the computing device to be solely dedicated to the performance of an award. Similar to OMB Circular A-21, a computing device will only be allowable as a direct cost if it is necessary, reasonable, consistently treated, and properly allocated. However, this does *not* mean that a laptop or iPad can be charged to every sponsored project.

This means the computing device must be:

1. Essential for the purposes of carrying out a specific objective of the sponsored project;
2. Above and beyond what is provided by the department; and
3. Charged to the sponsored project in some reasonable proportion relative to how much it is used for the award.

In addition, devices may not be purchases for reasons of convenience or preference. Computing devices must be itemized in the proposal budget and specifically addressed in the budget justification.

## 3. Conferences (200.432)

The Uniform Guidance defines a conference as meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information beyond the University and is necessary and reasonable for successful performance under the sponsored award.

Allowable conference costs when the University acts as a conference sponsor or host, include:

- Rental of facilities,
- Speakers’ fees,
- Costs of meals and refreshments served at the conference,
- Local transportation,
- Other items incidental to the conferences, unless restricted by the award terms and conditions, and
- As needed, the costs of identifying (but not providing) locally available dependent-care resources.

Networking and social activities pre- or post-conference are considered entertainment costs and are unallowable on sponsored projects unless the sponsor has provided written approval for this type of event.

When the University acts as the host or sponsor of a conference funded by a sponsored award, it must ensure that costs are appropriate, necessary and managed in a manner to minimize costs.

#### **4. Entertainment (200.438)**

Costs of entertainment, including amusement, diversion, and social activities and any associated costs, are typically unallowable. They may be allowable if a programmatic purpose exists and the costs are specifically itemized in the approved budget or have the sponsor's prior written approval.

Any event with alcoholic beverages served, available, or present is considered a social event.

#### **5. Exchange Rates (200.440)**

The cost of fluctuations in exchange rates is allowable as long as there is funding available on the award and prior approval has been received from the federal awarding agency. The institution must review local currency gains to determine the need for additional federal funding before the expiration date of the federal award.

Prior approval is not required every time the exchange rate changes and a federal award is charged. Approval of exchange rate fluctuations is required only when the change results in the need for additional federal funding, or the increased costs results in the need to significantly reduce the scope of the project.

#### **6. Goods or Services for Personal Use (200.445)**

Costs of goods or services for personal use are unallowable regardless of whether the cost is reported as taxable to the employee.

Housing, housing allowance and personal living expenses are allowable as direct costs if approved in advance by the awarding agency. The budget justification must explain the direct benefit to the project.

#### **7. Memberships and Subscriptions (200.454)**

The costs of the University's membership in business, technical, and professional organizations, and subscriptions to business, technical, and professional periodicals are allowable when they provide a direct benefit to the project.

The cost of memberships in any civic or community organization is allowable with the prior approval of the federal awarding agency or pass-through entity, which is a change from OMB Circular A-21. These costs must be itemized in the budget and described in the budget justification, or receive prior-written approval before the incurrence of such costs.

The cost of membership in any social organizations, such as country or dining clubs, or organizations whose primary purpose is lobbying remains unallowable. Individual membership and subscription costs are also unallowable.

#### **8. Participant Support Costs (200.75 / 200.456)**

Participant\* support costs are direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences or training projects. These costs require prior agency approval. In addition, these costs must be **excluded** when calculating the Modified Total Direct Costs (MTDC) to determine the overall project's indirect costs (see section [§200.68](#)).

At this point, NSF is the only agency to release specific requirements on how participant support costs should be treated. Other agencies will be releasing more details in late-December 2014.

**\*Participant** is defined as an individual who is the recipient of a service or training provided at a workshop, conference, seminar, symposium or other short-term instructional or information sharing activity funded by a sponsored project. These participant support costs do not include costs such as payments to individuals involved in human subject testing, clinical trials, etc.

#### **9. Programmatic Salary Costs – Special Consideration (200.430(1)(h)(i))**

Costs for developing and maintaining human or animal research protocols, managing substances and chemicals, securing project-specific data, or coordinating research subjects may be directly charged to a project when they are contributing and directly related to work under an award. They are subject to the regular costing requirements (e.g. allocable, reasonable, and allowable under the award terms and conditions), and must be incurred within the performance period of the award.

#### **10. Publication and Printing Costs (200.461)**

Publication costs for electronic and print media, including distribution, promotion, and general handling are allowable. Costs of publication or sharing of research results incurred after the award end date, but before the project closeout are allowable and should be included in the budget. If publication costs are not identifiable with a particular cost objective and not readily assignable to a particular sponsored project, they should be treated as indirect costs and not charged to a sponsored award.

#### **11. Travel, dependent care costs (200.474)**

Travel costs include expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official University business. They are allowable on sponsored awards when participation is necessary to the project, and the costs are reasonable and consistent with the University's documented travel policies.

The University's travel policy does not allow for the reimbursement of dependent care costs while traveling. Therefore, these costs remain unallowable on the University's sponsored awards since the Uniform Guidance requires consistent treatment across all fund types.

For travel longer than 6 months, see section § 200.474.

## **12. Visas, short-term (200.463)**

Short-term, travel visa costs (as opposed to longer-term, immigration visas) are generally allowable when issued for a specific period and purpose, and therefore can be clearly identified as directly connected to recruitment of personnel for a sponsored award. For the costs to be directly charged to an award, they must:

- Be critical and necessary for the conduct of the project;
- Be allowable under the applicable cost principles;
- Be consistent with the University's cost accounting practices and entity policy; and
- Meet the definition of "direct costs" as described in the applicable cost principles.

Long-term immigration visas are still unallowable and cannot be charged to sponsored awards.

## **13. Indirect Costs, or Facilities and Administrative (F&A) Costs**

### **Awards Issued to the University (200.414)**

When the University is the recipient of federal funding (direct or pass-through), the awarding entity should honor the University's negotiated indirect cost rates. As such, the University's full negotiated indirect cost rates should be requested on federal and federal pass-through awards proposals.

Some deviations may apply, such as if a lower rate is required by statute or regulation, or when approved and published by the sponsoring agency head (or delegate). In such cases, the University may want to consider the impact of accepting the award.

### **Subawards Issued by the University (200.331)**

When the University serves as the pass-through entity of federal funding (i.e. issues a federal subaward), the subrecipient's federally negotiated indirect cost rate should be honored. In the absence of a federally negotiated rate agreement, the subrecipient can request up to a 10% de minimis rate on a modified total direct cost (MTDC) basis, unless the sponsor's guidelines indicate otherwise.

### **Change in Modified Total Direct Cost Base Used to Calculate Indirect Costs (200.68)**

Costs categorized as participant support costs (see section 8. above) are now a standard exclusion from the MTDC base (for all sponsors, not just NSF) and are not subject to the recovery of indirect costs. In other words, no indirect costs should be requested in budget proposals on participant support costs.



**Additional Information**

If you have questions about how to handle a particular item of cost, contact your campus pre-award or post-award office.