




PI QUICK GUIDE


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MAJOR CHANGES IN THE UNIFORM GUIDANCE AFFECTING
PROPOSAL BUDGETS AND CHARGING OF DIRECT COSTS

The Office of Management and Budget (OMB) have combined many federal circulars into a single guidance document (known as Uniform Guidance, or 2 CFR 200) that can be used by all agencies. These new regulations will become effective December 26, 2014.

<p>CHARGING ADMINISTRATIVE/ CLERICAL AND PROGRAMMATIC SALARY COSTS</p>  <p>Applicable Uniform Guidance (UG) Sections: 200.413 200.430</p>	<p>Administrative and clerical salaries (in certain circumstances) AND programmatic salary costs can be included on competitive proposal budgets.</p> <p><u>Administrative and Clerical Salaries</u> In general, administrative and clerical salaries should not be direct charged, but the rules governing “major project or activity” exceptions have been dropped and replaced by the following criteria, <u>all</u> of which must be met:</p> <ol style="list-style-type: none"> 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. <p>If all of these requirements are met, PIs must add a new **justification statement to proposals to facilitate the required agency approval.</p> <p>**Charging Administrative and Clerical (200.413) and Programmatic Salary Costs (200.430) “This award includes management of XX subawards. The volume and the tight timeline of the project mandate more extensive monitoring than the services routinely provided by the department/center. A XX% time program assistant is needed to oversee the subrecipients’ activities, including working with the Office of Sponsored Programs (OSP) to perform risk assessment and subrecipient monitoring, ensuring timely delivery and review of invoices, acquiring progress reports and ensuring their review, resolving mid-project issues, monitoring compliance approvals, ensuring timely payments, and handling subaward modifications. We are therefore requesting agency approval for a [List % of time appointment here] [List position title here] as an administrative cost allowed under 2 CFR 200.413.”</p> <p>*UAH has determined that integral means: (1) the services are essential, vital, or fundamental to the project or activity; AND (2) a minimum of 15% FTE is budgeted in the grant’s budget year or there are documented special circumstances.</p> <p><u>Programmatic Salary Costs</u> Costs related to protocol development and maintenance, managing substances/chemicals, managing and securing project-specific data, and coordination of research subjects are allowable direct costs when they are “contributing and directly related to work under an agreement.” Thus, these programmatic costs may be direct charged using the same underlying requirements as other types of direct costs, and are not subject to the extra approval requirements required of administrative and clerical costs. They are still subject to all regular costing requirements (e.g., allocability, reasonableness, allowable by terms of the award, incurred within award period).</p>
<p>COMPUTING DEVICES (UNDER \$5,000 UNIT COST)</p> <p>Applicable UG Sections: 200.33 200.48 200.89 200.439 200.453C</p>	<p>Computing devices can be included on competitive proposal budgets.</p> <p>Computing devices under \$5,000/unit may be direct charged to the project or activity under the following circumstances:</p> <ul style="list-style-type: none"> • 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 (or “peripherals”) for printing, transmitting and receiving, or storing electronic information. • 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. • Items costing more than \$5,000 per unit are considered equipment and follow federal equipment rules for when they can be direct charged. (SEE 200.33, 200.48, 200.89, 200.439) <p>* PIs 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</p>

<p>COMPUTING DEVICES (UNDER \$5,000 UNIT COST) CONTINUED...</p>	<p>maintain documentation that describes how the proposed computing device meets the above requirements.</p>
<p>PARTICIPANT SUPPORT COSTS Applicable UG Sections: 200.75 200.4</p>	<p>Participant support costs can be included for agency approval on competitive proposal budgets.</p> <p>After UG implementation, participant support costs (see 200.75) are allowable with agency prior approval. This includes 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. Participant support costs are not routinely allowed on research projects but can be charged if the project includes an education or outreach component and the agency approves such costs.</p> <p>These costs should be explicitly listed in the proposal budget or approved by the funding agency after the award has been made.</p>
<p>VISA COSTS Applicable UG Section: 200.463D</p>	<p>Short-term, travel visa costs can be included on competitive proposal budgets.</p> <p>Since short-term visas are issued for a specific period and purpose, they can be clearly identified as directly connected to work performed on a Federal award and can be directly charged They must be critical and necessary (directly benefit) the project and be allowable by the agency.</p> <p>Typically, these visas allow employees and students to engage in field research or attend meetings in foreign locations, or allow foreign visitors to visit the University in support of the project. Long-term visa costs, such as those that enable employment at the University (for example “J” and “H1B” visas) are not allowable as direct charges.</p>
<p>F&A ON SUBAWARDS</p>  <p>Applicable UG Section: 200.331</p>	<p>The subrecipient’s negotiated F&A rate or an alternative rate as described below must be used for all subawards included in competitive proposals.</p> <p>If a federal program has a published statutory F&A cap, that rate must be used both by UAH and all of its subrecipients. For all other federal programs, if a subrecipient has a federally negotiated F&A rate, it must be used. If the entity does not have a negotiated F&A rate, a 10% de minimus F&A rate must be used instead, or the PI/department may request that SPA negotiate an F&A rate with the subrecipient. PIs may not negotiate or agree to lower rates with their subrecipients. There is no change to UAH’s recovery of its own F&A – this remains limited to receiving our F&A on the first \$25K of each subaward.</p>
<p>FIXED PRICE/RATE SUBAWARDS</p>  <p>Applicable UG Section: 200.332</p>	<p>Agency prior approval is required to enter into fixed price/rate subawards, which may not exceed \$150K.</p> <p>Agency prior approval is required to enter into a fixed price/rate subaward rather than a cost reimbursement subaward, and the total value of each fixed price/rate subaward may not exceed \$150K. To expedite agency approval, PIs should add a new <u>*justification statement</u> to proposals contemplating a fixed price/rate subaward. A statement is not needed for other subawards.</p> <p>*Fixed Price/Rate Subawards (200.332) Justification Statement “The subaward to [Name the subrecipient here] documented in this proposal meets the criteria described in Subpart C-200.201(b) and The University of Alabama in Huntsville is therefore requesting prior agency approval to this Fixed Price Subaward. The University will consider this subaward approved if an award is made and no contrary guidance from the agency is included in the award notice.”</p>

[Additional information, recommended wording, and/or FAQs available by clicking the  icon]



Additional information, recommended wording, and FAQs

CHARGING ADMINISTRATIVE AND CLERICAL (200.413) AND PROGRAMMATIC SALARY COSTS (200.430)

At Time of Proposal

If it is determined that (1) the administrative and clerical services are essential, vital, or fundamental to the project or activity; AND (2) a minimum of 15% FTE* is budgeted in the grant's budget year or there are documented special circumstances**, PIs/departments must explicitly flag or list in proposal budget justifications administrative and clerical costs that meet the direct charging definitions, explain why these costs are integral (SEE below for examples) to the project, and include the statement below shown in bold. For example:

“This award includes management of 15 subawards. This volume and the tight timeline of the project mandate more extensive monitoring than the services routinely provided by the department. A XX% time program assistant is needed to oversee the subrecipients’ activities, including working with The Office of Sponsored Programs to perform risk assessment and subrecipient monitoring, ensuring timely delivery and review of invoices, acquiring progress reports and ensuring their review, resolving mid-project issues, monitoring compliance approvals, ensuring timely payments, and handling subaward modifications We are therefore requesting agency approval for a [List % time appointment here] [List position title here] as an administrative cost allowed under 2 CFR 200.413.”

*A percentage of effort below 15% FTE is unlikely to be viewed as “integral” to the project and may not be direct charged to it. Instead, these services are expected to be provided as a part of the services covered by indirect cost recovery.

**There may be special circumstances where a brief, intense period of administrative or clerical support is needed that does not equate to at least 15% time per year. If this is the case, explain the special circumstances. An example might include a conference that needs a high percentage of administrative support for a brief time immediately before or during the conference. Examples of projects that could meet the definition of “integral”:

- Large, complex programs, such as General Clinical Research Centers, program projects, 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 studies of clinical records).
- Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars.
- Projects where the principal focus is the preparation and production of manuals and large reports, books, or monographs (excluding routine progress and technical reports).
- Projects that are geographically inaccessible to normal departmental administrative services, such as research vessels, and other field research remote from campus.
- Projects requiring significant amounts of project-specific database management; individualized graphics or manuscript preparation; human or animal protocols, and multiple project-related investigator coordination and communications.

At Time of Award

If a proposal is submitted with the required statement/justification (as shown above), and an award is subsequently issued by the federal agency without explicitly deleting the administrative cost, the Notice of Award will reflect approval to charge the requested cost. After award issuance, unless prohibited by the terms of the award, any post-award addition in the percentage of effort that does not exceed 25% of the amount approved by the sponsor may be incurred without additional federal approval. An addition greater than 25% must be requested from the federal

sponsor as shown below. Reductions may be incurred without agency approval; however, PIs must recognize that this may still be questioned by auditors since the proposal indicated that such costs were necessary. PIs should be prepared to explain how the function was performed or why it was no longer needed.

An administrative or clerical employee's time may be fully or partially charged to sponsored projects with the balance charged to non-sponsored fund sources.

- For example, an employee's effort might be direct charged 25% time to one PI's project, 20% to another PI's project, and 55% to non-sponsored activities.
- If any portion of the employee's time is direct-charged to a sponsored project, the employee must certify his or her effort via the effort reporting certification system (BANNER).

Agency Approvals Needed during the Award

If new or additional (over 25% of the amount previously approved) administrative or clerical support is needed during the life of the award, PIs must submit a memo OSP, requesting approval to direct charge the new/additional administrative services. This memo must be signed by the PI, be prospective (not retroactive) and include the following:

- The percentage of effort, time period needed, and estimated cost to the project (salary, fringe benefits, and associated indirect cost)
- An explanation from what budget category the funds will be rebudgeted
- How the services are integral to the project

The memo must be countersigned by OSP, who will then submit the request to the agency. PIs should allow a minimum of 30 days for an agency response. Upon receipt of an approval, OSP will issue the award document and revised budget.

F&A ON SUBAWARDS (200.331)

When UAH is the subrecipient, the pass-through entity (the organization that receives a federal award directly) is obligated to honor UAH's negotiated F&A rate and may not impose additional restrictions or limitations on F&A unless the program has a statutory or other rate reduction approved by the head of the federal agency and publically posted per 2 CFR 200.414C.

- PIs may not negotiate rates with their subrecipients. Questions about appropriate F&A should be referred to the PI's OSP administrator or contracts and grants coordinator.
- If a federal program has a statutory F&A rate (e.g., certain USDA programs) or a posted F&A rate exception as outlined in 2 CFR 200.414C, the University will use the federally approved rate for its work and will allow its subrecipients to use that same rate. All remaining proposals must use the subrecipient's federally negotiated rate or the 10% MTDC de minimus rate unless OSP has agreed to negotiate a rate with the subrecipient.
- OSP will, in rare circumstances, negotiate a rate with a proposed subrecipient when the subrecipient:
 - (1) Does not qualify to receive a rate directly from the federal government (currently, this means the entity does not receive direct federal funding of \$750K or more per year);
 - (2) Is expected to do at least \$750,000 of business annually with UAH; and
 - (3) There is reason to believe the F&A rate will be substantially higher than 10% MTDC. If OSP agrees to negotiate a rate, 60 days advance notice (before the proposal is due to OSP) is required.
- Entities that have previously received negotiated rates with UAH are grandfathered in and UAH will continue to negotiate rates with these entities until they qualify to negotiate a rate directly with the federal government.

FIXED PRICE/RATE SUBAWARDS (200.332)

At Time of Proposal

The following justification statement should be added to competitive proposals containing subawards that are anticipated to be issued as fixed price and the cumulative estimated cost of the fixed price subaward is expected to be less than \$150K:

“The subaward to [Name the subrecipient here] documented in this proposal meets the criteria described in Subpart C- 200.201(b) and The University of Alabama in Huntsville, is therefore requesting prior agency approval of this Fixed Price Subaward. The University will consider this subaward approved if an award is made and no contrary guidance from the agency is included in the award notice.”

General research collaborations are not likely to be issued as fixed price. If you are uncertain about how to set up the subaward, consult your OSP administrator or contracts and grants coordinator for guidance, or omit the statement – you will be able to do an After-award-issuance request if it is determined that a fixed price subaward is needed.

OSP reserves the right to make the final determination at time of subaward issuance whether to issue the subaward on a fixed price basis or cost-reimbursement basis. This is true regardless of whether a fixed price justification statement was included in the proposal.

Consult with OSP if you have a situation where you would need multiple fixed price subawards to the same subrecipient to stay under the \$150K threshold per subaward.