

GUIDELINES ON CHARGING ADMINISTRATIVE COSTS TO FEDERAL GRANT AWARDS

How are “administrative costs” defined?

In terms of sponsored projects, “administrative costs” are expenses for items, services, and personnel that are, by their nature, general purpose rather than project specific.

What types of costs are typically considered to be administrative?

Following are costs that typically fall into this “general purpose” category:

- Office supplies
- Office furniture
- Computers and computer peripherals
- General purpose computer software
- Phone & phone peripherals
- Internet access
- Office postage
- Copier costs
- Professional dues and memberships
- Books and periodicals

General support services to sponsored projects such as the following are also typically general purpose rather than project specific in nature.

- Answering telephones.
- Scheduling meetings.
- Making travel arrangements.
- Monitoring and reconciling budgets.
- Conducting business meetings with PIs.
- Handling routine correspondence.
- Doing routine photocopying.
- Purchasing equipment and supplies.

Why are administrative costs important?

A shared understanding of administrative costs is important to avoid overcharging federal grant awards. This occurs when costs for general purpose items, services, or personnel are recovered both by applying DePaul’s federal indirect cost rate and by charging administrative costs directly to the project. Such overcharging may be considered to be a form of federal fraud that could result in civil penalties or criminal charges against the University. For this reason, DePaul must ensure that administrative costs are not directly charged to a federal grant award unless the criteria for making an allowable exception are clearly met and soundly documented. These criteria and the documentation standards are discussed later in these guidelines.

How are administrative costs usually charged to federal grant awards?

Because administrative costs are difficult to assign directly to a particular sponsored project with any degree of accuracy, they are typically recovered through an indirect approach. This involves calculating a percentage of the “direct costs”: those project expenses that can be charged directly and accurately to the project. This percentage varies, depending upon the

nature of the sponsored project. DePaul has a negotiated federal indirect cost rate of 47.5% that applies to most federally funded research projects. This overall rate includes a percentage of 26% that is especially intended to offset administrative costs.

What exceptions permit the direct charging of administrative costs to federal grant awards?

There are occasions when an item or service that is typically general purpose in nature is needed for a specific purpose that relates directly to the sponsored project's scope of work. (See the Appendix for examples of these.) In these circumstances, direct charging of the cost is appropriate IF:

- ✓ The cost is explicitly identified in the project budget.
- ✓ The special circumstances that justify direct charging are explained in detail in the budget narrative.
- ✓ The sponsoring agency accepts the cost as part of the project's direct cost budget (i.e., does not specifically disapprove the cost in the award notice or other notification to the university).

If the cost is not explicitly identified and justified in the project budget, the prior written approval of the Federal awarding agency will be needed before it can be directly charged to the grant award.

Note: Computers, computer peripherals, tablets, and smartphones may be directly charged to federal grant awards only when these exceptional circumstances apply and the criteria listed above have been fully met. When directly charged, such devices must be primarily dedicated to the performance of the federal grant award to which the cost is assigned, with other uses kept to a minimum.

There are also occasions where administrative or clerical services are integral to a federally sponsored project. (The Appendix provides some examples of these.) When such services are integral, direct charging of the associated costs is appropriate IF:

- ✓ The title, percentage of effort, and the salary/wages for the position(s) that will provide the support are explicitly included in the project budget.
- ✓ The percentage of effort needed to provide the services is consistent with the argument that they are atypical.
- ✓ The special circumstances that justify direct charging are explained in detail in the budget narrative.
- ✓ The sponsoring agency accepts the cost as part of the project's direct cost budget (i.e., does not specifically disapprove the cost in the award notice or other notification to the university).

If the cost is not explicitly identified and justified in the project budget, the prior written approval of the Federal awarding agency will be needed before it can be directly charged to the grant award.

APPENDIX

Following are some circumstances in which an item or service that is typically general purpose in nature could potentially be deemed project specific and directly charged to a federal grant award—provided the criteria listed on page 2 above are fully met.

| Cost Category | Examples |
|----------------------------------|--|
| Office supplies | <p>Paper, binders, and name tags are needed for a large day-conference that is being held as part of a sponsored project.</p> <p>Folders will be used for filing survey responses or lab results.</p> <p>Supplies for a poster presentation are necessary to disseminate the results of a sponsor project.</p> |
| Office furniture | <p>A locking file cabinet will be dedicated to storing protected information collected from participants in a sponsored research project.</p> |
| Computers & computer peripherals | <p>Laptop computers will enable two project staff to conduct numerous field interviews.</p> <p>A computer work station with a high-end computer and a dedicated printer will be used to perform data analysis and print off a series of reports necessary to the work of the project.</p> <p>Digital storage media are required for a project that involves extensive data accumulation.</p> |
| Phones | <p>A dedicated phone is needed for use in recruiting, scheduling, and making follow-up calls to 150 subjects participating in a research study; or a dedicated phone will be used to conduct a telephone survey that is part of a sponsored project.</p> <p>Weekly phone conferences are necessary to coordinate a sponsored project that involves three PIs who are located in different parts of the country. In this case, long distance costs resulting from the phone conferences are charged directly to the grant account while local phone costs are recovered by applying the indirect cost rate.</p> <p>For logistical and safety reasons, cell phones will be provided to three project staff who will travel extensively to conduct interviews with research participants.</p> |
| Internet access | <p>Internet access is needed to transmit research data from remote locations.</p> |

| Cost Category | Examples |
|-----------------------|--|
| Postage | <p>Large numbers of laboratory samples must be shipped to a collaborator for analysis during the course of a project.</p> <p>A sponsored project includes a mail survey that is to be sent to 750 community households.</p> |
| Copier costs | <p>The mail survey mentioned immediately above is 5 pages long, and 750 copies of the survey will be needed for mailing.</p> |
| Books and periodicals | <p>Books for children are needed for a project that helps low-income parents foster their children's interest in reading during the early elementary school years.</p> <p>A technical manual not available through the university library is needed as a reference guide for laboratory staff carrying out complex procedures called for as part of a sponsored project's research plan.</p> |

Following are some circumstances in which administrative or clerical services could potentially be deemed integral to a federal grant project and directly charged to it-- provided the criteria listed on page 2 above are fully met.

- A professor's \$4 million grant requires ongoing coordination of the activities of research teams at five universities. An administrative assistant is needed on a 50% basis to support this.
- A project that involves collecting complex financial data from hundreds of banks across the country requires a clerical staff person on a 60% basis to receive this information and enter it into a database.
- A project brings high school teachers to DePaul from across the Midwest for workshops on the teaching of science. An administrative assistant is needed on a 25% basis to help coordinate this activity.
- A clearing-house grant involves preparing monthly research-into-practice newsletters distributed to practitioners across the country. A secretary is needed on a 40% basis to support this.
- A project provides health care training and consultation in a developing country. Most of the research staff must be based in country, and this in-country staff needs administrative/clerical support in order to carry out the project.

Please contact Douglas Petcher, Director of Grants Compliance and Award Management, with questions or suggestions concerning these guidelines (dpetcher@depaul.edu or 312-362-7595).