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

The Office of Management and Budget (OMB) has 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.

**CHARGING ADMINISTRATIVE/CLERICAL AND PROGRAMMATIC SALARY COSTS**

**Applicable Uniform Guidance (UG) Sections:**

- 200.413
- 200.430

**Administrative and clerical salaries (in certain circumstances)** AND programmatic salary costs can be included on competitive proposal budgets.

**Administrative and Clerical Salaries**

In general, administrative and clerical salaries should still not be direct charged, but the rules governing “major project or activity” exceptions have been dropped and replaced by the following criteria, all of which must be met:

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.

If all of these requirements are met, PIs/departments should add a new justification statement to proposals to facilitate the required agency approval.

*ETSU 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.

**Programmatic Salary Costs**

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).
Computing devices can be included on competitive proposal budgets.

Computing devices under $5,000/unit may be direct charged to the project or activity under the following circumstances:

- 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)

* 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 maintain documentation that describes how the proposed computing device meets the above requirements.

Participant support costs can be included for agency approval on competitive proposal budgets.

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. These costs should be explicitly listed in the proposal budget or approved by the funding agency after the award has been made.

Short-term, travel visa costs can be included on competitive proposal budgets.

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. 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.

**INDIRECT ON SUBAWARDS**

Applicable UG Section: 200.331

The subrecipient’s negotiated indirect rate or an alternative rate as described below must be used for all subawards included in competitive proposals.

If a federal program has a published statutory indirect cap, that rate must be used both by ETSU and all of its subrecipients. For all other federal programs, if a subrecipient has a federally negotiated indirect rate, it must be used. If the entity does not have a negotiated indirect rate, a 10% de minimus indirect rate must be used instead, or the PI/department may request that SPA negotiate an indirect rate with the subrecipient. PIs may not negotiate or agree to lower rates with their subrecipients. There is no change to ETSU’s recovery of its own indirect – this remains limited to receiving our indirect on the first $25K of each subaward.

**FIXED PRICE/RATE SUBAWARDS**

Applicable UG Section: 200.332

Agency prior approval is required to enter into fixed price/rate subawards, which may not exceed $150K.

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. This will impact approximately 20% of all subawards issued by ETSU, which are most commonly used for clinical trial site agreements, foreign subrecipients, and small businesses. To expedite agency approval, PIs/departments should add a new justification statement to proposals contemplating a fixed price/rate subaward. A statement is not needed for other subawards.