

# *YALE UNIVERSITY*

To: Principal Investigators and Business Administrators/Managers

From: Kim Bottomly, Deputy Provost  
Andrew B. Rudczynski, Associate Vice President for Research Administration

Re: Direct Charging of Network and Certain Other Administrative Costs to Sponsored Awards

Date: April 10, 2007

We are writing to remind you of certain requirements related to the direct charging of network and certain other administrative costs to sponsored projects and to provide you with guidance in reviewing your sponsored project awards.

As you may know, the federal Office of Management and Budget in its Circular A-21 identifies certain costs that are normally treated either as departmental administration or infrastructure expenses and therefore are considered to be part of the Facilities and Administrative (F&A) cost rate. These costs are included and partially recovered in the University's negotiation of the F&A cost rate. Examples of such costs are network access charges, local telephone charges, and most administrative and clerical salaries. By contrast, such costs may be allowable on non-federal sponsored awards.

The following is intended to assist Principal Investigators and Business Managers in determining how these types of costs should be treated on federal and non-federal awards.

## **Federally Sponsored Awards**

Federal regulations presumptively preclude the direct charging to federally sponsored awards (including federal pass-thrus) of network, telecommunications equipment and lines, and administrative and clerical salaries. As stated above, these costs are normally treated as an F&A cost.

However, there are special circumstances where such costs may be directly charged to federal awards if they can be shown to directly benefit the project and the charging of such costs can be shown to constitute unique circumstances necessary to properly carry out the project. Examples of such situations where such unique circumstances **may** occur include but are not limited to:

- Large complex programs, such as general clinical research centers, primate centers, program projects, environmental research centers, engineering 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 certain epidemiological studies, computer science studies of large database management, clinical trials, computational biology studies, astronomical surveys, and retrospective clinical records studies),
- Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars.

- Projects whose principal focus is the preparation and production of manuals and large reports, books and monographs (excluding routine progress and technical reports).
- Projects which are geographically inaccessible to normal departmental administrative services, such as research vessels, astronomy projects, and other research field sites that are remote from campus.
- Individual projects requiring project-specific database management; individualized graphics or manuscript preparation; human or animal protocols; and multiple project-related investigator coordination and communications.

It is important to note that **the inclusion of a particular item of cost in an application budget is not sufficient to make the cost allowable**. The cost must benefit the work of the project in order to be allowable.

All federal awards that are currently active should be examined for these F&A type costs in the current budget period. When reviewing monthly Account Holder reports, please ensure that all expenditures charged to sponsored projects benefit the project and comply with the limitations of Policy 1403 as well as the terms and conditions of the award.

Principal Investigators and Business Managers should work together to ascertain whether any F&A types of costs charged to a currently active federal award properly belong on the award, based on Policy 1403 (“Charging of Administrative or Clerical Salaries and Certain Other Expenses to Federal Funds” at: <http://www.yale.edu/ppdev/policy/1403/1403.pdf>) and the criteria listed above. If a Principal Investigator believes that such costs may be allowable due to the circumstances of their project they should consult with their departmental business managers. For particularly vexing questions, business managers may consult with the University’s Expenditure Review panel ([expenditurereviewpanel@yale.edu](mailto:expenditurereviewpanel@yale.edu)).

If the costs are not allowable on the project, Principal Investigators, Business Managers and Chairs should first seek local sources including set-up and special use accounts, departmental endowment and unrestricted accounts to cover these costs. If no local funds are available, the costs should be discussed with the Dean, Provost and/or Budget Office as part of the regular budget review cycle.

### **Non-Federally Sponsored Awards**

Unless prohibited by the sponsor and to the extent they directly benefit a sponsored award, network charges, telecommunications equipment and lines, and other administrative and clerical costs may be charged directly to non-federally sponsored awards. Non-federal sponsors generally do not fully reimburse the University for the F&A costs incurred on projects they sponsor. Under these circumstances, network charges, and administrative and clerical salary costs may be appropriate charges to a sponsored project.

If you have questions, please contact Grant and Contract Financial Administration at 432-3060 for assistance.

cc: Provost’s Office  
Deans  
Chairs