

## MEMORANDUM

**Date:** June 10, 1998

**To:** Deans, Department Heads/Chairs, Principal Investigators, OGCA

**From:** F.W. Byron, Jr., Vice Chancellor for Research

**Re:** Guidance regarding Administrative Cost Policy

In order to give Principal Investigators, as well as OGCA, further clarification and guidance in interpreting and implementing the Policy on Administrative Costs, I am directing OGCA to adhere to the following minimum criteria in applying this policy to all Federal grant and contract submissions.

1. 25% FTE will be the minimum threshold for charging administrative and clerical salaries. (When awarded, it will be a requirement of all split-funded personnel in this category to report weekly time sheets with additional information assigning percent effort to all accounts in support of the individual appointment. This system will be explained further at the time of accepting the terms and conditions of awards.)
2. The position is specifically budgeted as a line item in the proposal budget and with duties discussed in the budget justification section.
3. The position is required by the project scope, due to the project's special purpose or circumstance. (Specific examples are listed on page two of the policy)
4. The sponsoring agency accepts the cost as part of the project's direct cost budget.
5. These rules apply to all requests for rebudgeting.

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**University of Massachusetts Amherst**

### **POLICY ON ADMINISTRATIVE COSTS**

**Effective Date:** Effective for all sponsored projects budget periods beginning on or after July 1, 1998.

**Applicability:** This policy applies to all federal and non-federal sponsored agreements. However, a cost normally treated as indirect may be directly charged to a non-federally sponsored agreement if permitted by the Sponsor's policies or otherwise agreed to by the Sponsor.

### **Secretarial and Administrative Salaries**

Office of Management and Budget Circular A-21 states that "the salaries of administrative and clerical staff should normally be treated as indirect costs." Direct charging of administrative, secretarial or clerical salaries is appropriate only where all of the following conditions are met:

- an extensive amount of administrative or clerical work is required to carry out the project, and
- the administrative or clerical personnel are specifically listed and justified in the budget proposal, and
- the individuals have responsibilities specifically related to the project and the effort devoted to the project is documented, and
- the sponsoring agency accepts the cost as part of the project's direct cost budget.

Principal Investigators who are budgeting administrative or clerical personnel on grant or contract proposals should contact the Office of Grant and Contract Administration (OGCA) for assistance. Budget proposals should clearly and thoroughly explain the need for administrative and clerical personnel. If the sponsoring agency does not specifically remove the clerical or administrative staff from the budget, these staff charges may be incurred. It is possible that an unanticipated need for administrative or clerical staff may arise during the course of the project. If the need can be justified, the Principal Investigator may request re-budgeting through OGCA. The justification must explain the need for the administrative/clerical personnel and why the costs were not in the original proposal submitted to the sponsoring agency. The justification will be maintained in the sponsored agreement file.

The following examples illustrate circumstances where direct charging the salaries of administrative and clerical staff may be appropriate:

1. Large, complex programs, such as program projects and research centers and other grants and contracts that entail assembling and managing teams of investigators from a number of institutions.
2. Projects which involve extensive data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature, and reporting.
3. Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars.
4. Projects whose principal focus is the preparation and production of manuals and large reports, books and monographs (excluding routine progress and technical reports).
5. Projects that are geographically inaccessible to normal departmental administrative services, such as seagoing research vessels, radio astronomy projects, and other research field sites that are remote from the campus.
6. Projects requiring project-specific database management; individualized graphics or manuscripts preparation; human or animal protocol, IRB preparations and/or other project-specific regulatory protocols; and multiple project-related investigator coordination and communications.

**Office Supplies, Postage and other Departmental Administrative Costs**

An expense charged to a grant or contract must be allowable under the guidelines of the sponsor and the specific terms of the award, be reasonable and allocable to the grant in the sense that it clearly benefits or supports the program objectives, and be treated consistently in "like circumstances." Under Circular A-21, expenses such as office supplies and other administrative costs are being closely scrutinized with respect to their being charged consistently as direct or indirect costs. Allocating these costs to a specific project can be problematic. A-21 states that "items such as office supplies, postage, local telephone costs, and memberships shall normally be treated as indirect costs."

Office stationery, pens, postage, express mail etc., subscriptions, local telephone, memberships and other general administrative expenses are typically considered indirect costs. Since these costs are normally treated as indirect costs, they cannot be charged directly to grants and contracts, unless the circumstances related to a particular program are clearly different from the normal operations of the institution. For example, although postage is normally treated as an indirect cost, a particular program may have a special need for postage because of the mailing of hundreds of survey questionnaires. In this case, it would be appropriate to charge that program directly for the postage related to the questionnaires, since the postage for the questionnaires would constitute "unlike circumstances" compared to routine postage requirements.

Lab notebooks, computer paper, computer diskettes, and other items required for documenting the results of the research project are examples of costs that can be identified to a specific research project and are, therefore, allowable as direct costs.

Budgeted and justified in the proposal: To be charged directly, costs discussed in this section must meet a special need caused by the specific work to be conducted under the project, be budgeted and justified in the proposal and accepted by the sponsor.

Re-budgeting: When institutional re-budgeting is allowed by the sponsor and the special need for the cost was not anticipated in the proposal, it may be directly charged with sufficient written justification. The justification must explain the special need for the costs and why they were not in the proposal submitted to the sponsoring agency, and be retained in the sponsored agreement.

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Policy on Administrative Costs