

**PI QUICK GUIDE TO EXCEPTIONS
MAJOR CHANGES IN THE UNIFORM GUIDANCE AFFECTING
PROPOSAL BUDGETS AND CHARGING OF DIRECT COSTS
On Federal and Federal Flow-through Projects**

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.

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| <p>ADMINISTRATIVE/ CLERICAL SALARIES</p> <p>Applicable Uniform Guidance (UG) Sections: 200.413 200.430</p> | <p>Administrative and clerical salaries (in certain circumstances) can be included on competitive proposal budgets.</p> <p><u>Administrative and Clerical Salaries</u></p> <p>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:</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/departments should add a new justification statement to proposals to facilitate the required agency approval.</p> <p>* Integral/Essential is defined as being absolutely necessary for the completion of the statement of work. Administrative or Clerical personnel are integral/essential to a project if they are directly supporting the projects statement of work. How the Administrative or Clerical personnel are directly supporting the project must be detailed in the proposal, budget and budget justification.</p> <p>Further, the Guidance clarifies that direct charged administrative or clerical services must be integral to a project or activity-as opposed to necessary to the overall operation of the institution and assignable in part to sponsored projects. For example, the clarification in the Uniform Guidance highlights that salary for an administrative assistant completing financial reconciliations should not be divided and charged directly to all sponsored awards under a PI or department. Although financial reconciliations are necessary to the overall execution of the project, this is true of all sponsored and non-sponsored activities and these types of services cannot be considered “integral” to the project’s goals and objectives.</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 <u>essential</u>* and allocable to the project in that they are necessary to acquire, store, analyze, process, or publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information. • 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) • If these items will be proposed as direct costs, acceptable justification will be required to be included in the proposal submitted to the sponsor. If a computing device was not identified in the approved proposal, before it is charged to the restricted account it must be justified to and approved by the office which handles the campus’s budget revisions. |
| <p>PARTICIPANT SUPPORT COSTS</p> <p>Applicable UG Sections:</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</p> |

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| <p>200.75 200.456</p> | <p>includes an education or outreach component, or is a clinical trial agreement 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. Participant Support Costs will now be a standard exemption category for modified total direct costs (MTDC). F&A cost are not applied to participant support costs.</p> |
| <p>PROGRAMMATIC SALARY COSTS</p> <p>APPLICABLE UG SECTIONS: 200.430</p> | <p>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.”</p> <p>These programmatic costs may be direct charged using the same underlying requirements as other types of direct costs, and are not subject to extra approval requirements.</p> |
| <p>SUBAWARDS – F&A</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 UT 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. PIs may not negotiate or agree to lower rates with their subrecipients.</p> |
| <p>SUBAWARDS - FIXED PRICE/RATE</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/departments should add a new justification statement to proposals contemplating a fixed price/rate subaward. A statement is not needed for other subawards.</p> |
| <p>SUBAWARDS – SUBRECIPIENT MONITORING</p> <p>APPLICABLE UG SECTION: 200.331</p> | <p>Agency Subrecipient Risk assessments are required to determine appropriate monitoring.</p> <p>During the project period the PI is responsible for:</p> <ul style="list-style-type: none"> • Documented review of financial and programmatic reports • Greater emphasis on detecting and addressing deficiencies (i.e. slow or no performance, financial management issues, slow or no spending, etc.) |
| <p>UNUSED SUPPLIES:</p> <p>Applicable UG Section: 200.314</p> | <p>The PI should be aware of the potential adverse impact of buying items in bulk or purchasing supplies toward the end of an award.</p> <p>It should be rare that a PI purchases supplies which will not be completely consumed by the project under which they were purchased. Investigators should use supplies timely to avoid accumulating excess supplies at the termination of the project. According to the UG, if there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other Federal award, the non-Federal entity must retain the supplies for use on other activities or sell them, but must, in either case, compensate the Federal government for its share.</p> |
| <p>VISA COSTS</p> <p>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 to (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.</p> |

University of Tennessee– Justification Statement Examples

CHARGING ADMINISTRATIVE AND CLERICAL (200.413)

“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 on performing 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.**”

FIXED PRICE/RATE SUBAWARDS (200.332)

“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 Tennessee 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.”