Introduction

This guidance document is for the use of Tufts University researchers and administrators who charge items to sponsored awards. Like all educational institutions that are recipients of federal and non-federal sponsored awards, Tufts must comply with a number of regulations and guidelines that govern the ways in which funding can be used. This document is intended to clarify the federal constraints and the Tufts policies for costs addressed in the OMB Uniform Guidance (UG), PART 200—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS, which supersedes requirements from OMB Circulars including A-21, A-110 and A-133. These new federal regulations become effective on December 26, 2014.

For a period of time, the University will have awards for which the OMB Circulars are still applicable, while the Uniform Guidance governs new awards and some incremental funding issued after December 26th. Please see the Tufts University Applicability of Federal Regulations to Sponsored Awards Guidance Document for information about applicable regulations.

Note: Costing guidance generally does not apply to non-federal sponsored awards. Non-federal sponsors often have expenditure policies of their own (or ask award recipients to adhere to federal regulations and guidelines). It is important to review the terms and conditions of each individual award for specific guidelines on expenditures.

Overview of Key Principles

Direct costs are those costs that can be identified specifically with a particular sponsored project or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. In contrast, indirect (facilities & administrative (F&A)) costs are those that benefit many activities, such as building operations and maintenance, administrative personnel and systems, and other similar costs.

For any cost to be allowable under a sponsored award it must:

Be allowable.
Allowable expenses are reasonable and necessary to conduct the research to carry out the aims and goals of the project. Allowable expenses must be treated consistently and conform to the specific terms and conditions of the award.

Be allocable.
An expense is allocable if it is incurred solely to advance the work under the agreement or if it benefits both the sponsored agreement and other related work of the institution, in proportions that can be approximated through use of reasonable methods.

Be reasonable.
A reasonable cost is one that a prudent person would have incurred under the circumstances prevailing when the purchase was made.

Be consistently treated.
A cost may not be charged to a Federal award as a direct cost if any other cost incurred for the same purpose in a like circumstance has been allocated to the Federal award as an indirect cost. If a cost is identified as an indirect cost it may be charged as a direct cost if it the circumstances related to a particular project are clearly different from the normal operations of the institution. For example, although office supplies are normally treated as an indirect cost, a particular award may have a special need for envelopes to mail hundreds of survey questionnaires. In this case, it is appropriate to charge the award directly for the envelopes because those needed would significantly exceed the quantity routinely provided by the office. The mailing of the questionnaires creates an "unlike circumstance" for envelopes and other supplies used for the survey, but not for other routine office supplies unrelated to the survey.

Items requiring prior approval must specifically be requested in the proposal budget or requested from the sponsor in writing (if the award has been made).

**Direct Cost Guidance**

The table below highlights select items of cost that should be considered in the budget preparation and post-award management processes. It includes items of cost that have changed as a result of the Uniform Guidance, as well as those commonly asked about in the Tufts research community.

<table>
<thead>
<tr>
<th>Item</th>
<th>Typically Allowable as a Direct Cost to a Sponsored Award?</th>
<th>Prior written approval required from agency?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative and Clerical Salaries*</td>
<td>Yes, provided they are integral to the project’s objectives.</td>
<td>Yes, budget justification must explain integral nature of services to the project.</td>
</tr>
<tr>
<td>Alcoholic Beverages</td>
<td>No, alcohol is unallowable as entertainment expense on sponsored awards. Alcohol may be charged if specifically authorized in the approved budget and consistent with the purpose of the award.</td>
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<tr>
<td>Applicable Credits</td>
<td>Yes, reduction-of-expenditure-type transactions (rebates, discounts etc.) related to allowable costs incurred on an award should be credited against the award.</td>
<td>No.</td>
</tr>
<tr>
<td>Books and Journals*</td>
<td>No. Books and journals generally should be provided as part of normal library services and are treated as F&amp;A costs.</td>
<td></td>
</tr>
<tr>
<td>Communication Costs*</td>
<td>Yes, communication expenses that can be linked to the sponsored project with a high degree of accuracy and are used solely for the sponsored award may be charged as a direct expense. Basic phone service is generally treated as an F&amp;A cost.</td>
<td>No.</td>
</tr>
<tr>
<td>Computing Devices* (under $5,000 per unit)</td>
<td>Yes, if essential and allocable to the project.</td>
<td>No, but budget justification should explain the essential and allocable nature of the devices to the project.</td>
</tr>
<tr>
<td>Conferences*</td>
<td>Yes, if event’s primary purpose is the dissemination of technical information.</td>
<td>No.</td>
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<tr>
<td>Entertainment</td>
<td>No, unless the cost is specific and has programmatic purpose to the project.</td>
<td>Yes, budget justification must explain the programmatic purpose.</td>
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<td>Equipment</td>
<td>Yes. Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of $5,000 or more have prior written approval. Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the Federal awarding agency or pass-through entity.</td>
<td>Yes, equipment over $5k must be itemized in the budget justification.</td>
</tr>
<tr>
<td>Exchange Rates*</td>
<td>Yes, subject to the availability of funds.</td>
<td>No, unless the rate fluctuation results in the need for additional funding or the increased costs result in a change in the Scope of Work.</td>
</tr>
<tr>
<td>Local Meals*</td>
<td>Yes, if costs have a programmatic purpose.</td>
<td>No.</td>
</tr>
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<tr>
<td>Local Parking</td>
<td>Yes, if it benefits the project directly and there is a clear and reasonable business case.</td>
<td>No.</td>
</tr>
<tr>
<td>Memberships, Subscriptions and Professional Activity*</td>
<td>No, generally unallowable as a direct cost except when necessary to meet the technical requirements of the award.</td>
<td></td>
</tr>
<tr>
<td>Office Supplies*</td>
<td>No, general office supplies incurred for administrative and supporting services that benefit common or joint departmental activities are normally not allowable as a direct charge to a federal award. Specialized supplies may be charged as a direct cost if the use of the supply specifically and solely benefits the sponsored project.</td>
<td></td>
</tr>
<tr>
<td>Participant Support Costs*</td>
<td>Yes.</td>
<td>Yes.</td>
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<tr>
<td>Photocopying</td>
<td>No, unless the photocopying cost is extraordinary due to the nature of the project and can be associated with the sponsored award with a high degree of accuracy.</td>
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<tr>
<td>Postage and Shipping</td>
<td>No, unless the postage or shipping costs are required for a project and can be linked to that specific project.</td>
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<tr>
<td>Publication and Printing*</td>
<td>Yes, publication costs can be charged even if incurred after the end of the performance period but before closeout.</td>
<td>No.</td>
</tr>
<tr>
<td>Relocation Costs (for employees)</td>
<td>Yes, when such costs are incurred incidental to a permanent change of duty assignment (for an indefinite period or for a stated period of not less than 12 months) for an existing employee working on a grant-supported project, or when a new employee is recruited for work on the project, provided that the move is for the benefit of the employer.</td>
<td>No.</td>
</tr>
<tr>
<td>Sabbatical Leave</td>
<td>No. At Tufts, sabbatical leave salary costs are a component of the University’s fringe benefit rate. Since sabbatical leave salaries are included in the fringe benefit rate assessed to salaries, these charges cannot be charged again as a direct cost to a grant.</td>
<td></td>
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<tr>
<td>Taxes (including Value Added Tax)*</td>
<td>Yes, except taxes from which exemptions are available, special assessments on land, and federal income tax.</td>
<td>No.</td>
</tr>
<tr>
<td>Training and Education costs</td>
<td>No, general educational/training costs for employee development that cannot be associated with a specific project are a component of the University’s fringe benefit rate. Since general educational/training costs for employee development are included in the fringe benefit rate assessed to salaries, these charges cannot be charged again as a direct cost to a grant. Costs may be allowable as a direct cost provided that the costs are incurred in support of can be associated with the sponsored project with a high degree of accuracy.</td>
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<tr>
<td>Visas (short-term)*</td>
<td>Yes, if critical and necessary for the project. Long-term visa costs are not allowable as direct cost.</td>
<td>No.</td>
</tr>
</tbody>
</table>

*More details for the asterisked items listed in this table are provided below; items in red signify major change from OMB circulars to Uniform Guidance

**Administrative and Clerical Salaries (Major Change)**

The salaries of administrative and clerical staff should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

- Administrative or clerical services are integral* to a project or activity;
- Individuals involved can be specifically identified with the project or activity; and
- Such costs are explicitly included in the budget or have the prior written approval of the federal awarding agency;
- The costs are not also recovered as indirect costs

*Integral means the services are essential, vital, or fundamental to the project or activity.
Examples of projects where administrative and clerical costs could be included as direct costs in a proposal, with proper justification, include, but are not limited to:

- Large, complex programs, such as program projects, centers, and other similar sponsored projects;
- Projects with complex project management requirements, e.g., managing multiple subawards; and
- Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences.

**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).

**Books and Journals**

There are volumes of books, journals, manuscripts, government documents, maps, microforms, music scores, sound recordings, visual materials, and dissertations available in the Tufts libraries. The library system serves as an invaluable resource for Tufts research enterprise. A portion of the cost incurred for the operation of the library (including the cost of library materials and staff) is included in the F&A rate that is charged to sponsored awards. Because library costs are included in the F&A rate, they cannot normally be charged as direct costs.

If the book or journal is not available in the library and can be associated with the sponsored project with a high degree of accuracy, it may be charged as a direct cost.

If the book or journal is available in the library but it is needed so often that a library copy is not sufficient, it may be direct charged to the project if it can be associated with the sponsored project with a high degree of accuracy.

In both of these instances, an explanation of why the book or journal is required for the project should be documented and address the following questions:

- Is the subject matter of the book or journal related directly to the project?
- Is the book or journal associated with a specific research technique that will introduce efficiencies to the research and/or improve the quality of the results?
- Can the book or journal be associated with the sponsored project with a high degree of accuracy?

**Communications Costs**

As communications across the University are enhanced, new methods of accounting for those costs are emerging. It may be difficult to isolate the particular portion of a communications vehicle to a specific cost objective with a high degree of accuracy and certainty. As a result, most communication costs are included in the indirect cost calculation and are treated as indirect costs. Examples of communication expenses that are considered indirect costs are local telephone service; base fees for cell phones, smart phones, or other personal digital assistant devices; on-campus or home Internet access or network connectivity fees.

Communication expenses that can be linked to the sponsored project with a high degree of accuracy and are used solely for the sponsored project may be charged as a direct expense.

Examples of communication costs that can be charged as a direct expense:

- Itemized long distance telephone charges for communication related specifically to the project
- Communication devices used exclusively for conducting surveys
- Telephones and PDAs used exclusively to manage a multi-site research project
- Dedicated telephone lines set up to receive data feeds from the field
- Hotel Internet fees during travel related to the project
If you plan to charge a communication cost to a sponsored project:

- Explain and document why the specialized communication cost is necessary for the performance of the project
- If the expense is anticipated, include it in your budget at the proposal stage.

**Computing Devices (under $5,000 per unit) (Major Change)**

Computing devices are defined as machines used 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. Computing devices should be included in the 'Materials and Supplies' budget category in proposals.

Under the Uniform Guidance, computing devices costing less than $5,000 that are essential* and allocable, but not solely dedicated to the performance of a federal award, may be charged 100% to an award or may be allocated to several awards. Items costing more than $5,000 per unit are considered equipment and follow federal equipment rules for when they can be direct charged.

While no prior agency approval is required, computing devices should be itemized in the proposal budget. In addition, the project must 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.

*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.

**Conferences**

**Tufts as hosts/sponsors**
Conference costs (i.e., conducting a conference, not attendance at a conference), is not normally allowed except when the purpose of the award is to conduct such a conference or the sponsor has given specific authorization to incur such costs. Conference grants usually have additional, specific requirements for types of costs that can be incurred. A conference is defined as a meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information beyond Tufts University and is necessary and reasonable for successful performance under the Federal award. Conference hosts/sponsors must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary and managed in a manner that minimizes costs to the Federal award.

**Conference fees to attend a conference**
Conference fees are treated as indirect expenses when an employee attends a conference to gain a general understanding of the topics presented, rather than to receive or present specific information related to an award. Conference fees that are not specifically related to an award should be charged to a non sponsored project.

Attendance at a conference is usually treated as a travel cost. Conference costs may be charged as a direct expense if:

- The attendee is presenting results of the research obtained during the course of work on the project
- Attendance at the meeting is necessary to fulfill the objectives of the sponsored project and there is a direct relation and benefit to the sponsored project

**Exchange Rates (Major Change)**

The cost of fluctuations in exchange rates is allowable as long as there is funding available on the award and prior approval has been received from the federal awarding agency. The institution must review local currency gains to determine the need for additional federal funding before the expiration date of the federal award.
Prior approval is not required every time the exchange rate changes and a federal award is charged. Approval of exchange rate fluctuations is required only when the change results in the need for additional federal funding, or the increased costs results in the need to significantly reduce the scope of the project.

**Local Meals**

Without associated travel, meals are normally an individual’s personal responsibility. Meals consumed locally are rarely allowed to be charged directly to federally sponsored awards.

Local business meals may be directly charged to an award if they are linked to a formal meeting or conference at which technical information directly related to the award is shared or disseminated.

Examples of food charges that can be allowable as a direct cost:

- Lunch and refreshments provided for a periodic all-day meeting of collaborators on a program project where technical information closely related to that project is being shared. There is a formal agenda and documented attendee list. Meeting participants are from different locations.
- A researcher is being recruited to fill an open position on a research grant and travels to Tufts University. The researcher’s meal may be charged to the grant since s/he is on travel status.

If you plan to charge a meal to a sponsored project as a direct cost:

- Document the purpose of the meeting and why a meal is necessary. Retain a copy of the formal agenda and a formal list of external and internal attendees.
- If you know that the meeting will be scheduled in advance, include the expense in the proposal budget, with justification.

**Memberships, subscriptions, and professional activity costs**

Membership dues, subscriptions, and professional activity fees are generally considered indirect costs.

The cost of individual memberships or subscriptions is allowable as a direct cost under certain circumstances, including but not limited to:

- Required for attendance at conference;
- Required for participation as guest speaker at a conference or symposium;
- Required to ensure distribution of technical information or to publish research results.

**Office Supplies**

General office supplies incurred for administrative and supporting services that benefit common or joint departmental are normally not allowable as a direct charge to a federal award. Since office supplies cannot be readily identified with a specific project with a high degree of accuracy, they are considered indirect costs.

Specialized supplies may be charged as a direct cost if the use of the supply specifically and solely benefits the sponsored project. Examples of office supplies that may be charged as a direct cost:

- Office supplies for a program project or a large survey project (unlike circumstance)

If you plan to charge an office supply as a direct cost provide a detailed explanation of the way the supply benefits the specific sponsored award prior to purchase.

**Participant Support Costs** *(Major Change)*

Participant support costs are direct costs for items such as 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. These costs are allowable costs, but still require prior agency
approval. Participant Support costs are not allowable for research projects without an education or outreach component. In addition, these costs must be excluded when calculating Modified Total Direct Costs (MTDC) to determine an award’s F&A costs.

*A participant is defined as an individual who is the recipient of a service or training provided at a workshop, conference, seminar, symposium or other short-term instructional or information sharing activity funded by a sponsored project. A University employee may not be a participant.

Publication and Printing Costs (Major Change)

Publication costs for electronic and print media, including distribution, promotion, and general handling are allowable.

Page charges for professional journal publications are allowable where:

- The publications report work supported by the sponsored project; and
- The charges are levied impartially on all items published by the journal, whether or not under a Federal award.
- The sponsored project may be charged before closeout for the costs of publication or sharing of research results if the costs are not incurred during the period of performance of the Federal award.

These costs should be included in the budget. If publication costs are not identifiable with a particular award they should be allocated as an indirect cost and charged to a non-sponsored account (DeptID).

Taxes, including Value Added Tax (Major Change)

Taxes required to be paid in accordance with Generally Accepted Accounting Principles (GAAP), payments made to local governments in lieu of taxes that are commensurate with local government services received, and taxes charged for purchase of goods or services that must be paid in country (i.e., Value Added Tax) are allowable, except:

- Taxes for which exemptions are directly available or which are available based on an exemption afforded the federal government, and when the federal awarding agency makes available the necessary exemption certificates;
- Special assessments on land that represent capital improvements; and
- Federal income taxes.

If anticipated, VAT costs should be included in a project budget in order to adequately describe the costs associated with goods and services purchased in-country. VAT costs can be significant and should be clearly identified as a separate cost in the budget justification.

Visas, short-term (Major Change)

Short-term visas (as opposed to longer-term immigration visas) are issued for a specific period and purpose, and therefore can be clearly identified as directly connected to recruitment of personnel for a federal award. For the costs to be directly charged to a federal award, they must:

- Be critical and necessary for the conduct of the project;
- Be allowable under the applicable cost principles;
- Be consistent with the non-federal entity’s cost accounting practices and entity policy; and
- Meet the definition of “direct costs” as described in the applicable cost principles.

Short-term visa costs should be included in a project budget if the circumstances are present for the anticipated project. The budget justification should explain how the costs are justified due to the circumstances.

Last Updated: November 5, 2014