



OFFICE OF SPONSORED PROGRAMS

Guide to Budget Development Under the Uniform Guidance (UG)

Effective December 26, 2014

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 must be used by all granting agencies. These new regulations became effective December 26, 2014.

The following serves as a guide when preparing grant proposal budgets for Federal sponsors and highlights select changes in the UG that should be considered in conjunction with the Funding Opportunity Announcement.

DIRECT COSTS

Personnel

Administrative and Clerical Salaries - UG Section: 200.413

In general, administrative and clerical salaries are normally indirect costs and should not be direct charged. Under the Uniform Guidance, it may be appropriate to direct charge a portion of administrative/clerical salary if all of the following criteria are met:

1. Administrative and clerical services are justified as 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.*

**Currently, WKU's negotiated indirect cost rate base includes the recovery of departmental administrative and clerical salaries; therefore, it is not appropriate/allowable to direct charge a portion of these salaries.*

Under exceptional circumstances an administrative/clerical position may be included in a grant budget if the position is solely dedicated to the sponsored project (100% effort), fully funded by the grant, and justified as integral to the project.

Programmatic Salary Costs - UG Section: 200.430

Per UG, "Charges to Federal awards may include reasonable amounts for activities contributing and directly related to work under an agreement, such as delivering special lectures about specific aspects of the ongoing activity, writing reports and articles, developing and maintaining protocols (human, animal, etc.), managing substances/chemicals, managing and securing project-specific data, coordinating research subjects, participating in appropriate seminars, consulting with colleagues and graduate students, and attending meetings and conferences."

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 applicable to administrative and clerical costs. They are still subject to all regular costing requirements (e.g.; allocability, reasonableness, allowable by the terms of the award, incurred within the award period, and determined by the individual's Institutional Base Salary rate).

Materials & Supplies

Computing Devices - UG Sections: 200.33, 200.48, 200.89, 200.439, 200.453C

Computing devices under \$2,000 per unit may be direct charged to the project or activity under the following circumstances:

- The device is essential* and allocable to the project in that it is 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 the other devices or equipment that can achieve the same purpose; devices may not be purchased for reasons of convenience or preference.
- Items costing \$2,000 or more per unit are considered general purpose equipment and follow Federal equipment rules for when they can be direct charged.

*Principal Investigators 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 their departments should maintain documentation that describes how the proposed computing device meets the above requirements. The computing devices should be listed in the budget under “materials and supplies” and are subject to indirect costs.

Participant Costs

Participant Support Costs – UG Sections: 200.75, 200.456

Participant support costs 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.

NOTE: Human subjects are not considered participant support costs.

These costs should be explicitly listed in the proposal budget or approved by the funding agency after the award has been made. These costs must be excluded when calculating the Modified Total Direct Costs (MTDC) to determine the project’s indirect costs.

Subawards

Indirect Costs on Subawards - UG Section: 200.331

A subrecipient’s negotiated indirect cost rate or an alternative rate as described as follows **must** be used for all subawards included in competitive proposals.

- If a Federal program has a published statutory indirect cost rate cap, that rate must be used both by WKU and all of its subrecipients.
- If the subrecipient does not have a negotiated indirect cost rate, a 10% Modified Total Direct Cost “de minimis” indirect cost rate must be used instead.
- Principal Investigators may not negotiate or agree to lower rates with their subrecipients.

Fixed Amount Subawards - UG Sections: 200.332, 200.201

WKU typically executes cost-reimbursable subawards. However, a Principal Investigator wanting to execute a fixed amount subaward should submit a justification statement to the Office of Sponsored Programs stating why it is appropriate to use this funding mechanism. Should OSP determine a fixed amount subaward is appropriate, the request will then be submitted to the Federal agency.

Agency prior approval is required to enter into a fixed amount subaward rather than a cost-reimbursement subaward, and the total value of each fixed amount subaward may not exceed \$150K.

Cost Share

Voluntary Committed Cost Sharing - UG Section: 200.306

Cost sharing means project costs not borne by the sponsor; also known as matching or in-kind contributions. *Voluntary committed cost sharing* is cost sharing that is not required by law, statute or regulation, nor written in the application guidelines, but was offered by the University in the

proposal. Voluntary committed cost sharing is recorded in the University's accounting system and must be reported internally.

Under the UG, funding agencies are prohibited from considering voluntary committed cost sharing in the merit review process. Since the Federal agencies cannot consider voluntary committed cost sharing in assessing a proposal's merit, offering it will not increase the likelihood of an award. WKU discourages the inclusion of voluntary committed cost share.

Indirect Costs as Cost Share – UG Section: 200.306b

If cost sharing is mandatory, “unrecovered” indirect costs on the direct costs charged to the sponsor as well as the “computed” indirect costs on the direct costs contributed by the University, may be included as part of cost sharing or matching only with the prior approval of the Federal awarding agency.