

Direct Cost Guidelines

The federal government is the largest sponsor of research and other scholarly activities at the Health Science Center. For that reason, the cost policies of the federal government, contained in OMB Circular A-21, provide guidance for all sponsored activities. The table below gives information regarding the allowability of some of the most common items of costs charged as direct. *In the case of an inconsistency between the provisions of a specific agreement and the provisions below, the provisions of the specific agreement should govern.* It is also recognized that the Health Science Center enters into agreements with private sponsors who have no specific rules regarding costing policies. If those agreements are not for research projects but are for other activities, certain exceptions to the following guidelines may be made.

Questions regarding the treatment of costs on federal awards may be directed to the Office of Sponsored Programs, 7-2340 or grants@uthscsa.edu.

Cost Category	Normal Treatment
<p>Salaries, Wages and Benefits</p> <ul style="list-style-type: none"> • Faculty • Postdoctoral Fellows • Graduate Students • Undergraduate Students • Technical Personnel • Administrative & Clerical 	<p>Costs of personnel are allowable on research agreements to the extent supported by actual effort performed on the project and approved in the award budget. Effort certifications are be used to document the actual effort performed. An individual's base salary must be used to compute the cost charged to a sponsored agreement; extra-compensation or supplemental pay for work on sponsored programs is unallowable except in extraordinary circumstances and with specific agency permission.</p> <p>Administrative and Clerical costs are generally recovered through indirect costs; therefore, they are usually unallowable as direct costs on federal agreements. The following exceptions apply:</p> <ul style="list-style-type: none"> • Direct charging of Administrative and Clerical salaries may be appropriate where the nature of the work performed under a particular project requires an extensive amount of administrative or clerical support that is significantly greater than the routine level of such services provided by academic departments. The charging of these costs directly would need to meet the following general criteria: <ul style="list-style-type: none"> • Be relatively easily and specifically identified, with a high degree of accuracy with a particular sponsored project • The special circumstances requiring direct charging of these services must be justified to the satisfaction

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	<p>of the awarding agency</p> <ul style="list-style-type: none"> • It is a general rule that when the size, nature, and complexity of the project justifies administrative or clerical costs, the amount of effort put forward by the administrative or clerical staff member to the project should be at least 20% • Some examples of circumstances where direct charging salaries of administrative or clerical personnel may be appropriate are as follows: <ul style="list-style-type: none"> • Large, complex programs, such as General Clinical Research Centers, program projects, and other agreements that entail assembling and managing teams of investigators from a number of institutions. • Projects that involve extensive data accumulation, analysis and entry; surveying; tabulation; cataloging; searching literature; and reporting; such as epidemiological studies, clinical trials, and retrospective clinical records studies. • Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars. • Projects where the principal focus is in the preparation and production of manuals and large reports, books and monographs (excluding routine progress and technical reports). • Projects that are geographically inaccessible to normal departmental administrative services, such as field sites that are remote from the campus. • Individual projects requiring significant amounts of project-specific database management; individualized graphics or manuscript preparation; human or animal protocols, IRB preparations and/or other project-specific regulatory protocols; and multiple project-related investigator coordination and communications. • These examples are not exhaustive nor are they intended to imply that charging of administrative or clerical salaries would always be appropriate for the situations illustrated in the examples above. Where direct charges for administrative and clerical salaries are made, care must be exercised to assure that costs incurred for the same purpose in like circumstances are consistently treated as direct costs for all activities.
Business Meals and Meeting Costs	Only when specifically permitted by the sponsored agreement.

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Donations and Contributions	Unallowable
Entertainment Costs	Unallowable unless specifically approved.
Equipment	<p>Scientific: Allowable when the equipment is necessary and will be used primarily, or exclusively, for the project(s) to which the costs will be charged.</p> <p>General Purpose (e.g., desks, file cabinets, fax machines, computers): Unallowable unless specifically approved in the sponsored agreement or subsequently approved by sponsor. In the case of computers, if computer is essential to the performance of the work and will be used solely for such a project, costs may be allowable without further agency approval. I-Pads should not be purchased.</p>
Local Telephone (including monthly instrument charges)	Generally unallowable as a direct cost. However, there are certain circumstances where these charges may be directly charged to a research project such as instances where patients call in to a specific telephone line.
Long Distance Telephone	Allowable when specifically identified with an individual project.
Materials (supplies, purchased materials, etc.)	<p>Project Supplies: Items such as chemicals, laboratory supplies and even pens, pencils, folders, notebooks and the like that can be identified as being “exclusively for the support” of a sponsored agreement are allowable.</p> <p>Office Supplies: Items commonly found in any office such as wall clocks, calendars, waste cans, letterhead, staplers, etc. that would likely be used for other purposes are unallowable except in specific circumstances.</p>
Memberships (scientific or professional societies)	Unallowable unless specifically approved by the sponsor.
Other Communication Devices and Charges (ie, PDAs, Blackberries, I-Pads, pagers, home internet access, and the like)	Generally unallowable as a direct cost. However, there may be compelling circumstances to justify the cost; OSP should be consulted when these costs are projected.
Postage	<p>Routine Postage Costs: Unallowable except where a project requires specifically identifiable large mailings or the like.</p> <p>Special Mailing or Delivery Costs: Allowable when necessary for the success or completion of project (example: overnight delivery charges for shipment of research materials to collaborators or from suppliers)</p>

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Pre-agreement Costs	Unallowable unless approved under the provisions of the specific funding agency.
Professional Services	Consultant fees are an allowable charge to sponsored agreements. Sponsor guidelines should be checked. "Honorariums" are typically not allowed; rather, payments to consultants are for services received.
Publications (books, subscriptions)	Unallowable unless approved by the funding agency or essential to the daily conduct of the project and not readily available from other sources (such as the library).
Scholarships and Student Aid (including Stipends)	Effective 9/1/11, tuition and fees may be charged to research projects but only for graduate students appointed as "graduate research assistants" and in proportion to the amount of their salary paid on the project
Travel Costs	Allowable if specifically benefiting project. Foreign travel using federal funds: U.S. flag carrier rules apply; may require specific agency approval; consult sponsor regs.

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