Reason for Policy

The SUNY Research Foundation at Downstate Medical Center receives funding for research, sponsored project, and public service grants and contracts provide by the federal, state and local government agencies. As a condition of accepting such funding, the Research Foundation must comply with all applicable federal regulations including the Office of Management and Budget (OMB) Circular A-21 “Cost Principles for Educational Institutions” and “The Code of Federal Regulation-Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”. OMB Circular A-21 and CFR Part-200 establishes principles for determining costs applicable to sponsored agreements, contracts, and other agreements with educational institutions. The regulations affect not only the establishment of indirect cost rates, but also the way in which direct costs are charged to sponsored programs. Unless otherwise specified by the sponsoring agency, the regulations must be implemented for all sponsored programs managed by The Research Foundation at Downstate, regardless of whether they are funded by private, state, or federal agencies. [References: OMB Circular A-21, §D.1., and §F.6.b]
was made.

(2) Costs should be allocable to sponsored agreements under the principles and methods of Circular A-21. A cost is allocable to a particular sponsored project if the goods or services involved are chargeable or assignable to the project in accordance with the relative benefits received.

(3) OMB Circular A-21, CFR Part 200 and the Cost Accounting Standards emphasize the importance of consistent application of cost accounting principles. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs. Where SUNY and the Research Foundation treats a particular type of cost as a direct cost on sponsored agreements, all costs incurred for the same purpose in like circumstances must be treated as direct costs for all activities of the institution. Consistent treatment of costs is necessary to avoid inappropriate charges to the federal government or other sponsors for sponsored agreements when sponsored agreements are charged directly for specified costs, then charged again through the Research Foundation's indirect cost rate.

b. Responsibility for Compliance
Responsibility for following this policy lies primarily with Principal Investigators (P.I.'s) of sponsored projects, department heads, and college/unit fiscal officers by providing guidance and oversight of research units. SUNY and the Research Foundation administrations are responsible for guidance and training, and for ensuring compliance through periodic internal and external audits.

c. Applicability of This Policy
This policy applies to all sponsored agreements whether sponsored by an external agency or industry or funded by SUNY (i.e., university research). Refer to OMB Circular A-21, for more complete definitions of "organized research," "university research," and "departmental research."

"Organized Research" (CRF-200 Appendix A, 1 (b) means all research, development activities of an institution that are separately budgeted and accounted for. It includes:

(1) "Sponsored research" means all research and development activities that are sponsored by Federal and non-Federal agencies and organizations. This term included activities involving the training of individuals in research techniques … where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction functions.

(2) "University research" refers to all research and development activities that are both separately budgeted and accounted for by the University under an internal application of the State appropriated funds. In order for an
internally funded research activity to be classified as "university research," a project must include the following: i) segregated research scope, ii) a technical proposal, iii) a budget proposal, iv) a peer review process, v) awarding of the funds, and vi) submission of a technical report or an exit interview with the dean or department head. The amounts expended as cost sharing for an externally funded research project are also classified as "university research."

(3) "Departmental research" means research, development and scholarly activities that are not organized research. An account which is set up to provide faculty with funds for release time to further academic knowledge may be included in the category of "departmental research", examples could include recruitment or start-up funds.

Each department in which sponsored agreement activity occurs must follow the costing practices as described in this policy statement. Any exceptions to this policy should be documented by the department and approved by The Research Foundation Post-Award Administration.

DIRECT COSTS

2.01 The primary direct cost functions of SUNY are Instruction, Research, Public Service, Clinical Practice and Other Institutional Activities. Costs incurred to support these activities, such as salaries and wages, fringe benefits, materials and supplies, travel, subcontracts, equipment, specialized service center charges, and other operating expenses are treated as direct costs and identified through specific identification of the individual costs to the benefiting projects and activities, as appropriate under the circumstances. If a direct cost benefits two or more sponsored agreements/projects, Circular A-21 provides standards for their allocation across these sponsored agreements. Refer to 4.01 and 4.02 in this policy for more detail on allocation across sponsored agreements.

OMB Circular A-21, Cost Principles for Educational Institutions and CRF-Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are the basis used to determine the procedures used for identification of direct costs by functions to benefiting projects and activities applicable to sponsored, cost sharing, and institutionally supported projects and activities. Identification with the sponsored work rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect costs of sponsored agreements, provided that such costs are consistently treated, in like circumstances, as direct rather than indirect costs. Committed cost sharing expenses are separately budgeted and accounted for in the accounting records and included in the appropriate direct cost bases by function.

Direct charges to a sponsored agreement should support the sponsored agreement's purpose and activity and are those costs that are necessary to meet the project's scientific and technical requirements. Such charges cannot be assigned arbitrarily, or for the purpose of simplified budget management that is unrelated to the sponsored agreement's purpose. Direct charges to sponsored agreements are expected to adhere to the sponsor's restrictions in the Notice of Award and any applicable budgetary restrictions, and must support the sponsor's programmatic
2.02 Acceptable Direct Costs
Examples of acceptable direct costs that meet Circular A-21 and CFR Part-200 requirements cited above and "identifiable to a particular cost objective" [*F6b] are listed on EXHIBIT 1.A.

Items such as salaries of administrative and clerical staff, office supplies, postage, local telephone costs (including monthly service charges), and membership dues are normally treated as indirect costs. However, for special purposes and circumstances, costs that are normally indirect may be directly charged if certain conditions are met. Refer to 3.01 and 3.02 in this policy for further information.

2.03 Documentation of Direct Costs

a. The cost must be identified with activity in the sponsored agreement to which the cost is charged.

For example:

(1) Long distance telephone and fax costs should be linked to the sponsored agreement by means of a log or agreement-specific access code.

(2) Purchases for a specific sponsored agreement must identify the award account number on the invoice, requisition, purchase order, or other payment document.

(3) Supplies drawn from a central storeroom or inventory must be charged directly to a sponsored agreement if their applicability to the sponsored agreement is recorded at the time of withdrawal (e.g., by means of a log). All such costs must be charged to sponsored agreements based on anticipated usage at the time of withdrawal.

(4) Services purchased from cores and services centers should be charged directly to the sponsored agreement under the guidelines stipulated in 2.03 a.(3).

b. Documentation that links the cost incurred to the sponsored agreement activity should be completed by someone who is in a position to know the sponsored agreement activity; e.g., the person who is making the telephone call or the person taking supplies from a common storeroom or service center should know what supplies and services are necessary to meet the programmatic needs of the sponsored activity.
c. **Documentation must be maintained for a period of three years** following the date the final report is submitted for the sponsored project or until final action has been taken on any audit, litigation, or claim.

d. Only **actual costs** may be charged to the sponsored agreement.

**2.04 Unacceptable Direct Costing Practices**

The following direct costing practices are unacceptable because they do not meet A-21's or CRF Part-200's standards for a "high degree of accuracy" in the assignment of costs to sponsored agreements:

a. **Rotation of charges among sponsored agreements** by month without establishing that the rotation schedule credibly reflects the relative benefit to each sponsored agreement;

b. **Assigning charges to sponsored agreement with largest remaining balance**;

c. **Charging the budgeted amount** (in contrast to charging an amount based on actual usage);

d. **Assigning charges to a sponsored agreement in advance** of the time the actual cost is incurred;

e. **Identifying a cost as something other than what it actually is**;

f. **Charging expenses exclusively to sponsored agreements** when the expense has supported non-sponsored agreement activities;

g. **Assigning charges that are part of normal administrative support** (indirect costs) for sponsored agreements (e.g., accounting, payroll). Refer to 3.01 on **Indirect Costs** [Facilities and Administrative (F&A) Costs] in this policy.

**INDIRECT COSTS [Facilities and Administrative (F&A) Costs]**

**3.01 Indirect costs** are those that are incurred for common or joint activities of SUNY or The Research Foundation and, therefore, cannot be identified readily and specifically with a particular sponsored project, instructional activity, or any other SUNY activity.

Expenses incurred for general departmental and institutional business include charges for administrative and
clerical salaries, related fringe benefits, office supplies, postage, telecommunications (including local telephone charges), office equipment, and other general costs. Costs incurred for administrative and support services that benefit departmental activities and costs incurred by separate departments and organizations established primarily to administer sponsored projects are identified separately as cost classification and by state object code in the accounting records and recognized as indirect expenses.

In instances where sponsored projects require administrative and clerical support, office supplies, postage, and telecommunications (expenses similar to the charges identified normally as administrative costs), such costs may be charged to sponsored agreements as direct costs when **ALL** of the following conditions are met:

a. The costs are **required by the project scope due to the project's special purpose or circumstance** (refer to 3.02 in this policy);

b. The costs can be readily **identified specifically** with the project **with a high degree of accuracy**;

c. The items of costs are **separately budgeted for**, justified, or approved by the sponsoring agency;

d. The costs are not also recovered as indirect costs.

### 3.02 Special Purposes or Circumstances Where Direct Charging of Costs Normally Treated as Indirect Costs May be Appropriate

The "**special purpose or circumstance**" of the sponsored agreement that necessitates the programmatic need for the direct charging of costs that are normally considered to be indirect costs should be stated in the "Statement of Work" section of the proposal/acceptance document. The budget page should include a footnote to the "special purpose or circumstance" that applies to the sponsored project.

The need to charge administrative and clerical support costs as direct charges to a sponsored project may occur for projects that involve the following special purpose or circumstance:

a. **Private sponsored agreements** that are proposed and awarded for a different purpose than federal agreements--the work proposed and performed in part is for the benefit of the industrial/commercial sponsor and SUNY. The sponsor's concern is with total costs and not whether the costs are direct or indirect. Private sponsors include private industry, commercial sponsors, foundations, and nonprofit agencies or associations.

b. **State & City sponsored agreements** that have restrictions on the types of costs that are direct or indirect--such agreements would constitute a different circumstance than costs incurred under federal agreements. SUNY must comply with State agency regulations and statutory requirements. Consequently, costs normally treated as indirect could be treated as direct provided that they are reasonable, specifically identified with the sponsored agreement, and included in the award budget.
c. **Training Grants**—since they are for a different purpose (training) than a traditional research project, these project budgets may include costs that are normally considered to be indirect costs. Training grants usually identify a line item budget for "institutional allowance" which authorizes direct charging of normally treated indirect costs as appropriate if they are reasonable, specifically identified with the project, and budgeted in the award.

d. **Planning Grants**—since they are for a different purpose (planning) than a traditional research project, these project budgets may include costs that are normally considered to be indirect costs. Research planning grants may be used for preliminary work to determine the feasibility of a proposed line of inquiry and/or for other activities that will facilitate proposal development. For these types of agreements, the federal agency will fund indirect costs at a specified percentage.

e. **Projects that are geographically inaccessible** to normal departmental administrative services (i.e., a project that takes place in site(s) that is/are remote from the main campus).

f. Projects that require **making travel and meeting arrangements** (conferences and seminars) for large numbers of participants.

g. **Large, complex programs**, such as Cancer Research Centers or Program Project Grants, environmental research centers, engineering research centers, and other sponsored agreements and contracts that entail assembling and managing teams of investigators from a number of institutions.

h. Projects which involve **extensive data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature, and reporting**. For example, if a project requires **substantial mailing expenses** in the performance of the project activities or technical work, postage should be charged as a direct cost of the project.

i. Projects whose principal focus includes the **preparation and production of manuals, long reports, books and monographs** (excluding routine progress and technical reports).

j. Individual projects requiring **project-specific database management, individualized graphics or manuscript preparation, human or animal protocol, IRB preparations and/or other project-specific regulatory protocols**, and multiple project-related investigator coordination and communications. If these types of activities are **NOT** being performed by other individuals whose salaries are charged indirectly, then administrative and clerical salaries of the individuals performing these activities could be charged directly to an individual project. Work must be specifically identified to
the project, and the effort funded by the sponsor would also have to be met (at least 15% of FTE effort for this type of project).

3.03 Sponsoring Agency Approval

In order to meet the criteria shown in 3.01 and 3.02 and charge salaries of administrative and clerical staff or other costs (normally treated as indirect costs) directly to a sponsored program, the project proposal budget is required to identify specifically the administrative and clerical salaries and/or other costs which are requested. These costs must be justified or explained in the proposal/award narrative and in a footnote to the project budget. Since these items are specifically set forth in the proposal, we assume that the sponsoring agency has approved this exceptional treatment of administrative and clerical salaries or other costs if they accept the proposal and subsequently fund the project. It is the principal investigator’s responsibility to notify the college/unit Research Director of any changes made to the proposed budget in pre-award negotiation with the sponsor in which the SUNY did not participate.

Further, if a proposal and award has not specifically identified a direct charge requirement for administrative or clerical support or other costs, the PI and the Research Foundation is not allowed to rebudget approved funding into these categories unless specific written approval has been received from the sponsoring agency.

3.04 Charging Salaries of Administrative and Clerical Staff

Three-Step Test for Allowing Direct Charging of Administrative and Clerical Salaries

a. The costs are incurred to meet the special purpose or circumstances of the sponsored agreement:

   (1) A special purpose or circumstance of the project exists such as those listed in 3.02 of this policy;

   (2) It must be a realistic reflection, through appropriate documentation, of planned or actual effort;

   (3) It must be identified in the sponsored agreement budget, fully justified, and approved by the granting agency; and

   (4) The costs are not also recovered as indirect costs.
b. Institution can "specifically identify" the individual with the project or activity.

c. Charge is "explicitly budgeted"--as proposed sponsored agreement budgets are developed, the percentage of effort, salaries, and fringe benefits of administrative and clerical positions must be specifically included and reasonably explained in the budgets. Agency approval is also required. This approval is assumed if the salary is budgeted and not specifically denied either in negotiations between the principal investigator and the sponsor or in the notice of grant award. Re-budgeting authority may not be used to charge administrative or clerical salaries not included in the approved budget.

The determining factors in classifying salaries of administrative and clerical staff as direct costs must relate to the exceptional nature of the project and the extent of administrative duties performed to carry out the project goals and objectives to those routinely performed for departmental administration or general institutional administration.

3.05 Other Administrative Costs Charged as Direct Costs

Circular A-21 states that "items such as office supplies, postage, local telephone costs, and memberships shall normally be treated as indirect costs." Circular A-21[F.6.b.]") or "CRF Part-200 [200.414]" does not absolutely prohibit such costs from being charged directly to a sponsored agreement if "they can be identified specifically with" the sponsored program or can be assigned to its activities "relatively easily and with a high degree of accuracy."

Costs of this kind may be charged directly to sponsored agreements, but only if the cost supports the activity that is directly related to the special purpose or circumstance of the sponsored agreement, and the link between the cost and the activity is close and clear. Assignment of such costs through a general departmental "surcharge" would not typically be close or clear enough to justify them as direct costs. Examples or practices that would establish a link between the cost and the sponsored agreement activity are shown in EXHIBIT 1.B. of this policy.

**ALLOCATION OF A DIRECT COST ACROSS TWO OR MORE SPONSORED AGREEMENTS**

4.01 If a cost benefits two or more sponsored agreements in proportions that can be determined without undue effort or administrative expense, the cost should be allocated to the sponsored agreements based upon the proportional benefit. If a cost benefits two or more sponsored agreements in proportions that cannot be determined because of the interrelationship of the work involved, then... the costs may be allocated or transferred to benefited projects on any reasonable basis..." [Circular A-21, C.4.d.(3)] and [CFR Part-200, 200.405 1.(d)]

4.02 Proportional Benefit Rule
a. When the proportional benefit rule is used, the required close linkage of the cost with sponsored agreement activity, as described in 3.05 of this policy, continues to apply. The criteria for allocation of costs to two or more sponsored agreements are as follows:

(1) The cost in question should be identified specifically with the group of sponsored agreements relatively easily and with a high degree of accuracy;

(2) Credible documentation of this identification must be maintained by the department; and

(3) Administrative costs cannot normally be charged to such groups of sponsored agreements unless the costs clearly meet the criteria for a "special purpose or circumstance" specified in 3.02, 3.04, and 3.05 of this policy.

b. Proportional Benefit for Compensation Costs (Salaries, Wages, and Benefits that Directly Benefit Two or More Sponsored Agreements)

The proportional benefit rule is applied when the principal investigator (P.I.) authorizes the distribution of salary and fringe benefits across two or more sponsored agreements. This authorization should reflect the P.I.'s best judgment of the proportional benefit of the salary and fringe benefit costs to each of the affected sponsored agreements.

The Monthly Payroll & Labor Distribution Confirmation and Bi-Weekly Payroll Confirmation reporting verify that the distribution of actual salaries and wages reflects the proportional distribution of compensation. Circular A-21 requires "confirmation of activity allocable to each sponsored agreement..." ["J.8.b.(2)(c)" This method of payroll confirmation reflects "an after-the-fact reporting of the percentage distribution of activity of employees. Reports should reasonably reflect the activities for which employees are compensated by the institution. The system should reflect activity applicable to each sponsored agreement. The Research Foundations e-Cert Effort Confirmation reports should be approved twice a year by the responsible official (in most instances, the principal investigator) who can confirm that the work was performed. ["J.8.c.2.(c)&(d)"] or see 200.430 Uniform Guidance Standards of Documentation]

c. Proportional Benefit for Other Costs that Directly Benefit Two or More Sponsored Agreements

Conditions under which the proportional benefit rule can be used for other costs that directly benefit two or more sponsored agreements include the following:
(1) the costs in question qualifies as a direct cost under criteria defined in 3.01 and 3.02 of this policy;

(2) costs incurred for something that specifically benefits two or more sponsored agreements; and

(3) without undue effort or administrative expense, a proportional distribution of the cost can be devised. For the sponsored agreements in question, this distribution must reflect, roughly but reasonably, the proportional distribution of the benefits for which the cost was paid. The P.I. must approve the use of proportional benefit and the method of its use.

Examples of acceptable methods are described below. Other methods may be acceptable, but should be discussed and approved with Grants and Contracts Financial Administration.

(i) Distribution of allowable direct costs used by two or more sponsored agreements, according to each grant's award percentage of the total awards of all sponsored agreements;

(ii) Distribution of allowable direct costs used by two or more sponsored agreements, in proportions that reflect the P.I.'s best judgment of the proportions that will reflect the benefit of the cost to each of the sponsored agreements; or

(iii) Distribution of administrative costs according to the methods described in a) or b) above. Administrative costs must meet a special purpose or circumstance as described in 3.01 and 3.02 of this policy.
EXHIBIT 1 NORMALLY ACCEPTABLE DIRECT AND INDIRECT COSTS

<table>
<thead>
<tr>
<th></th>
<th>DIRECT COSTS</th>
<th>INDIRECT COSTS</th>
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<tbody>
<tr>
<td><strong>1.</strong></td>
<td>Salaries, wages, fringe benefits, for positions such as:</td>
<td>Administrative and clerical salaries, wages, fringe benefits</td>
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<td></td>
<td>&quot; principal investigator</td>
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<td>&quot; research associate</td>
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<td>&quot; laboratory technician</td>
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<td>&quot; MIS and database technician</td>
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<td></td>
<td>&quot; graduate research assistant</td>
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<td><strong>2.</strong></td>
<td>Animals and animal care</td>
<td>Animal Administration</td>
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<td></td>
<td>&quot; animal purchases</td>
<td>&quot; space &amp; occupancy costs</td>
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<td></td>
<td>&quot; per diem charges</td>
<td>&quot; IACUC protocol services</td>
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<td>&quot; administrative processing of animal purchases</td>
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<td>&quot; hazardous waste disposal</td>
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<td><strong>3.</strong></td>
<td>Computing costs (project specific)</td>
<td>Computing costs (General)</td>
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<td></td>
<td>&quot; scientific mainframe computing (CPU time)</td>
<td>&quot; Business Data Computing</td>
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<td></td>
<td>&quot; programming expenses</td>
<td>&quot; Computer networking costs (network cables, etc.)</td>
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<td>&quot; devices allocable to the performance of an award</td>
<td>&quot; Local area network (LAN)/Service level Agreements</td>
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<td><strong>4.</strong></td>
<td>SCIENTIFIC COMPUTER SOFTWARE (project specific)</td>
<td>general purpose software (word processing &amp; spreadsheet) and Computer supplies:</td>
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<td></td>
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<td>&quot; purchase of software packages, such as Word, Excel</td>
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<td>&quot; flash drives</td>
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<td>&quot; toner cartridge for printers</td>
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<td><strong>5.</strong></td>
<td>Consultants (external Non-DMC employees)</td>
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<td><strong>6.</strong></td>
<td>Equipment (project dedicated)</td>
<td>SUNY-Owned Scientific Infrastructure / Equipment</td>
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<td>&quot; computer data storage drives</td>
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<td>&quot; scientific equipment (directly project related)</td>
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<td>7.</td>
<td><strong>Equipment maintenance contracts</strong> (for project dedicated equipment)&lt;br&gt;<strong>Core / Shared Service Center Equipment</strong> (charges using approved rate structure)</td>
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<td>8.</td>
<td><strong>Motor vehicle expense</strong> (project-dedicated vehicles; travel)</td>
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<td>9.</td>
<td><strong>Participant costs</strong>&lt;br&gt;&quot; stipends&lt;br&gt;&quot; tuition &amp; fees&lt;br&gt;&quot; dependency allowance&lt;br&gt;&quot; travel&lt;br&gt;&quot; other miscellaneous</td>
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<td>10.</td>
<td><strong>Publications, Printing, Binding, and copying service costs</strong></td>
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<td>11.</td>
<td><strong>Rental of space</strong> (away from University)&lt;br&gt;<strong>Rental of SUNY Facility (On-Campus)</strong></td>
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<td>12.</td>
<td><strong>Shipping/overnight delivery services</strong>, such as UPS, Federal Express, Priority Mail&lt;br&gt;<strong>Postage</strong></td>
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<td>13.</td>
<td><strong>Specialized facilities</strong> (charges using approved rate structure )</td>
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<td>14.</td>
<td><strong>Subcontracts</strong></td>
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<td>15.</td>
<td><strong>Supplies</strong>&lt;br&gt;&quot; laboratory&lt;br&gt;&quot; educational&lt;br&gt;&quot; instructional&lt;br&gt;&lt;br&gt;<strong>Office supplies</strong>&lt;br&gt;&quot; pens, pencils&lt;br&gt;&quot; paper, tablets&lt;br&gt;&quot; files, folders, binders&lt;br&gt;&quot; printer or copier cartridges&lt;br&gt;&quot; staplers, staples</td>
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<td>16.</td>
<td><strong>Telephone toll charges</strong> (long distance and only when allocable to a specific project) and cellular phones required for field sites&lt;br&gt;<strong>Local telephone charges</strong>&lt;br&gt;&quot; basic line charge&lt;br&gt;&quot; local calls</td>
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<td>17.</td>
<td><strong>Travel</strong> (required to fulfill sponsored agreement requirements)</td>
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<td>18.</td>
<td><strong>Other</strong>&lt;br&gt;a) equipment rentals&lt;br&gt;b) reference books and materials not available in library&lt;br&gt;c) malpractice insurance&lt;br&gt;d) search service charges&lt;br&gt;&lt;br&gt;<strong>Memberships &amp; subscriptions</strong></td>
<td></td>
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e) insurance expense for project-dedicated equipment

A. LISTING OF ACCEPTABLE DIRECT COSTS
Examples of acceptable direct costs that meet Circular A-21, [*F.6.b.*] and CRF Part-200, [200.420 to 200.439] requirements and are "identifiable to a particular cost objective" are listed and explained below:

1. **SALARIES, WAGES AND FRINGE BENEFITS** (includes researcher or technician's salary and fringe benefits). See item 5. below for discussion of in-house consulting by faculty members (overload pay). According to Circular A-21, clerical salaries and wages shall *normally* be treated as indirect costs. There are situations where direct charging of administrative and clerical salaries is appropriate. These situations are discussed in this policy at 3.02 and 3.0

2. **ANIMALS AND ANIMAL CARE** costs.- animal purchases, animal per diem charges

3. **COMPUTING** costs (project specific) include hours of mainframe time for scientific computing and programming costs and the cost of computing devices when programmatically necessary for a project, the cost of which can be allocated to a specific project or projects.

4. **SCIENTIFIC COMPUTER SOFTWARE** costs represent the expense of project dedicated software that is necessary to carry out the scope of the project.

5. **CONSULTANTS** (expertise of a well-defined nature for a fixed period of time), both external and internal consultants. *Internal Consultants*—intra-university consulting is assumed to be undertaken as a university obligation requiring no additional compensation in addition to the full-time base salary of full-time faculty/staff members. This principle applies to faculty members who function as consultants or otherwise contribute to a sponsored agreement conducted by another faculty member of the same institution. However, where consultation is performed by non-DMC SUNY campus personnel or involves a separate or remote operation, any charges for such work representing extra compensation above the base salary are allowable provided that such consulting arrangements are specifically defined or stated in the agreement and/or approved in writing by the sponsoring agency and the authorized University official.

6. **EQUIPMENT** (permanent equipment, greater than $5,000).

7. **EQUIPMENT MAINTENANCE CONTRACTS**. Equipment maintenance contract expenses of project-dedicated equipment or shared equipment that have monitored usage and an appropriate cost is charged directly to the grant account. Core / Shared Service Center equipment charges using approved rate structures can be directly charged to the grant account.

8. **MOTOR VEHICLE EXPENSES**. Maintenance expenses of project-dedicated vehicles and vehicles used in the field may be directly charged to projects, as well as motor vehicle expenses incurred with travel.
9. **PARTICIPANT COSTS** (payments made directly to or on behalf of student) include stipends, tuition and fees, dependency allowance, participant travel, and other miscellaneous participant costs.

10. **PUBLICATIONS, PRINTING, BINDING, AND COPYING SERVICE COSTS** (indicate and itemize costs for copying, reprinting, duplicating, or publishing). Be sure to include any publication costs connected with dissemination and evaluation, and check journal page rate costs for a correct and current estimate.

11. **RENTAL OF SPACE** (away from the SUNY Campus). Some projects require special space needs or staff stationed for long-term field site work. Lease agreements can be negotiated to lower space and housing costs with the rental costs charged directly to the project.

12. **SHIPPING/OVERNIGHT DELIVERY SERVICES** (Federal Express, etc.). Federal Express, U.S. Postal Priority Mail, and UPS overnight delivery services specifically define costs at the individual or account level and can be directly charged to the grant/contract account. Routine postage charges are normally treated as an indirect cost unless special purposes and circumstances exist for the project. If the project requires substantial mailing expenses in the performance of the project activities or technical work, postage should be directly charged to the project. (Refer to 3.01 and 3.02 in this policy.)

13. **SPECIALIZED FACILITIES** and alterations and renovations required by a specific program. If a project requires the creation of new, more secure facilities, including the acquisition of alarm equipment, special construction, or other project-specific facility costs, these costs may be directly charged to the project. These special-purpose facilities may or may not be usable by future programs. This cost category would also include increased security services required due to the level of classification/special access for the project.

14. **SUBCONTRACT** costs.

15. **SUPPLIES** (laboratory (e.g., chemicals), educational/instructional). Office supplies are normally treated as indirect costs unless a special purpose or circumstance (refer to 3.01 and 3.02) exists for the project. For allowability of computer supplies as a direct cost, refer to 3.05 and **EXHIBIT 1**.

16. **TELEPHONE TOLL CHARGES** (i.e., long distance calls). In addition to long distance charges, this category includes the toll charges and equipment for phones needed in field work, cellular phones needed for field site coordination, and phone call charges while in travel status.

17. **TRAVEL** costs (travel required to fulfill the sponsored project requirements).

18. **OTHER** direct costs may include:
(a) Equipment rentals;

(b) reference books and materials directly related to project scope when not available in the library for long term loan;

(c) search service charges;

(d) insurance expense for project-dedicated equipment.

(b) Medical liability (malpractice) insurance – Medical liability insurance is an allowable cost of Federal research programs only to the extent that the Federal research programs involve human subjects or training of participants in research techniques.

B. COSTS, NORMALLY TREATED AS INDIRECT COSTS, THAT MAY BE DIRECTLY CHARGED TO SPONSORED AGREEMENTS

Circular A-21 and CFR Part -200 do not absolutely prohibit costs from being charged directly to a sponsored agreement, if "they can be identified specifically with" the sponsored program or can be assigned to its activities "relatively easily and with a high degree of accuracy." ["D.1."]

It must be identified in the sponsored agreement budget, fully justified, and approved by the granting agency.

Items of cost such as salaries of administrative and clerical staff, computer network, computer supplies, office supplies, postage, local telephone (including monthly service charges), and membership dues are normally treated as indirect costs. However, for special purposes and circumstances (refer to 3.02 in this policy), costs that are normally indirect may be directly charged. The examples shown in the EXHIBIT 1 table are not exhaustive nor are they intended to imply that direct charging of administrative or clerical salaries and other categories of costs, normally treated as indirect, would always be appropriate for every situation.

Costs of this kind may be charged directly to sponsored agreements, but only if the cost supports the activity that is directly related to the special purpose or circumstance of the sponsored agreement (refer to 3.02 in this policy), and the link between the cost and the activity is close and clear. Examples or practices that would establish a link between the cost and the sponsored agreement activity are shown below. These examples are not meant to cover all situations.

1. POSTAGE COSTS. These costs are allowable as direct costs when they directly support the special purpose or circumstance of the sponsored agreement. A postage meter or log should be used to document such support. Shipping costs not classified as ordinary postage are acceptable direct costs. Sponsored agreements with significant postage requirements should be specifically identified and included in the proposed budget to the sponsor.
2. OFFICE SUPPLY COSTS. These costs cannot be charged to a sponsored agreement unless their applicability to the special purpose or circumstance of the sponsored agreement can be clearly established. Only those supplies actually used in the performance of the sponsored agreement (or by a documented, reasonable allocation between projects) may be directly charged. General office supplies, including paper, pencils and pens, tablets, file folders, binders, printer or copier cartridges, and staples would not normally be a direct charge to a sponsored agreement unless the special purpose or circumstance can be justified, as shown in 3.02 of this policy.

3. LOCAL TELEPHONE CHARGES. These costs cannot be directly charged to a sponsored agreement unless their applicability to the special circumstance or purpose of the sponsored agreement can be clearly established (refer to examples in 3.02 of this policy). The basic telephone line charge and local calls should not be directly charged to sponsored agreements, except in special circumstances when a separate, dedicated telephone line is necessary solely for the performance of a sponsored project.

4. COMPUTING COSTS (GENERAL). This category includes 1) Business Data Computing (Access to SUNY or Research Foundation applications), 2) Computer networking costs (network cables, etc.), and 3) Local area networks (LAN) and Service Level Agreements. These costs cannot be directly charged to a sponsored agreement unless their applicability to the special circumstance or purpose of the sponsored agreement can be clearly established.

5. GENERAL PURPOSE SOFTWARE AND COMPUTER SUPPLIES. General purpose computer supplies, including computer diskettes, printer paper for research data and reports, and toner cartridges, may not normally be direct charged. Also included is general purpose office software, such as word processing and spreadsheet programs. These costs cannot be directly charged to a sponsored agreement unless their applicability to the special circumstance or purpose of the sponsored agreement can be clearly established. These items must be justified in the budget and not specifically disallowed. When such items are purchased to support multiple activities of project personnel, they may not be directly charged. If it can be documented that these types of supplies are used only for project purposes, then the cost(s) may be direct charged.

6. MEMBERSHIPS AND SUBSCRIPTIONS. Memberships in professional or scholarship societies and subscriptions to scholarship publications should not be directly charged to sponsored agreements unless their applicability to the special circumstance or purpose of the sponsored agreement can be clearly established. The link between the cost of the subscription and the project activity must be "close and clear." If the required conference registration fee for a professional society/organization meeting also includes an annual membership in the professional organization, then the total amount paid for travel would include this membership fee. Travel costs related to a sponsored agreement and approved
by the sponsoring agency in the budget for the sponsored agreement would be allowable as a direct cost.