Subject: Charging Administration & Clerical Salaries, Federal Grants & Contracts

Background:

Effective July 1, 1994, Federal regulations governing charges to grants and contracts, curtailed the reimbursement of administrative and clerical salaries as direct charges on grants and contracts. The regulations provide that such salaries are generally indirect costs, and therefore should not generally be charged to individual grants and contracts. Since earlier changes to the Federal regulations already cap College’s recovery of administrative costs through the indirect cost rate, the effect of this change is a loss of reimbursement, to the extent that salaries of such individuals previously funded by Federal grants and contracts may no longer be funded from those sources.

In the past, the determination of whether to charge administrative or clerical staff to a given federal grant or contract was solely the jurisdiction of the principal investigator. In accordance with the regulatory changes, for all Federal projects with budget periods commencing on or after July 1, 1994, such salaries may only be charged when:

- They have been explicitly budgeted on the Federal project; and
- The individuals involved can be specifically identified with the project or activity.

Accordingly, it is vital that principal investigator fully justify in grant and contract applications those situations where administrative and clerical support is necessary to the project, whether because of the nature of the work performed under a particular project requires an extensive amount of administrative or clerical support, or the tasks to be performed under a particular project relate specifically to the technical substance of the project. The accompanying policy sets forth the new requirements, as well as examples of situations in which it remains appropriate to directly charge these salaries.

Effective Date:

This policy will be effective for all grant or contract awards (including continuation awards) made to the University by Federal agencies commencing on or after July 1, 1994.
Applicability:

This policy governs every instance where any portion of the salary of an administrative or clerical employee is to be charged to a Federal grant or contract, whether awarded directly to a College of CUNY as a prime recipient, or indirectly through a sub-agreement from another institution. It does not limit the support of such salaries from non-Federal awards or other funding sources. The policies of those agencies should be consulted for guidance.

Federal Requirements:

Section F.6.b. of OMB Circular A-21, captioned departmental administration expense sets forth the new requirements. The section indicates that:

- "Special care should be exercised to ensure that costs incurred for the same purpose in like circumstances are treated consistently as either direct or indirect costs."
- "The salaries of administrative and clerical staff should normally be treated as indirect cost. Direct charging of these costs may be appropriate where a major project or activity explicitly budgeted for administrative or clerical services and individuals involved can be specifically identified with the project or activity."

Policy:

Through issuance of this policy, the RF advises all faculty and staff involved in the application for, or administration of Federal grants and contacts that the above principles must be adhered to. Further, following the guidance presented below, where any portion of an administrative or clerical salary is directly charged to a Federal project, the responsibility for documenting the appropriateness of that charge and for compliance with the Federal requirements, whether at the time of the transaction or subsequently upon audit or other request, rests with the Principal Investigator.

Procedures:

Administrative and Clerical Salaries Which May Not Be Charged Directly To Federal Grants and Contracts

In conducting academic activities, whether they are related to research, teaching or other institutional objectives, academic units clearly require administrative support to complement the technical and professional personnel who carry out those activities.
Although there are differences among the various academic units, there exists within each department a core of administrative personnel who support the various departmental academic missions by providing a broad range of general support services, including secretarial and clerical support, procurement of materials and services and accounting and bookkeeping. This core of general support services at the academic department level which supports a broad range of sponsored research, comprises what the Federal Circular defines as "departmental administration", and is recovered in part by the institution through the reimbursement of indirect cost. Accordingly academic units may not directly charge federal contracts for any portion of the salary of individuals who are engaged in providing this type of baseline departmental service. Similarly, academic units may not assess a "tax" or other similar means of assessing charges to Federal grants and contracts as a means of recovering the cost of administrative effort.

**Administrative and Clerical Salaries Which May Be Charged Directly to Federal Grants and Contracts**

Although the salaries of administrative and clerical staff should normally be treated as indirect costs, direct charging of these costs would be appropriate where either:

- The nature of the work performed under a particular project requires an extensive amount of administrative or clerical support, or
- The tasks to be performed under a particular project relate specifically to the technical substance of the project.

Appendix I provides examples of situations where direct charging the salaries of administrative and clerical staff may be appropriate. Note: Appendix I is illustrative, and is not intended to be an exhaustive list. The judgment as to whether a direct charge for administrative or clerical salaries is appropriate for a particular award must be based on a facts and circumstances test, which considers the needs of the science; accordingly, such judgment can only be made by the principal investigator. If the determination is made that it is appropriate to direct charge the salary of an administrative or clerical staff member, additional requirements, as set forth in Section 10 below, must be satisfied.

**Additional Requirements for Charging Administrative and Clerical Salaries Directly to Federal Grants and Contracts**

Although the principal investigator may conclude that a particular project satisfies the criteria for direct charging clerical and administrative salaries, the Federal requirement that such costs must be explicitly budgeted and the individuals involved are specifically identified with the project or activity, must nevertheless be satisfied. Accordingly, when these requirements have been satisfied, the effort of such individuals may be charged to the grant or contract only when:

**PREPARED BY:** __________________________

**APPROVED BY:** __________________________

a. Such effort is explicitly budgeted in the grant, and is approved by the funding agency. Agency approval will be assumed if the salary of administrative or clerical staff is budgeted and not specifically denied in the notice of grant award or in related correspondence from the agency to CUNY. Approval by the funding agency will be deemed to satisfy the Federal criteria for directly charging administrative and clerical salaries to grants or contacts.

b. The salary of the specific individual devoting effort to the project is charged to the project. Departments may not "share" or "rotate" support of a pool of administrative support personnel, but must directly charge the individual engaged in supporting a particular grant or contract.

Charging Administrative and Clerical Salaries to Activities Other than Federal Grants and Contracts

In addition to their work on federally sponsored projects, administrative and clerical personnel may be assigned duties related to (I) non-federally sponsored projects and (II) other College functions that go beyond normal levels of clerical and administrative support. Circular A-21 requires that the College treat such atypical activities in a manner that is consistent with the accounting for charges to sponsored projects. Consequently, departments should segregate salary charges for effort devoted to such major non-federal activities and accounts for expense functions that are not accumulated as indirect costs. (Note: This effort should also be allocated on the individual’s PAR as “Departmental Administration”). However, effort devoted to non-sponsored activities that is not "major" should be considered as indirect cost charged.

Example of How to Distribute the Salary of Administrative or Clerical Staff in Accordance with the Policy

Appendix II presents an example of how to account for the effort of an administrative assistant with varied activities.

APPENDIX I

Examples of Situations Where Direct Charges may be Appropriate

The following examples are illustrative of circumstances where direct charging the salaries of administrative or clerical staff may be appropriate:

- Large, complex programs entail assembling and managing teams of investigators from a number of institutions.
- Projects which involve extensive data accumulation, analysis and entry, surveying, tabulations, cataloging, searching literature, and reporting, such as epidemiological studies, clinical trials and retrospective clinical record studies.

- Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars.

- Projects whose principal focus is 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 and other research field sites that are remote from the campus.

The foregoing examples are neither exhaustive or are they intended to imply that direct charging of administrative or clerical salaries would always be appropriate for the situation illustrated in the examples.

**APPENDIX II**

**Example of How to Account for an Administrative Assistant with Varied Duties**

The following example demonstrates how to account for the effort of an administrative assistant with varied activities:

<table>
<thead>
<tr>
<th>Type of Activity</th>
<th>Allocation Method</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Federal Grant A (extensive activity, salary budgeted and approved by funding agency)</td>
<td>Charge to Sponsored Project A as a direct cost</td>
<td>25%</td>
</tr>
<tr>
<td>2. Sponsored Projects B, C, etc. Normal level of activity</td>
<td>Charge to departmental funds as &quot;Departmental Administration&quot; (indirect cost)</td>
<td>25%</td>
</tr>
<tr>
<td>3. Curriculum summarization, copying, etc.</td>
<td>Charge to departmental funds as &quot;Instruction&quot; (direct cost)</td>
<td>25%</td>
</tr>
<tr>
<td>4. Other activities (student interaction, course scheduling, etc.)</td>
<td>Charge to departmental funds as &quot;Departmental Administration&quot; (indirect cost)</td>
<td>25%</td>
</tr>
</tbody>
</table>

Total 100%
In the above example, 25% of the individual's time is charged to Federal project A, and 75% is charged to department funds. 50% of the 75% charge to departmental funds would be included in the University's indirect cost calculation, with the remaining 25% specifically identified as instruction, and therefore excluded from indirect costs.