**UNIVERSITY OF ALASKA**
**UNIFORM GUIDANCE WORKING GROUP**

Section Number & Name: 200.413 Direct Costs
A-21 Reference: D Direct costs

---

BACKGROUND INFORMATION:

A. Does the revised guidance contain new language? ☒ Y ☐ N

Specifically describe the new language and how it differs:
See attached.

B. Is the new guidance more or less restrictive than university processes? ☐ More ☒ Less

Specifically describe how it is more or less restrictive:
Direct Charging administrative costs allowed if meets specific criteria

Even some unallowable costs should be in the IDC base.

C. Cite any relevant system-wide policies/regulations/procedures:
Accounting and Administrative Manual Section 100 D-05 Accounting for Administrative or Clerical Services for Major Programs and Projects.

D. Cite any MAU-level relevant processes or manuals:
Proposal should include the wages of admin in budget. OGCA, Fiscal Managers, Accounting and Admin level.

E. Is there an impact to electronic systems (Banner HR/Finance, Web Timesheets, Effort Reporting, etc.)? ☐ Y ☒ N

List specific system(s) impacted and method of impact:
_____

---

ACTION PLAN: Is specific action needed? ☒ Y – see below ☐ N – no action needed

**Revisit** review in conjunction with Appendix III of the guidance

Recommended Action(s):

1. Review Accounting Manual and decide if update is needed to language
2. _____

UA responsible area requiring documentation of compliance:

Rosemary Madnick, Heather Paulsen, Barbara Hyde, Tanya Hollis, Christi Eickholt, Andrew Gray, Claire Ligsay, Cindy Eriksen, Tana Myrstol

~~D.~~**200.413 Direct costs.**

(a) ~~1.~~ *General.* Direct costs are those costs that can be identified specifically with a particular ~~sponsored project, an instructional activity~~final cost objective, such as a Federal award, or ~~any~~ other ~~institutional~~internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or ~~F&A costs. Where an institution treats a particular type of cost as a direct cost of sponsored agreements, all costs incurred for the same purpose in like circumstances shall be treated as direct costs of all activities of the institution~~indirect (F&A) costs. See also §200.405 Allocable costs.

(b) ~~2.~~ *Application to* ~~sponsored agreements.~~*Federal awards.* Identification with the ~~sponsored work~~Federal award rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect (F&A) costs of ~~sponsored agreements.~~Federal awards. Typical costs charged directly to a ~~sponsored agreement~~Federal award are the compensation of employees ~~for performance of~~who work ~~under the sponsored agreement, including~~on that award, their related fringe benefit costs ~~to the extent they are consistently treated, in like circumstances, by the institution as direct rather than F&A costs;~~, the costs of materials ~~consumed or expended in the performance of the work;~~ and other items of expense incurred for the ~~sponsored agreement, including~~Federal award. If directly related to a specific award, certain costs that otherwise would be treated as indirect costs may also include extraordinary utility consumption~~.~~, the cost of materials supplied from stock or services rendered by specialized facilities or other institutional service operations ~~may be included as direct costs of sponsored agreements, provided such items are consistently treated, in like circumstances, by the institution as direct rather than F&A costs, and are charged under a recognized method of computing actual costs, and conform to generally accepted cost accounting practices consistently followed by the institution~~.

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

1. Administrative or clerical services are 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.

(d) *Minor items.* Any direct cost of minor amount may be treated as an indirect (F&A) cost for reasons of practicality where such accounting treatment for that item of cost is consistently applied to all Federal and non-Federal cost objectives.

(e) The costs of certain activities are not allowable as charges to Federal awards. However, even though these costs are unallowable for purposes of computing charges to Federal awards, they nonetheless must be treated as direct costs for purposes of determining indirect (F&A) cost rates and be allocated their equitable share of the non-Federal entity's indirect costs if they represent activities which:

1. Include the salaries of personnel,
2. Occupy space, and
3. Benefit from the non-Federal entity's indirect (F&A) costs.

(f) For nonprofit organizations, the costs of activities performed by the non-Federal entity primarily as a service to members, clients, or the general public when significant and necessary to the non-Federal entity's mission must be treated as direct costs whether or not allowable, and be allocated an equitable share of indirect (F&A) costs. Some examples of these types of activities include:

1. Maintenance of membership rolls, subscriptions, publications, and related functions. See also §200.454 Memberships, subscriptions, and professional activity costs.
2. Providing services and information to members, legislative or administrative bodies, or the public. See also §§200.454 Memberships, subscriptions, and professional activity costs and 200.450 Lobbying.
3. Promotion, lobbying, and other forms of public relations. See also §§200.421 Advertising and public relations and 200.450 Lobbying.
4. Conferences except those held to conduct the general administration of the non-Federal entity. See also §200.432 Conferences.
5. Maintenance, protection, and investment of special funds not used in operation of the non-Federal entity.
6. Administration of group benefits on behalf of members or clients, including life and hospital insurance, annuity or retirement plans, and financial aid. See also §200.431 Compensation—fringe benefits.