Proposal Preparation Guidance  
Costing Policy Considerations in light of Uniform Guidance

The "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" issued on December 26, 2013 by the Federal Office of Management and Budget (OMB) supersedes the requirements of various other OMB circulars, including OMB Circular A-21, Cost Principles for Educational Institutions, and OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations. These new federal requirements become effective on December 26, 2014 and apply to new awards and incremental/supplemental funding awards made on or after that date.

In anticipation of the changes, the UW Omni Guidance Core Team has assembled this proposal preparation guidance for use when developing budgets for proposals that will be awarded on or after December 26th:

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<th>Change</th>
<th>Action</th>
<th>Notes</th>
<th>UG Section</th>
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<tbody>
<tr>
<td>Criteria used to justify the direct charging of administrative/clerical salaries has been revised.</td>
<td>Budget justification should explain how anticipated direct charging of administrative/clerical costs are justified using the new criteria.*</td>
<td>UW does not currently have a definition or percentage FTE guidance for the term “integral”. Please be detailed in describing how the position is integral to the project.</td>
<td>200.413 and 200.430</td>
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<tr>
<td>Computing device purchases allowable under specific circumstances.</td>
<td>You may include computing devices in a project budget if the circumstances are present for the anticipated project. Budget justification should explain how the purchase is justified due to the circumstances.*</td>
<td>UW does not have a standard to use to determine if a computing device is “essential”. Please be detailed in explaining how the computing device purchase is essential to the project.</td>
<td>200.33 200.48 200.89 200.439</td>
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<tr>
<td>Short-term travel visa costs are allowable under specific circumstances.</td>
<td>You may include short-term visa costs in a project budget if the circumstances are present for the anticipated project. Budget justification should explain how the costs are justified due to the circumstances.*</td>
<td>Long-term visa costs are not allowable as direct cost.</td>
<td>200.463d</td>
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<td>Value Added Tax (VAT) associated with the purchase of goods and services purchased in-country is an allowable expense.</td>
<td>If anticipated, include VAT costs in a project budget in order to adequately describe the costs associated with goods and services purchased in-country. VAT costs can be significant.</td>
<td>VAT should be shown as a separate cost and clearly addressed in the budget justification.</td>
<td>200.470</td>
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<td>Participant support costs are allowable if project includes an education or outreach component, the costs are separately budgeted, and the agency approves the cost.</td>
<td>Include the following in budget justification: “The inclusion of the participant support costs in the budget and the subsequent award by agency will be considered prior agency approval.”*</td>
<td>Not allowable for research projects without an education or outreach component. Participant Support costs are exempt from F&amp;A.</td>
<td>200.75 200.456</td>
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<td>Subaward may be issued as a fixed price subaward if the total value is $150,000 or less, and meets specific criteria. Agency prior approval is needed.</td>
<td>Include a statement in the budget justification for any subaward that is intended to be a fixed price subaward: “This proposed subaward meets the requirements in Uniform Guidance, subpart C-200.201(b) and will be issued as a fixed price subaward. Inclusion of the proposed intent to issue a fixed price subaward and the subsequent award by agency will be considered prior agency approval.”*</td>
<td>If you need assistance in determining whether the anticipated subaward would be issued as a fixed-price subaward or cost-reimbursable, contact <a href="mailto:ospsubs@uw.edu">ospsubs@uw.edu</a>. If under time pressure, do not include statement and request prior approval at a later date (e.g. at time of award).</td>
<td>200.332</td>
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<td>Subrecipient’s negotiated F&amp;A rate must be used unless the sponsor has a published F&amp;A cap. If the subrecipient does not have a negotiated rate, a 10% de minimis F&amp;A rate must be used by the subrecipient.</td>
<td>Upon receipt of the subrecipient’s budget for inclusion in the UW proposal, ensure that the F&amp;A rate used is subrecipient’s negotiated rate or if no negotiated rate, no less than 10%. If sponsor has a cap, that cap must be used by UW and the subrecipient.</td>
<td>This does not vary greatly from current UW policy, except the 10% is a de minimis rate (no less than). The base type to be used by the subrecipient, when using the de minimis 10% rate, is MTDC.</td>
<td>200.331</td>
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<td>Unrecovered indirect costs (F&amp;A) AND F&amp;A on Cost Share Direct costs may only be included as part of cost sharing with agency prior approval.</td>
<td>If including cost-share(mandatory or committed) in proposal and intend to use unrecovered indirect costs, in the absence of the FOA specifically allowing unrecovered indirect costs as cost share, include this statement: “Inclusion of this source of cost-share and the subsequent award by agency will be considered prior agency approval.”*</td>
<td>Including F&amp;A in cost share reduces the need to expend departmental funds to meet a cost share obligation. F&amp;A should be included as part of any proposed cost share unless the sponsor specifically disallows it.</td>
<td>200.306</td>
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*Use of the suggested budget justification language in the proposal is advisable in order to specifically explain the justification and seek agency prior approval, when prior approval is required. Note use of this budget justification language does not guarantee that the awarding agency or other audit review will not later find these types of costs unallowable. This guidance is subject to specific agency requirements and the terms and conditions of the award.

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The Office of Sponsored Programs (OSP) Proposal Review Criteria remains unchanged. OSP will use the Uniform Guidance when reviewing proposals that have a proposed start date of December 26, 2014 or later. UW Grants Information Memoranda (GIMs) and related procedures and systems are under full review by the UW Omni Guidance Team, with changes on target for implementation by December 26, 2014.
Criteria used to justify direct charging of administrative/clerical salaries

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.

Example language for budget justification to direct charge administrative/clerical costs

“The University of Washington will manage 12 clinical sites, including three in {in-country locations}. This management activity includes collection of multiple IRB approval documentation, monitoring of site progress, consolidation/aggregation of results and progress reports, weekly phone conference arrangements, notetaking/issuance of meeting minutes, and {insert other admin/clerical duties}. This management activity represents a level of administrative/clerical services that is necessary to successfully carry out the program and therefore is integral to the project. This level of service is above and beyond that which is provided by the department on a routine basis.

We are requesting that the program support a {insert job title} position at {insert effort level} to carry out these responsibilities, in accordance with 2 CFR 200.413.”

Specific circumstances under which computing device purchases are allowable

1. The machines are essential and allocable to the project in that they are 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.
2. The project does not have reasonable access to other devices or equipment that can achieve the same purpose; devices may not be purchased for reasons of convenience or preference.

Items with a unit cost of $2000 or more, with a useful life of more than one year, are considered equipment per University of Washington policy and follow federal equipment rules for when they can be directly charged. (See 2 CFR Parts 200.33, 200.48, 200.89, 200.439)
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Specific circumstances under which short-term travel visa costs are allowable
Visa issued for a specific period and purpose, and clearly identified as directly connected to work performed under the program. The cost must be critical and necessary for the conduct of the project and be allowable by the agency as well as consistent with the cost principles. This does not apply to long-term visas.

Definition of participant support costs
Direct costs for 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.

Specific criteria under which UW may issue a fixed price subaward
1. Payments based on meeting specific requirements of the federal award;
2. Project scope is specific;
3. Adequate cost or unit pricing data is available;
4. Assurance that subrecipient will not realize an increment above actual cost; and
5. The program does not require mandatory cost share.