

Oliver's extracts from OMB circular

Extracts with an eye on computers and computer-related services.

From

- https://www.whitehouse.gov/omb/circulars_a021_2004

Oliver's verbatim extracts

The following guidelines apply to the determination of departmental administrative costs as direct or F&A costs.

D. Direct costs.

1. General. Direct costs are those costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional 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.

2. Application to sponsored agreements. Identification with the sponsored work **rather than the nature of the goods and services involved** is the determining factor in distinguishing direct from F&A costs of sponsored agreements.

(...)

E. F&A costs.

(...)

6. Departmental administration expenses.

(...)

(1) In developing the departmental administration cost pool, special care should be exercised to ensure that costs incurred for the same purpose in like circumstances are treated consistently as either direct or F&A costs. For example, salaries of technical staff, laboratory supplies (e.g., chemicals), telephone toll charges, animals, animal care costs, **computer costs**, travel costs, and specialized shop costs shall be treated as direct cost wherever identifiable to a particular cost objective. Direct charging of these costs may be accomplished through specific identification of individual costs to benefiting cost objectives, or through recharge centers or specialized service facilities, as appropriate under the circumstances.

47. Specialized service facilities.

a. The costs of services provided by **highly complex or specialized facilities** operated by the institution, such as **computers**, wind tunnels, and reactors are allowable, provided the charges for the services meet the conditions of either subsection 47.b. or 47.c. and, in addition, take into account any items of income or Federal financing that qualify as applicable credits under subsection C.5. of this Circular.

b. The costs of such services, when material, must be charged directly to applicable awards based on actual usage of the services on the basis of a schedule of rates or established methodology that

(1) does not discriminate against federally supported activities of the institution, including usage by the institution for internal purposes, and

(2) is designed to recover only the aggregate costs of the services. The costs of each service shall consist normally of both its direct costs and its allocable share of all F&A costs. Rates shall be adjusted at least biennially, and shall take into consideration over/under applied costs of the previous period(s).

c. Where the costs incurred for a service are not material, they may be allocated as F&A costs.