

Florida Atlantic University  
Division of Research

## Examples of “Special Circumstances” for Non-Labor Administrative Costs

The following examples are given to illustrate situations where Non-Labor Administrative Costs that are typically treated as indirect costs may be charged to a Federal award as direct costs using the CAS 502 Exception Form.

1. **Postage:** a project requires questionnaires or surveys to be mailed to 1,000 participants to gather data to be analyzed by the researcher. Clearly the cost of the postage will be substantial and more than the amount that the academic department typically supports. In addition, the postage is required by the Scope of Work of the project. The cost of the postage can be specifically identified with the project’s scientific/technical objectives.

On the other hand, freight, the cost of shipping an item, is not postage and can be charged to a Federal award as a direct cost when it can be specifically identified with the project. A CAS 502 Exception Form is not required for freight.

2. **Office Supplies:** the Scope of Work of a project involves the preparation and production of a technical manual. Various office supplies, such as paper, pens, pencils, toner cartridges, ink, and other office items are required to prepare and produce the manual.

On the other hand, lab supplies can be charged to a Federal award as a direct cost when they can be specifically identified with the project. Lab Supplies, as opposed to Office Supplies, do not need to be approved with a CAS 502 Exception Form.

3. **Local Telephone Costs:** a project is being conducted at a remote site and the researcher does not have access to a University phone. The researcher will need a cell phone in order to coordinate the project and contact support staff on campus. The proposal budget should include a line item for the cell phone, as it is consistent with the Scope of Work of the project.

Another example of “Special Circumstance” is a project that requires a dedicated phone line necessary for the performance of the project. For example, an outreach program may require a 1-800 line for clients to call. Once the project is ended, the dedicated phone line will be removed.

On the other hand, long distance phone calls and faxes are allowable on Federal awards as direct costs when they can be specifically identified with the project. As opposed to monthly phone line charges or the cost of telephone equipment, which are “infrastructure” costs that are typically treated as indirect costs on Federal awards, long distance phone calls and faxes do not require the CAS 502 Exception Form.

4. **Memberships/Subscriptions:** a basic research project involves the study of bio-medical engineering techniques. The FAU library does not have a subscription to “Bio-Medical Engineering Today” and this technical journal is vital to the research efforts of the project. The PI includes a line item in the budget for the journal and it is approved by the sponsor, as well as by Sponsored Programs, as documented by the CAS 502 Exception Form.

Please note that it is the Federal government's view that memberships in professional/scientific organizations and subscriptions to scholarly and technical journals are rarely necessary for the performance of a sponsored project. Typically, memberships and subscriptions benefit research and the researcher, in general, as opposed to benefiting one particular project. For this reason, these items are typically treated as indirect costs for Federal awards.

Similarly, the University library provides access to a wide variety of periodicals, books, and other scholarly/scientific publications. Since a portion of the library is a component of F&A costs, subscriptions are treated as indirect costs.

5. **General Purpose Equipment:** a laptop computer is necessary for the project, as the research will be interviewing participants at various sites in the area. The data will be compiled and stored on the laptop and the laptop will be used solely for the project. This item is allowable as a direct cost to the Federal project, since it can be specifically identified with the Scope of Work of the project. The laptop was included as a line item in the proposal budget, Sponsored Programs approved the item (as documented by the CAS 502 Exception Form), and the Federal sponsor approved the funding and did not expressly disapprove of the laptop.

A great deal of the **General Purpose Equipment** used in research and included in proposal budget is computers. Computers are general in nature, but are often technical/scientific in their application. Clearly some computers are so high end or technical that only a skilled technician could operate them, but most computers can be used by anyone in an academic department from the PI to the departmental support staff. Therefore, it is vital that the purchase of computers on Federal awards be justified with the CAS 502 Exception Form. The computer must be essential for the accomplishment of the project's objectives. The computer must be specifically identified with the Scope of Work of the project. The PI must submit a CAS 502 Exception Form for all computers to be charged to Federal awards. Sponsored Programs must approve the CAS 502 Exception Form and the Federal sponsor must not expressly disapprove of the General Purpose Equipment.

There are some questions to ask before **General Purpose Equipment** is charged to a Federal award. The questions deal with whether the equipment is being properly allocated to the project. In other words, will the project benefit from the purchase of the equipment and is the Scope of Work dependent on the purchase of the equipment ?

- A. Use of the Equipment: Will the equipment be used exclusively on the project ? Non-project or departmental/administrative use of the equipment suggests that the project may not be benefiting from the equipment, and therefore should not be charged to the project.
- B. Location of the Equipment; Will the equipment be located in a laboratory or other research/training space ? Or will the equipment be located in a common area or in departmental/administrative space where it is available for others to use ? If the equipment is located in a common area, it suggests that the equipment may not be benefiting the project.
- C. Relationship to the Project: Is the equipment an essential component of the research being conducted ? If the equipment is not required to perform the project's Scope of Work, the equipment should not be allocated to the project.

6. **General Purpose Software:** General purpose software, such as spreadsheets or word processing packages, should not be charged to Federal awards, unless it is essential to the project's objectives and approved by the sponsor. For example, Federal funding received is for the establishment of a large Engineering Research Center. The approved budget includes extensive administrative costs. A budget manager is required to handle the financial aspects of the research center. Many administrative expenses are included in the proposal budget, including "Microsoft Office Suite", which is **General Purpose Software**. The PI submits a CAS 502 Exception Form to request approval for the item, as well as other administrative items, and Sponsored Programs approves the form. The sponsor approves the funding and does not expressly disapprove the **General Purpose Software**.

On the other hand, Scientific/Technical Software is an allowable direct cost on a Federal award when it can be specifically identified with the project's objectives. A CAS 502 Exception Form is not required for this expense item.