

## University of Michigan's A21 Policy

The A-21 policy states that the following costs should normally be treated by the institution as indirect costs:

- **Salaries and benefits of administrative and clerical staff**
- **Office supplies**
- **Postage**
- **Local telephone costs**
- **Memberships**
- **Hosting**

### Administrative and Clerical Expenses:

- **Allowed when** a project budgets for administrative or clerical services and the individuals involved can be specifically identified with the project or activity.

### Office Supplies:

- **Not allowed** - Computers (under \$5,000), printers, monitors, fax machines, printer paper, toner cartridges, pens, pencils, legal pads, clips, rubber bands, post-it notes, books, individual subscriptions to journals, notebooks, binders, folders, diskettes, and departmental stationery. **Items which are hard to identify as being solely used for the project.**
- **Allowed** - Computers to control and monitor scientific equipment. Dedicated to project.
- **Allowed** - Printing, photocopying and duplication, research publication costs, and page charges, (i.e., these are generally treated as allowable direct charges). Also laboratory supplies such as lab notebooks, data storage supplies (e.g., CDs, CD jackets and wallets, and zip storage), aluminum foil and plastic wrap for packaging and preserving specimens, and materials required for poster or publication preparation (poster board, photographic supplies, color paper) are generally allowed.

The circumstances surrounding the expenses in this category play a major role in determining whether to treat as an exception, i.e., to permit as a direct charge. As an example, computers are necessary to the overall administration of a sponsored project. Purchasing computers for this purpose would generally be considered an indirect cost expense -- part of the normal wherewithal the institution can reasonably be expected to provide for its research staff.

### Postage (stamps):

- **Not allowed** -Postage costs associated with the normal administration of the project.
- **Allowed** -Costs of overnight shipping and handling (e.g., Federal Express).

The principal reason for this distinction is that the latter can be directly assigned to a particular project relatively easily and with a high degree of accuracy. Stamps are generally purchased in bulk and consumption cannot, in a cost effective manner, be assigned to a specific activity.

### Telephones:

- **Not allowed** -Costs of local telephone lines used to conduct routine business of the project.
- **Not allowed** -Cell phones and prepaid long distance calling cards to Federal sponsored projects because there is no easy or accurate way to monitor usage to ensure project relatedness.
- **Allowed** -Telephones used to conduct surveys are allowable as this would represent an unlike circumstance to routine business purposes.
- **Allowed** - Telephone toll charges if they are directly related to the project activities.

### Memberships:

- **Not allowed** -The dues to maintain individual memberships in professional and scientific organizations. They are considered professional development expenses and should be covered with discretionary or personal funds.

### Hosting:

There are very few cases where hosting is allowable on federally sponsored projects. These circumstances are stated during the proposal budgeting process and are **only allowable when the sponsor gives express consent**. DRDA will not utilize the rebudgeting authority to give authorization for hosting expenses. Written authority will need to be obtained directly from the sponsor by the department.

**PROPOSAL BUDGETS:** To charge these expenses to a federally sponsored project, the following two criteria must be met during the proposal process;

1. The costs can be specifically identified with the objectives of the project or activity.
2. The costs are explicitly listed in the University-proposed and sponsor-approved budgets.

Below is the link to the A-21 Circular policy.

<http://www.whitehouse.gov/omb/circulars/a021/a021.html>

*Last modified 5/18/09*