the F&A cost rate for major functions in Section G; the expenses covered by the allowance shall be excluded from the departmental administration cost pool. No documentation is required to support this allowance.

F.6.a.(2),(b) Other administrative and supporting expenses incurred within academic departments are allowable provided they are treated consistently in like circumstances. This would include expenses such as the salaries of secretarial and clerical staffs, the salaries of administrative officers and assistants, travel, office supplies, stockrooms, and the like.

F.6.a.(3) Other fringe benefit costs applicable to the salaries and wages included in subsections (1) and (2) are allowable, as well as an appropriate share of general administration and general expenses, operation and maintenance expenses, and depreciation and/or use allowances.

F.6.a.(4) Federal agencies may authorize reimbursement of additional costs for department heads and faculty only in exceptional cases where an institution can demonstrate undue hardship or detriment to project performance.

F.6.b. The following guidelines apply to the determination of departmental administrative costs as direct or F&A costs.

F.6.b.(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.

F.6.b.(2) The salaries of administrative and clerical staff should normally be treated as F&A costs. Direct charging of these costs may be appropriate where a major project or activity explicitly budgets for administrative or clerical services and individuals involved can be specifically identified with the project or activity. "Major project" is defined as a project that requires an extensive amount of administrative or clerical support, which is significantly greater than the routine level of such services provided by academic departments. Some examples of major projects are described in Exhibit C.

F.6.b.(3) Items such as office supplies, postage, local telephone costs, and memberships shall normally be treated as F&A costs.

F.6.c. In the absence of the alternatives provided for in Section E.2.d, the expenses included in this category shall be allocated as follows:

F.6.c.(1) The administrative expenses of the dean's office of each college and school shall be allocated to the academic departments within that college or school on the modified total cost basis.

F.6.c.(2) The administrative expenses of each academic department, and the department's share of the expenses allocated in subsection (1) shall be allocated to the appropriate functions of the department on the modified total cost basis.

F.7. Sponsored projects administration.

F.7.a. The expenses under this heading are limited to those incurred by a separate organization(s) established primarily to administer sponsored projects, including such functions as grant and contract administration (Federal and non-Federal), special security, purchasing, personnel, administration, and editing and publishing of research and other reports. They include the salaries and expenses of the head of such organization, assistants, and immediate staff, together with the salaries and expenses of personnel engaged in supporting activities maintained by the organization, such as stock rooms, stenographic pools and the like. This category also includes an allocable share of fringe benefit costs, general administration and general expenses, operation and maintenance expenses, depreciation/use allowances. Appropriate adjustments will be made for services provided to other functions or organizations.

F.7.b. In the absence of the alternatives provided for in Section E.2.d, the expenses included in this category shall be allocated to the major functions of the institution under which the sponsored projects are conducted on the basis of the modified total cost of sponsored projects.

F.7.c. An appropriate adjustment shall be made to eliminate any duplicate charges to sponsored agreements when this category includes similar or identical activities as those included in the general administration and general expense category or other F&A cost items, such as accounting, procurement, or personnel administration.
Exhibit C -- Examples of "major project" where direct charging of administrative or clerical staff salaries may be appropriate.

* Large, complex programs such as General Clinical Research Centers, Primate Centers, Program Projects, environmental research centers, engineering research centers, and other grants and contracts that entail assembling and managing teams of investigators from a number of institutions.

* Projects which involve extensive data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature, and reporting (such as epidemiological studies, clinical trials, and retrospective clinical records studies).

* Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars.

* Projects whose principal focus is the preparation and production of manuals and large reports, books and monographs (excluding routine progress and technical reports).

* Projects that are geographically inaccessible to normal departmental administrative services, such as research vessels, radio astronomy projects, and other research fields sites that are remote from campus.

* Individual projects requiring projects-specific database management; individualized graphics or manuscript preparation; human or animal protocols; and multiple project-related investigator coordination and communications.

These examples are not exhaustive nor are they intended to imply that direct charging of administrative or clerical salaries would always be appropriate for the situations illustrated in the examples. For instance, the examples would be appropriate when the costs of such activities are incurred in unlike circumstances, i.e., the actual activities charged direct are not the same as the actual activities normally included in the institution's facilities and administrative (F&A) cost pools or, if the same, the indirect activity costs are immaterial in amount. It would be inappropriate to charge the cost of such activities directly to specific sponsored agreements if, in similar circumstances, the costs of performing the same type of activity for other sponsored agreements were included as allocable costs in the institution's F&A cost pools. Application of negotiated predetermined F&A cost rates may also be inappropriate if such activity costs charged directly were not provided for in the allocation base that was used to determine the predetermined F&A cost rates.
From: "David Shaw" <DShaw@research.msstate.edu>
To: <ddd@msstate.edu>
Date: 10/6/2010 10:36 AM
Subject: ddd: New Equipment Threshold - Change in Procedures and Account Codes
CC: "Emily Thompson" <EThompson@spa.msstate.edu>, "Richard Swann" <RSwann@sp...

To: Deans, Directors, & Department Heads

From: Richard Swann, Director of Sponsored Programs Administration

Date: 10/6/2010

Re: Property Threshold – Change in Procedures and Account Codes

Effective July 1, 2010, the University’s new Facilities and Administrative (F&A or Overhead) rate agreement went into effect. As part of this new agreement, the property threshold was raised to the federally allowed level of $5,000. This did not change the State mandated level for inventory which is still $1,000 with some exceptions. Purchases made in the past over $1,000 and less than $5,000 were considered equipment, and those purchases will now be treated as commodities when calculating F&A.

For projects awarded after July 1, if you wish to modify your budget contact Sponsored Programs Administration. Some agencies will allow us to re-budget internally. If your award source does not allow you to re-budget internally, Sponsored Programs Administration will contact the sponsor for you and request a budget revision. For new proposals being processed, we have already begun using the new threshold.

Two other changes have also been made at this time. The university now has a new code for Consumable Equipment for items that once purchased will either be dismantled or used up during the project. The second is a specific code for equipment that will have title retained by the sponsor of the project regardless of the amount.

If you have any questions about a current project or proposal being submitted, please call Sponsored Programs Administration at 325-7404.

Commodity Account Code and Description
- 406710 Furniture/Office Equip - Expendable (<5,000)
- 406720 Vehicles - Expendable (<5,000)
- 406730 Ag/Outdoor Equip - Expendable (<5,000)
- 406740 Medical Equip - Expendable (<5,000)
- 406750 Computer Equip - Expendable (<5,000)
- 406760 Media Equip - Expendable (<5,000)
- 406770 Scientific Equip - Expendable (<5,000)
- 406780 Consumable Equipment
- 406790 Other Equip - Expendable (<5,000)

Equipment Account Code and Description
- 408210 Furniture/Office Equipment (> =5,000)
- 408220 Vehicles (>=5,000)
- 408230 Ag/Outdoor Equipment (>=5,000)
- 408240 Medical Equipment (>=5,000)
- 408250 Computer Equipment (>=5,000)
- 408260 Media Equipment (>=5,000)
- 408270 Scientific Equipment (>=5,000)
- 408290 Other Equipment (>=5,000)
- 408298 Equip Titled to the Sponsor

**********

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Budget Problem 1 – Personnel

☐ Dr. Jones ($100,000 annual salary/12 month faculty) plans a one year project. The project will require 10% of his time. Calculate the salary and fringe expenses.

Solution

☐ Salary: $100,000 x 10% = $10,000

☐ Fringe: $10,000 x 33.18% = $3,318
Budget Problem 3 – Personnel

☐ Dr. Jones ($50,000 annual salary/9 month faculty/0.62 FTE) plans a one year project. The project will require two months of effort. Calculate the salary and fringe expenses.

☐ First calculate total months in the appointment

☐ Then calculate monthly salary

☐ Then calculate project salary charges

Solution:

☐ Total months in appointment

  ■ 9 month appointment x 0.62 FTE = 5.58 months

☐ Monthly salary

  ■ $50,000 annual salary / 5.58 months = $8,961/month

☐ Salary: 2 months x $8,961/month = $17,922

☐ Fringe: $17,922 x 33.18% = $5,947
Budget Problem 4

☐ Dr. Smith ($100,000 annual salary; 12 month appointment) has a one year research project (7/1/12-6/30/13). This project will require 3 months of his time. In addition, he will need $2,000 for travel to collect samples for his experiments and $3,000 for chemical supplies to run the necessary tests. The sponsor will pay full facilities and administrative costs. What is the total budget amount?

Solution:

Salary: $100,000/12*3 = $25,000
Fringes: $25,000 x 33.18% = $8,295
Travel: $2,000
Supplies: $3,000
TDC: Sum of all direct costs $38,295
F&A: $38,295 x 44.5% = $17,041
Total Cost: Sum of TDC + F&A= $55,336
Budget Problem 5

☐ Dr. Smith ($100,000 annual salary, 12 month appointment) has a one year research project (7/1/12-6/30/12). This project requires two months of her time. In addition, she will need an undergraduate student to be paid $8.00/hr, 20 hours/wk, for 30 weeks. This project will also require $5,000 in travel, $10,000 for chemical supplies and a $10,000 centrifuge for processing of the samples. The sponsor will pay full facilities and administrative costs. What is the total budget amount?

Solution:

☐ Salaries: $21,467
  - PI: $100,000/12*2 = $16,667
  - Student: $8.00 x 20 x 30 = $4,800

☐ Fringes: ($16,667 x 33.18%) + ($4,800 x 0.76%) = $5,566

☐ Travel: $5,000

☐ Supplies: $10,000

☐ Equipment: $10,000

☐ TDC: Sum of all direct costs $52,033

☐ MTDC = TDC - Exclusions $52,033 - $10,000 = $42,033

☐ F&A: $42,033 x 44.5% = $18,705

☐ Total Cost: TDC + F&A $70,738
Budget Problem 6

Dr. Smith (a Professor in Mechanical Engineering) is doing a one year research project (7/1/12-6/30/13). He will work 2.0 summer months on the project (his 9-month salary is $60,000). He will need two full time graduate students who will make $20,000/yr. He will need $2,000 for travel. Will also need a specialized piece of equipment for testing material strength and costs $20,000. It will also be necessary to pay a colleague at Auburn $40,000 to do part of the work. Sponsor will pay full F&A. What is the total budget amount?

Solution:

- **Salaries:**
  - PI: $60,000/9 x 2 = $13,333
  - GRA: $20,000 x 2 = $40,000
  - **Total Salaries:** $53,333

- **Fringes:**
  - PI: $13,333 x 33.18% = $4,424
  - GRA: $40,000 x .76% = $304
  - **Total Fringes:** $4,728

- **Tuition:** $728 x 1.05 x 12 months x 2 students = $18,346

- **Travel:**
  - $2,000

- **Equipment:**
  - $20,000

- **Subaward:**
  - $40,000

- **TDC: Sum of all direct costs**
  - $138,407

- **MTDC:**
  - $138,407 - 18,346 - 20,000 - 40,000 + 25,000 = $85,061

- **F&A:** $85,061 x 44.5% = $37,852

- **Total Cost: TDC + F&A**
  - $176,259
Budget Problem 7

☐ A sponsor limits the project budget total to $100,000 and will pay our full federally negotiated F&A rate of 44.5% MTDC. The project budgets nothing that would be excluded for F&A purposes (tuition, equipment, etc). How much money is available in direct costs?

Solution:

☐ Available Direct Costs:
  ☐ $100,000/1.445 = $69,204 in direct costs

☐ Calculation check:
  ☐ $69,204 x 44.5% = $30,796
  ☐ $69,204 + 30,796 = $100,000

Budgeting backwards:

☐ Really just algebra!
☐ D = Direct Costs
☐ D + (D x 44.5%) = 100,000
☐ 1D + 0.445D = 100,000
☐ 1.445D = 100,000
☐ \[
\frac{1.445D}{1.445} = \frac{100,000}{1.445}
\]
☐ D = 100,000 / 1.445
Budget Problem 8

- Starting with the available direct costs ($69,204) in the previous problem, assume we need $5,000 for travel and $5,000 for printing and the rest is for salary and fringe for faculty and professional staff. What would be allocated now to both salary and fringe?

Solution:

- Available Direct Costs:
  - $69,204 – $5,000 – $5,000 = $59,204 (for salary/fringe)

- Salary (backwards budgeting again):
  - \( \frac{59,204}{1.3318} = 44,454 \)

- Fringes will be the difference
  - $59,204 – 44,454 = $14,750