Guidance: Administrative and Clerical Salaries

# Purpose

To provide guidance for when it is appropriate to include salaries of administrative and clerical staff as direct costs on a sponsored project.

# Reason for this Guidance

The reason for this guidance is to ensure administrative and clerical salaries are treated consistently and properly on each award, and to assist faculty and staff in providing budget justifications and requests for agency prior approval.

Federal regulations state that administrative and clerical salaries should normally be treated as indirect costs. There are cases, however, where it is appropriate to charge such costs directly to a project budget. Approval for direct charging of clerical and administrative salaries generally resides with the funding agency. Federal agency representatives have been clear that approval for these costs will not be automatic.

# Guidance for Proposal Development

Principal Investigators (PI) are strongly encouraged to include administrative and clerical salaries in the proposal budget in order to justify these salaries to the funding agency. Inclusion in the budget and budget justification is intended to enable the agency to review and concur with the need for clerical support for the project. The budget justification should be articulated carefully and should address the four criteria as noted in the Uniform Guidance (see Federal Guidance section below).

A strong justification should:

1. Describe the administrative/clerical support to be provided (i.e., what the support personnel will actually do) and how this support exceeds normal departmental responsibilities;
2. Specify the level of administrative/clerical effort to be devoted to the project; and
3. Describe why the administrative/clerical support duties are essential to and how they will facilitate the successful completion of the project.

# Federal Guidance

Administrative and clerical salaries are addressed in the Uniform Guidance under the section for Direct Costs, 2 CFR §200.413. The Federal government provides the following criteria to help distinguish when administrative and clerical salaries can be treated as direct costs:

(c) The salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs. Direct charging of these costs may be appropriate only if **all** of the following conditions are met:

(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.

In order to direct charge administrative and clerical salaries to a sponsored project, Federal agencies require all four conditions to be met. The PI is responsible for providing justification for why these salaries should be direct charged to the award. The word "integral" is generally interpreted as activities that are *essential* to the project and necessary on an ongoing basis.

Examples of projects where direct charging of administrative or clerical staff salaries may be appropriate.

* 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 field sites that are remote from campus.
* Individual projects requiring project-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 costs would be appropriate under similar circumstances.

# Non-Federal Sponsors

These sponsors may also restrict the direct charging of administrative and clerical salaries or they may provide greater budget flexibility for these costs. It is important to be familiar with the program guidelines, terms and conditions.

# Guidance for Award Management

If administrative and clerical salaries are included in the proposal and the Federal agency issues the award without explicitly deleting the administrative cost, the PI need not take any other action. Sponsored Programs Administration staff will consider the administrative cost to be approved by the agency and, therefore, allowable.

If these expenses were not included in the proposal, most Federal agencies require NIU to seek their prior approval before incurring the expense. Contact the SPA Grants and Contracts Administrator for the award to discuss prior approval requirements and to initiate the approval process.