Guidance: Telecommunications Costs

# Purpose

To provide guidance for when it is appropriate to charge telecommunications costs directly to a sponsored project and the documentation necessary to support such charges.

# Reason for this Guidance

Federal regulations state that telecommunications costs should normally be treated as indirect costs. However, there may be times when it is appropriate to charge these costs directly to a project budget. This guidance ensures telecommunications costs are treated consistently and properly on each award.

 Telecommunication costs can be broken down into three broad categories:

1. Basic telephone services' such as telephone installation, instrument rental, and line cost.

2. Long-distance toll charges.

3. Cellular phone services.

# Grants/Contracts – On Campus

Since basic telephone service costs are difficult to identify exclusively with one grant or contract, they are generally charged to local budgets and a portion of the cost is recovered through indirect costs.

Occasionally, a grant or contract will require expensive telephone equipment and/or telephone lines for data transmission, phone surveys, etc. and may need to budget these costs as a direct charge for an on-campus project. For this to occur, the service must be used exclusively for the award.

For federal awards, unlike circumstances ([2 CFR 200.413](http://www.ecfr.gov/cgi-bin/text-idx?node=se2.1.200_1413)) must exist for telecommunication services to be charged directly to a grant or contract budget. By definition, unlike circumstances exist when costs are:

* Above the normal level for services or items specifically required for a project;
* Necessary to meet the objectives of the award, and
* For technical expertise or items not otherwise needed by or found in the department.

If unlike circumstances exist,

* The cost may be included in the proposal; and
* The unlike circumstances must be justified to the sponsor.

If the need to charge telecommunications expenses directly to the grant is not identified until after the award is funded:

* NIH and NSF awards: Documentation of the unlike circumstances must be maintained in the department's grant file. SPA may request this documentation.
* For most other federal sponsors, follow the Institutional Prior Approval Process [(IPAS)](https://www.niu.edu/divresearch/funding/award-lifecycle/managing/award-changes.shtml) which will require the following:
  + Preparing a written request to charge these types of expenses, along with a justification of unlike circumstances.
  + Obtaining concurrence signature from Sponsored Programs Administration.
  + Submitting the above supporting information to the sponsor for prior approval.

When charged to an award these costs will be subject to Facilities & Administrative (F&A) cost at the rate specified in the award.

# Justifying Unlike Circumstances

Explain how:

The service or use of the item is above the level normally provided by the department;

If the technical expertise or item is not otherwise needed or found in the department; and

Why the service or item is necessary to meet the objectives of the project.

# Grants/Contracts - Off Campus

Telephone installation, instrument, and line costs purchased from an outside vendor are normally budgeted and charged to grant and contract projects conducted exclusively off-campus.

If more than one award or activity is being conducted at the location the cost must be allocated to all benefitting activities on some reasonable basis.  The allocation methodology must be documented and followed consistently. It must consider usage for non-sponsored activity as well as sponsored activity.

# Phone and Mobile Device Costs

Costs associated with mobile devices are in a class of expense that has a higher risk for abuse than most other costs and are highly susceptible to the university’s audits of sponsored awards.  As such, additional administrative effort is required to monitor and allocate the costs appropriately. Failure to do this may result in the need to transfer these charges off the grant and to a department account. The following cell phone & mobile device guidelines and best practices are provided to minimize these situations and avoid risk.

Cell phone cost allowability on sponsored programs:

The cost of cell phones and other mobile devices is normally treated as indirect costs and not as a direct cost to the project.  This includes the cost of cell phone plans or the monthly allowance.

Cell phone costs are allowable on non-federal awards when permitted by the sponsor’s policies or are otherwise approved by the sponsor.  For federal awards, the costs may be allowable only when exceptional and unlike circumstance ([2 CFR 200.413](http://www.ecfr.gov/cgi-bin/text-idx?node=se2.1.200_1413)) exist.

The following conditions must also be met:

1. The cost is Allowable under the terms and conditions of the award.
2. The cost is Reasonable.  I.e., Would a normal person deem the cost appropriate given the intended use?  Is the cost of the phone and the plan reasonable in reference to the intended use?
3. The cost is Allocable.  I.e., Will the use of the cell phone provide a direct benefit to meeting the project objectives?
4. Consistent Treatment.  Can the benefit to the project be determined without undue administrative effort?
5. Where the cost is necessary for the efficient conduct of a sponsored project, is clearly identified in the proposal budget, justified in the budget narrative and funded by the sponsor, or otherwise approved in writing by the sponsor, the cost would generally be considered allowable.

# Best Practices for Managing Mobile Device Costs on Sponsored Awards

Prior to approving an employee for mobile device charges:

* Make sure devices and charges are consistent with NIU’s [Cellular Service Stipend Policy](https://www.niu.edu/policies/policy-documents/cellular-service-stipend-policy.shtml) and that the employee is aware of their responsibilities under the policy.
* Advise the employee of their responsibility regarding use and [safeguarding](https://www.niu.edu/doit/about/policies/traveler-guidelines.shtml) of the mobile device and any data stored therein. (E.g., May be subject to public records requests.). For devices that may contain [sensitive or controlled data](https://www.niu.edu/doit/about/policies/data-classification.shtml), this may require compliance with Export Control regulations.
* Have a plan to document how the charges directly benefit the project and the method for allocating the costs if benefitting more than one project. This may include obtaining copies of bills and reviewing allowance payments at a regular frequency (suggested to be no less than quarterly) to ensure the charges remain appropriate for the use. Supporting documentation may be requested by SPA at any time to in order to verify the accuracy and appropriateness of charges.

# Additional Considerations for Mobile Device Charges

* Be sure the cell phone plan period (if a contract is required) aligns with the period of the project the phone is needed for, or that other non-sponsored funds are available to absorb the cost when the project period ends.
* When disposable phones are used, the unused time should be minimal to avoid removing the cost of the unused talk time from the project to a non-sponsored account.  Unused talk time may be used for follow-on projects or for other university business, but not personal use.
* When personal use of the cell phone is more than de minimus, it will be necessary to allocate some of the costs to non-sponsored funds or personal funds.
* Phones purchased through the university remain the property of the university and the phones should be retained by the department. When no longer needed for research or other university activities, phones should be disposed of in accordance with university policies. Phones for NIU employees must be purchased through the university.
* Phones for non NIU employees should not be purchased through the university but through reimbursement. Individuals will be reimbursed for the cost of the phone and disposition will follow sponsor approval and award terms and conditions.