The purpose of Ag Sponsored Programs is to advance the research mission of the Division of Agricultural Sciences and Natural Resources by providing grants and contracts services and guidance to faculty and departmental staff. Ag Sponsored Programs plays a key role in both the pre- and post-award processes, working closely with Departmental Staff, University offices and external entities.

**What is A-21?**
This Circular establishes principles for determining costs applicable to grants, contracts, and other agreements with educational institutions.

**Key Ideas**
Institutions must treat similar costs consistently as either Direct Costs or F&A (Facilities and Administration, also known as Indirect) Costs - Certain types of costs will be included in the institution's F&A cost rate and will not be charged as Direct Costs to sponsored agreements.

In order for costs to be reimbursable by the sponsor of an agreement, they must be:

**Reasonable**
Actions of a prudent person - Necessary - Adhere to federal, state, and institutional laws, regulations and policies - Agree with sponsor's terms and conditions

**Allocable**
Cost is incurred solely for advancement of work on the project - Must be assignable in a proportion that can be determined through reasonable methods - If allocable, cannot transfer to other project for convenience - Cost is necessary and deemed assignable to the project

**Treated Consistently**
Between proposal budget and accumulating expenditures - Between Direct Cost and F&A Costs

**References**
Full text of OMB Circular A-21 (2 CFR 220)
http://www.whitehouse.gov/omb/circulars_a021_2004

Full text of OSU’s Costing Practices For Sponsored Research and Service Projects, Policy 4-0135 (Cost Accounting Standards - CAS)
http://vpaf.okstate.edu/GCFA/Policies.htm

**Quick Facts**
about grant expenditures and allowable costs

**OMB Circular A-21**
Cost Principles for Educational Institutions
(2 CFR 220)

**For More Information, Contacts**
Division of Agricultural Sciences and Natural Resources
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Costs Normally Treated as F&A Costs

These items are normally included in the institution’s calculation of F&A rates. Therefore, these costs are already being reimbursed through the institution’s collection of F&A Costs – and generally would not be considered reimbursable or allowable as a direct cost on the grant/contract.

- Administrative and Clerical Salaries
- Telecommunications; Local Telephone Service
- Postage
- Office Supplies
  * Printer cartridges
  * Media storage
- Dues and Memberships, unless specifically required by the sponsor
- Subscriptions, Books and Periodicals
- General Purpose Equipment - Non-research equipment which may be used for general office purposes such as
  * Desktop computers
  * Laptop computers
  * Printers
  * Office furniture
- General Computer Services and Networking Costs

Exceptions: What is a Special Purpose or Circumstance?

Excerpted from OSU’s Costing Practices For Sponsored Research and Service Projects, Policy 4-0135.

A. Private sponsored agreements that are proposed and awarded for a different purpose than federal agreements—those works proposed and performed in part is for the benefit of the industrial/commercial sponsor and the University. The sponsor’s concern is with total costs and not whether the costs are direct or indirect.

B. State sponsored agreements that have restrictions on the types of costs that are direct or indirect—such agreements would constitute a different circumstance than costs incurred under federal agreements. OSU must comply with State agency regulations and statutory requirements.

C. USDA – Specific USDA agreements that fund indirect costs at the agency mandated rate based on Total Direct Costs (TDC)—the USDA program and legislative mandates do not provide for full reimbursement of F&A.

D. Training Grants—since they are for a different purpose (training) than a traditional research project, these project budgets may include costs that are normally considered to be indirect costs.

E. Planning Grants—since they are for a different purpose (planning) than a traditional research project, these project budgets may include costs that are normally considered to be indirect costs.

F. Projects that are geographically inaccessible to normal departmental administrative services (i.e., a project that takes place at site(s) that is/are remote from the main campus).

G. Projects that require making travel and meeting arrangements for large numbers of participants.

H. Large, complex programs, program projects, environmental research centers, engineering research centers, and other sponsored agreements and contracts that entail assembling and managing teams of investigators from a number of institutions.

Exceptions: What is a Special Purpose or Circumstance?

I. Projects which involve extensive data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature, and reporting.

J. Projects whose principal focus includes the preparation and production of manuals, long reports, books and monographs (excluding routine progress and technical reports).

K. Individual projects requiring project-specific database management, individualized graphics or manuscript preparation, human or animal protocol, IRB preparations and/or other project-specific regulatory protocols, and multiple project-related investigator coordination and communications.

Exceptions: What Documentation Is Needed?

Clear justification in project budgets and budget narratives that the costs are necessary, reasonable and allocable. Required when the budget is proposed to the agency.

A Cost Accounting Standards (CAS) exception should be noted in the budget narrative and on the internal routing sheet.

Example: Computer and office supplies are necessary for the success of the project. These costs are disclosed in the OSU policy “Costing Practices for Sponsored Research & Service Projects” article 3.02, item h.

Example: A laptop is required for data entry and analysis in the field where general OSU computing resources are not available. These costs are disclosed in the OSU policy “Costing Practices for Sponsored Research & Service Projects” article 3.02, item f.

NOTE: Regulations and guidelines contained in A-21 apply to all federal funding: Ledger 4 and Ledger 5 funding.