


September 24, 2009

MEMORANDUM

TO: Peabody Faculty and Administrative Officers

FROM: Camilla P. Benbow 
Patricia and Rodes Hart Dean of Education and Human Development

RE: Grant funding of clerical and administrative staff

In general, it is not permissible to charge clerical and administrative staff salaries to the budget of an externally-funded project. In some circumstances, however, it may be appropriate to do so.

According to the OMB's Circular A-21,

The salaries of administrative and clerical staff should normally be treated as F&A [facilities and administrative] costs. Direct charging of these costs *may* [emphasis added] 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.

Among the examples of "major projects" offered in Circular A-21 (Appendix C) are the following:

- 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 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.

Recent audits and comments from federal officials have provided guidance regarding instances in which direct charging may be acceptable (adapted from memorandum distributed by Assistant Vice Chancellor Jerry Fife on February 2, 2007).

- **Unlike circumstance must be demonstrated.** In order for clerical or administrative salaries to be charged to the budget of a federally-sponsored project, an “unlike circumstance” must be demonstrated and documented on a case-by-case basis.

For example, a departmental staff member’s normal duties may include budgeting, processing personnel and payroll documents, purchasing supplies and equipment, and monitoring expenditures. If an investigator within this same department has a major project, a portion of the staff member’s salary may be charged to this project only if the project activities are different than his/her normal duties.

- **Approval of proposal does not constitute approval of direct charging of clerical staff salaries.** In the past, it was commonly thought that including clerical or administrative salaries in proposal budgets would constitute the necessary approval for direct charging of those costs if they were not removed during the award process. In recent audits at Vanderbilt this has not been upheld. Auditors have maintained that sponsoring agencies are not familiar with the details of university cost accounting practices and thus are not in a position to make this determination.
- **Awards of less than \$100,000 annually do not qualify.** The DHHS OIG has indicated that based upon finding in recent audits, universities should not direct charge clerical and administrative salaries to federal projects that total \$100,000 or less on an annual basis because they do not constitute major projects.

If you are contemplating funding clerical and/or administrative staff in the budget of a project for which you are developing a proposal, please take the following steps:

1. Discuss the scope of your project and the proposed duties of administrative and clerical staff with the administrative officer of your department or center. When you contact your AO, please be prepared to describe in detail how you believe an “unlike circumstance” will exist.
2. After conferring with your AO, please draft a budget justification (see suggestions below) for the administrative and clerical support that would be included in your application and send your draft to your AO for review and feedback.
3. Based upon the feedback you receive, revise your budget and budget justification as needed and send your application through Vanderbilt’s pre-submission review process. You will be notified if further revision of your request for administrative and clerical support is needed.

Budget justification suggestions:

1. Please keep in mind that your budget justification must “stand alone.” Do not assume that a skeptical person (e.g., an auditor) will read other sections of your project proposal.
2. Be specific about the ways in which the administrative and/or clerical support required for your project is extensive and how an unlike circumstance exists. In other words, it is important to “connect the dots” for a reader who may look at your budget justification in isolation, without taking the time to become familiar with your project.

Here is an actual budget justification that recently was judged to be appropriate:

Project Secretary. An experienced research project secretary will be budgeted 10% time the first project year and 5% time the second project year. This person will have responsibility for maintaining the files of study reports that are the source documents for the meta-analysis, scanning new study reports that are not originally available in pdf format, submitting and tracking interlibrary loan requests for new candidate studies for addition to the database, keeping the bibliographic database up to date with new entries and status changes, and assisting with preparation of project materials.

Thank you for your understanding and cooperation in regard to these ambiguous regulations.