

**THE UNIVERSITY OF ALABAMA IN HUNTSVILLE**  
**PURCHASE OF PERSONAL COMPUTERS AND ELECTRONIC DEVICES**  
**ON SPONSORED PROJECTS**

<b><u>Number</u></b>	07.02.08
<b><u>Division</u></b>	Vice President for Research and Economic Development - Office of Sponsored Programs
<b><u>Date</u></b>	March 26, 2021; Reviewed and Revised February 26, 2024
<b><u>Purpose</u></b>	This policy is intended to help Principal Investigators and their staff understand the appropriate costing treatment of personal computers and other electronic devices in the context of existing University of Alabama in Huntsville's ("UAH" or "University") policy as well as emerging Federal agency guidance.
<b><u>Policy</u></b>	<p>As a recipient of Federal Funds, UAH is required to adopt costing policies in conformance with Federal rules and regulations. The University's cost accounting practices are declared in the required filing of its Disclosure Statement (called the DS-2) to the cognizant agency of the US Department of Health and Human Services. The DS-2 defines costs that can be directly charged to sponsored programs as being allowable, allocable, reasonable, and consistently applied. Costs that support sponsored research on an indirect basis are also defined. Additional applicable Federal guidance in this area is provided by OMB Uniform Guidance 2 CFR 200, Subpart E - Cost Principles Direct and Indirect (F&amp;A) Costs. In general, personal computers and other electronic devices are not an allowable direct cost.</p> <p>Because computers and electronic devices are generally used for many different activities (for example, instruction, research, administration, email, personal use), the default presumption is that these devices cannot meet the threshold requirements to allow the direct charging of their acquisition to a sponsored project.</p> <p>Over time, as the cost of personal computers and electronic devices has decreased, it often does not reach the level of capitalizable equipment (unit acquisition cost of \$5,000 or more) that has commonly been associated with eligibility to be charged to sponsored projects. However, regardless of the dollar value of the expenditure for any equipment, the item must still meet the criteria of allowability, allocability, reasonableness, and consistent application such that the equipment can clearly be shown to directly benefit the achievement of required sponsored research objectives.</p> <p>The Federal government, through audits of universities, specific denials of requests in notices of award, and information dissemination at professional meetings such as Society of Research Administrators (SRA), National Council of University Research Administrators (NCURA), and Council of Governmental Relations (COGR), has consistently apprised the research community that it</p>

does not consider personal computers and electronic devices to be an appropriate direct cost to sponsored projects. This is because general purpose computing support is considered to be an administrative cost covered by indirect cost recovery (F&A).

In all cases, purchases must conform to the cost principles for educational institutions described in the Uniform Guidance 2 CFR 200, Subpart E. Costing guidelines specify that charges for computers and laptops, as with all other charges directly charged to Federal awards, must meet the following conditions:

- **They must be necessary for and provide benefit to the project**
  - The computer must be essential for project activities and its use should be sufficiently tracked during the life of the project
- **They must be allowable**
  - The computers/laptops are functioning as or in direct support of specialized scientific equipment
  - The computer is specifically identifiable to the grant as an “unlike circumstance”
- **They must be directly allocable**
  - The principal use of the computer must be directly allocable to the purpose, goals, and activities of the funded projects
  - If a computer is directly charged to a project and is used other than incidentally for general administrative purposes (see above), some sharing of the cost is required.
  - A computer may be allocated to one or more sponsored projects unless the sponsor's terms and conditions prevent such an allocation. Such an allocation requires that the computer be used primarily to conduct the research of each project.
- **They must be reasonable**
  - There must be an informed, prudent decision regarding the cost, utility, and value to the project
- **They must be non-personal in nature**

#### **Unlike Circumstances:**

In some cases, the use of personal computers and electronic devices specifically required for individual research projects can be justified as directly benefiting those awards. In specific situations, the purchase of personal computers and electronic devices can be an allowable direct charge to Federally funded projects when the conduct of the research requires a computer, e.g., the computer is attached to a piece of equipment and is required for collection or analysis of data for the project, or the computer is specifically needed to record data while in the field. In such situations, the computer or electronic device must be used **either exclusively or primarily** for the project. The use of a computer to store non-sponsored projects information or for use outside of the lab or office where the research is conducted (except for field work) is likely to raise the question during an audit of the allowability of the laptop on a sponsored project.

To sustain an auditable justification of the allowability of computers charged directly to a Federal award, the computer must be used primarily (at least 95%)

for the programmatic conduct sponsored project. If a computer is 100% funded from a Federal sponsor, the computer should not be used for non-programmatic purposes on more than an incidental basis. Criteria for consideration include (not all encompassing, nor are all required):

- Incidental use never interferes with project use
- Incidental use is solely for convenience (e.g., responding to project related e-mails in a timely manner while away from the office)
- Incidental use itself would not have justified purchase of the laptop
- Incidental use never requires removing the laptop from the project location
- Incidental use does not exceed a de minimis amount
- Generally non-project files or data are not stored on the computer
- The computer is never used for administrative support, such as purchasing and grant management, since these uses can never be directly charged to a Federal award.

The PI must conform to any specific restrictions or approval requirements of the sponsor and must assure that the computer would not have been purchased were it not to support the goals of the specific research project. In addition, software and/or upgrades purchased on Federal awards must be necessary for the conduct of the research and must also conform to the above requirements regardless of the computer on which they are installed. The PI is ultimately responsible for the charges to the sponsored project.

#### **Documentation of Unlike Circumstances:**

In order to minimize disallowed costs through audit findings, personal computers and electronic devices with a **unit cost of less than \$5,000 will not be allowed** as an approved expenditure on research funds unless unlike circumstances have been documented. That is, the need has been included in the original proposal and completely justified as to the reason it is being included, the purpose and benefit to the project have been fully described, it has been made clear that the project will be negatively impacted by not purchasing the computer, and it has been approved by the sponsor.

To provide evidence of unlike circumstances, the Principal Investigator must document in the proposal that the use of the computer is beyond the normal and customary use and application of computers in the day-to-day operations of the Principal Investigator, how the computer directly benefits the project, and how it is different from similar items provided by the department or center that are treated as F&A costs.

Contracts & Grants Accounting must approve the sufficiency of detail in the request. The lack of documentation could call into question the allowability of the purchase on the sponsored project. If approved by the sponsor, it will be approved as a direct charge to the sponsored contract or grant.

If the need for a personal computer or electronic device develops during the project and was not requested in the original budget, the PI must provide

documentation of unlike circumstances to Contracts & Grants Accounting for review and approval. The criteria described in the paragraph above must be addressed when the request is made. The Program Manager of the sponsoring agency **does not have** the authority to approve procurement of any item which would otherwise violate Federal statute, state law, Uniform Guidance 2 CFR 200, and UAH Cost Policy.

Purchase of Personal Computers and Laptops, desktop computers and electronic devices with a unit cost of \$5,000 or more are considered capital equipment and are allowable as direct costs to Federal grants and contracts, provided that the equipment purchase conforms to all of the costing principles described above in this document. The primary determinant of allowability is the requirement that the equipment is necessary to fulfill the objectives of the sponsored project; the dollar value is not sufficient in and of itself to permit allocation to an award.

### **Examples of Specific Sponsor Guidance:**

Specific guidance varies significantly by sponsor and some Federal agencies may further restrict the allowability of computers. Below are examples of language from several agencies that fund research at UAH. As supplementary guidance, excerpted below are policy statements regarding laptop computers from several Federal agencies that fund research at UAH:

- **NIH Grants Policy Statement:** Direct Costs and Facilities and Administrative Costs Project costs consist of the allowable direct costs directly related to the performance of the grant plus the allocable portion of the allowable F&A costs of the organization, less applicable credits (as described below and in the cost principles). A direct cost is any cost that can be specifically identified with a particular project, program, or activity or that can be directly assigned to such activities relatively easily and with a high degree of accuracy. Direct costs include, but are not limited to, salaries, travel, equipment, and supplies directly benefiting the grant-supported project or activity. NIH grants have specifically disallowed the purchase of computers in the Notice of Award, citing: "This award does not include funds for the support of computers, and printers as requested in the application. In accordance with OMB Uniform Guidance, Subpart E, these costs are considered unallowable as direct costs, but, if appropriate, may be charged to the project as F&A costs."
- **NSF Grant Proposal Guide (GPG):** General Purpose Equipment. Expenditures for general purpose equipment are unallowable unless the equipment is primarily or exclusively used in the actual conduct of the research. GENERAL PURPOSE EQUIPMENT permanent equipment that is usable for other than research, medical, scientific or technical activities, whether or not special modifications are needed to make it suitable for a particular purpose. Examples of general purpose equipment include office equipment and furnishings, air conditioning equipment, reproduction and printing equipment, motor vehicles and computer equipment.

- NASA Grant and Cooperative Agreement Handbook: General purpose equipment (i.e., personal computers and/or commercial software) is not allowable as a direct cost unless specifically approved by the NASA Award Officer. Any general purpose equipment purchase requested to be made as a direct charge under this award must include the equipment description, an explanation of how it will be used in the conduct of the research proposed, and a written certification that the equipment will be used exclusively for the proposed research activities. The need for general purpose items that typically can be used for research and non-research purposes should be explained. Purchase of Personal Computers and/or Software: Such items are usually considered by NASA to be general purpose equipment that must be purchased from general, organizational overhead budgets and not directly from the proposal budget unless it can be demonstrated that such items are to be used uniquely and only for the proposed research.
- DOD CFR Title 48, Federal Acquisition Regulation (FAR) Part 31: Contract Principles and Procedures: Equipment and/or facilities are normally furnished by the Recipient. If acquisition of equipment and/or facilities is proposed, a justification for the purchase of the items must be provided. Provide an itemized list of all equipment and/or facilities costs and the basis for the estimate (e.g., quotes, prior purchases, catalog price lists). Allowable items normally would be limited to research equipment not already available for the project. General purpose equipment (i.e., equipment not used exclusively for research, scientific or other technical activities, such as personal computers, office equipment, and furnishings, etc.) **should not** be requested unless they **will be used primarily or exclusively** for the project. For computer/laptop purchases and other general purpose equipment, if proposed, include a statement indicating how each item of equipment will be integrated into the program or used as an integral part of the research effort.

### Frequently Asked Questions:

Q. What criteria may be used to determine whether a personal computer cost is or is not exceptional?

A. Computer uses that are considered exceptional and a basis for computer purchase on sponsored projects:

- Controlling an instrument
- Acquiring data from an instrument
- Numerical calculations and simulations
- Image and video analysis
- Data analysis and manipulation
- Data mining
- Writing computer code
- Data storage for the sponsored projects
- Preparation of testing materials and recording of participant responses

B. Computer uses that are not considered exceptional:

- Preparing proposals
- Preparing progress reports related to the research
- Preparing publications related to the research
- Preparing presentations related to the research
- Accessing library resources (journals, books, etc)
- Administrative activities including email, internet research, budgeting, procurement, human resource management, effort reporting.

**Review**

The Office of Sponsored Programs is responsible for the review of this policy every five (5) years; (or whenever circumstances require).