



University of California
Office of the President

Vice President—
Research & Graduate Studies

Research Administration Office

Memo Operating Guidance

No. 09-02
April 8, 2009

CONTRACT AND GRANT DIRECTORS/OFFICERS/ANALYSTS EXTRAMURAL FUNDS MANAGERS

Subject: AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) DIRECT CHARGING ADMINISTRATIVE SUPPORT COSTS

On February 17, 2009, the American Recovery and Reinvestment Act of 2009 (ARRA) was signed into law as a way, among other things, to jumpstart the U.S. economy.

Included in the ARRA are extensive recipient reporting requirements (see section 1512 (c) at the end of this memo) for any recipient that receives recovery funds directly from the Federal Government, including recovery funds received through a grant, loan, or contract. The entire bill can be accessed at: http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h1enr.pdf

The Office of Management and Budget (OMB) provided extensive written guidance on the ARRA. This guidance can be accessed at: <http://www.recovery.gov/files/Initial%20Recovery%20Act%20Implementing%20Guidance.pdf>

The purpose of this Guidance is to promulgate an initial set of government-wide requirements and guidelines that Federal agencies must immediately implement or prepare for in order to effectively manage activities under the American Recovery and Reinvestment Act (Recovery Act) of 2009.

An example of terms and conditions a federal agency has implemented in response to the OMB Guidance Memo can be accessed at the National Institute of Health's (NIH) Recovery website: http://grants.nih.gov/grants/policy/NIH_HHS_ARRA_Award_Terms.pdf

An example of guidance a federal agency has developed can be accessed at the National Science Foundation's (NSF) website at: <http://www.nsf.gov/pubs/issuances/in131.pdf>

*Note: The addressees above represent the standard distribution of Contract and Grant Memos. Additional addressees, if any, may be added based on the subject of the Memo. See cc's.

Of significant concern to the University of California (UC) is the quarterly reporting requirements. In order to comply, extensive administrative support will be required, both at the departmental-office level and the central-office level.

Should your campus choose to apply and receive ARRA funds, UCOP Manager, Costing Policy and Analysis and the Research Administration Office recommend that any UC ARRA-funded projects that include the extensive ARRA quarterly reporting requirements be considered as “major projects” as defined by OMB Circular A-21. As “major projects”, department-level administrative costs to support compliance with the reporting requirements are allowable as direct costs of the project if they can be specifically identified with the project or activity. Accordingly, campuses should include departmental administrative support in the project budget whenever they are appropriate. Also keep in mind that all salaries and wages direct charged to federal sponsors, including administrative salaries and wages, must be certified using the local campus Effort Reporting system.

OMB Circular A-21 States:

(2) The salaries of administrative and clerical staff should normally be treated as F&A costs. Direct charging of these costs may 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. Some examples of major projects are described in Exhibit C to this Appendix.

However, additional central administrative costs required to comply with the administrative and reporting requirement of ARRA (i.e., by sponsored programs and, extramural funds management offices) cannot be direct charged to ARRA-funded projects because it is very difficult to specifically identify these costs to an individual project or activity.

There is always the possibility that the OMB or individual federal agencies may issue additional guidance on ARRA that may void the recommendation above. Individual Program Managers with NIH, NSF, etc. may also disagree and not allow these costs; however, we recommend that ARRA projects be considered as “major projects” and their project budgets prepared accordingly until further clarification is made available.

If you have further questions on compliance with OMB Circular A-21, please contact Jorge Ohy at.

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Thank you.

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Excerpt from the American Recovery and Reinvestment Act:

SEC. 1512. REPORTS ON USE OF FUNDS.

(a) SHORT TITLE.—This section may be cited as the “Jobs Accountability Act”.

(b) DEFINITIONS.—In this section:

(1) RECIPIENT.—The term “recipient” —

(A) means any entity that receives recovery funds directly from the Federal Government (including recovery funds received through grant, loan, or contract) other than an individual; and

(B) includes a State that receives recovery funds.

(2) RECOVERY FUNDS.—The term “recovery funds” means any funds that are made available from appropriations made under this Act.

(c) RECIPIENT REPORTS.—Not later than 10 days after the end of each calendar quarter, each recipient that received recovery funds from a Federal agency shall submit a report to that agency that contains—

(1) the total amount of recovery funds received from that agency;

(2) the amount of recovery funds received that were expended or obligated to projects or activities; and

(3) a detailed list of all projects or activities for which recovery funds were expended or obligated, including—

(A) the name of the project or activity;

(B) a description of the project or activity;

(C) an evaluation of the completion status of the project or activity;

(D) an estimate of the number of jobs created and the number of jobs retained by the project or activity; and

(E) for infrastructure investments made by State and local governments, the purpose, total cost, and rationale of the agency for funding the infrastructure investment with funds made available under this Act, and name of the person to contact at the agency if there are concerns with the infrastructure investment.

(4) Detailed information on any subcontracts or subgrants

awarded by the recipient to include the data elements required to comply with the Federal Funding Accountability and Transparency Act of 2006 (Public Law 109–282), allowing aggregate reporting on awards below \$25,000 or to individuals, as prescribed by the Director of the Office of Management and Budget.

(d) AGENCY REPORTS.—Not later than 30 days after the end of each calendar quarter, each agency that made recovery funds available to any recipient shall make the information in reports submitted under subsection (c) publicly available by posting the information on a website.

(e) OTHER REPORTS.—The Congressional Budget Office and the Government Accountability Office shall comment on the information described in subsection (c)(3)(D) for any reports submitted under subsection (c). Such comments shall be due within 45 days after such reports are submitted.

(f) COMPLIANCE.—Within 180 days of enactment, as a condition of receipt of funds under this Act, Federal agencies shall require any recipient of such funds to provide the information required under subsection (c).

(g) GUIDANCE.—Federal agencies, in coordination with the Director of the Office of Management and Budget, shall provide for user-friendly means for recipients of covered funds to meet the requirements of this section.

(h) REGISTRATION.—Funding recipients required to report information per subsection (c)(4) must register with the Central Contractor Registration database or complete other registration requirements as determined by the Director of the Office of Management and Budget.