

## What is 2 CFR 200?

2 CFR 200 is a set of federal regulations published by the Office of Management and Budget. 2 CFR 200 establishes principles for determining the costs applicable to federal grants, contracts, and other sponsored agreements with educational institutions.

In order for a cost to be allowable, it must be:

### Necessary

The cost must be strictly required for the conduct of the work to be done on the sponsored project.

### Reasonable

The cost must reflect the actions of a prudent person. One common sense way to think about the reasonable cost test is: “If you had to write a check using your checkbook, what would you pay for the item?”

### Allocable

The cost must solely benefit the project. If the cost benefits multiple projects, it must be distributed in accordance with its relative benefit using a methodology that is justifiable.

### Treated Consistently

Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect (Facilities & Administrative) costs.

## Exceptions

Consistent treatment of “costs incurred for the same purpose in like circumstances” is an important concept. But what about unlike circumstances?

UF’s CAS (Cost Accounting Standards) policy includes guidelines for appropriate exceptions – situations in which costs that are normally treated as indirect costs need to be treated as direct costs.

In these cases, the Principal Investigator can submit a CAS Exemption form (DSP-04) prior to incurring the cost in order to justify its direct charging. The form enables you to present the unlike circumstances of the project and must be submitted to the Division of Sponsored Programs (DSP).

Situations in which a CAS exemption may be granted include:

- Clerical and administrative salaries may be paid from a federally sponsored project when integral to the project and specifically budgeted.
- General office supplies in order to study office ergonomics.
- Paper and envelopes for a project in which a large number of surveys need to be sent out.
- Local telephone service for a hotline or crisis line that is specifically required by a grant.

## Inappropriate Practices

Some practices are unacceptable because they do not meet 2 CFR 200’s standard for assigning costs to sponsored agreements with a high degree of accuracy. For example:

- Assigning charges to the project with the largest balance.
- Assigning charges to the project with the nearest end date.

Other spending practices can create the potential appearance of inappropriate spending, though they might be justifiable depending on the situation. For example:

- Purchasing equipment in the last quarter of a project.
- Purchasing a large quantity of supplies near the project’s conclusion.

### Resources

[US Code of Federal Regulations – 2 CFR 200](#)

[University of Florida Cost Principles Policy](#)

[Division of Sponsored Programs](#)

[Contracts & Grants Accounting Services](#)

[Cost Analysis](#)

<h2>Direct Costs</h2> <p>Costs that can be identified specifically with a particular sponsored project using a high degree of accuracy.</p> <p>The following are typically treated as direct costs:</p>	<h2>Indirect (F&amp;A) Costs</h2> <p>Costs that are incurred for common or joint objectives and therefore <u>cannot</u> be identified specifically with a particular sponsored project.</p> <p>The following are typically treated as indirect costs:</p>
<p><b>Salary &amp; Fringe Benefits</b> Faculty, technicians, research associates and assistants, including graduate research assistants and other students performing scientific or technical work, post doctoral associates and other technical and programmatic personnel necessary to meet the goals of the project.</p>	<p><b>Salary &amp; Fringe Benefits</b> Administrative or clerical positions, such as administrative assistants, accountants, office personnel, purchasing agents, executive assistants, and other administrators. Faculty on non-sabbatical leave.</p>
<p><b>Computers</b> Specialized and fixed computing devices necessary for the completion of a specific statement of work. For example, a server attached directly to a piece of equipment that collects data only from that equipment.</p>	<p><b>Computers &amp; Mobile Devices</b> Computers, desktops, laptops, tablets, mobile devices, such as cell phones and smart phones, and peripherals such as printers and thumb drives.</p>
<p><b>Travel &amp; Meals</b> That which is required to carry out the objectives of the sponsored project including travel to scientific sites.</p>	<p><b>Travel &amp; Meals</b> That which is related to administrative activities, food &amp; drink during a lab meeting, entertainment, alcoholic beverages.</p>
<p><b>Supplies</b> Laboratory and scientific supplies, including laboratory notebooks, glassware, chemicals, field supplies, compressed gases and liquids, radioactive material, animals. Part and supplies related to scientific and technical equipment.</p>	<p><b>Supplies</b> Office supplies, custodial supplies, parts and supplies associated with repair and maintenance of general purpose equipment and facilities, general purpose software, paper, forms, personal stationery, pads, pens, pencils, markers, printer and fax paper toner, and ink cartridges.</p>
<p><b>Animals &amp; Hazardous Materials</b> Hazardous materials, animal purchases, animal per diems.</p>	<p><b>Animals &amp; Hazardous Materials</b> Radioactive waste</p>
<p><b>Communications</b> Documented long distance calls.</p>	<p><b>Communications</b> Local calls, telephone equipment purchases and installation/repair, cell phones and use, pagers, network charges.</p>
<p><b>Postage &amp; Mailing</b> Express postage for time-sensitive materials.</p>	<p><b>Postage &amp; Mailing</b> Express service of proposals and progress reports, local postage costs, international postage, bulk mail services and University mail services.</p>
<p><b>Other</b> Human subject payments and subrecipient costs.</p>	<p><b>Other</b> Dues and memberships, parking fines, subscriptions.</p>