Primary Points:

- An adequate proposal justification (see #1 below) constitutes prior approval to purchase an IT Device on a Federal award subject to RTC/FDP terms.
- If an adequate justification is not included in the proposal, then the Request for Approval to Purchase a Computer or Other Information Technology Device (DSR Form 20) should be submitted prior to purchasing an IT Device. See #2 below.

Background

Computers and other information technology devices (IT Devices) are generally used for various activities such as instruction, research, administration, email, and personal use. It is important to ensure their allowability and allocability as a direct cost to sponsored projects. The Federal government is sensitive to IT Device purchases on federal awards. IT Devices are viewed as “general use” business items and should not be charged directly to a federal award unless justified for a specific research/sponsored program purpose.

This document is intended to provide guidance on computers and other information technology devices (IT Devices) related to:

- Availability of existing resources
- When IT Devices are allowable costs on Federally-funded projects.
- Use priorities for and disposition of IT Devices purchased on Federally-funded projects.
- F&A calculations in proposal budgets.
- Proposal budget justification examples

This guidance applies only to awards subject to the (1) Federal Demonstration Partnership [FDP] Terms & Conditions, or (2) Research Terms & Conditions [RTC’s]. For awards not subject to either of these terms, the terms of the award will determine the allowability of equipment.

“Federally-funded” projects include:

- Direct Federal awards,
- Federal flow-through awards, and
- Non-Federal funds used as cost sharing on a Federal award.

“IT Device” includes, but is not limited to, computers and computer components. (e.g., desktops, laptops, workstations, tablets, smart displays, internal and external disk drives, monitors, keyboards, and servers).

Availability of Existing Resources

Whenever possible, existing resources should be identified and, if reasonably available, used before charging a new IT Device to a Federally-funded project. The standard for determining if other resources are “reasonably available” should be based on the type of device required. For instance, an institution-wide search may not be reasonable for a laptop, but may be reasonable for a major IT Device.

Allowability

1. Awarded as Proposed
a. An IT Device may be direct charged to a Federally-funded project if the cost was included in the proposed budget with a detailed justification, and the agency issued an award based on that proposal. The detailed justification should include an explanation of why and how the device is essential for and beneficial to the performance of the project, and that no existing resources are reasonably available.

b. If a proposal is submitted to the National Institutes of Health using a modular budget and the PI intends to purchase an IT Device if the proposal is awarded, a detailed justification for the purchase must be included in the Additional Narrative Justification submitted to NIH even though NIH may not require it.

2. Not Included in Proposal (if purchase does not comply with 1.a. or 1.b. above)

   a. IT Devices should be included in the proposal budget. However in cases where it was not known at the time the proposal was submitted that there would be a need for an IT Device, then prior approval must be requested from Sponsored Research Services before the IT Device can be charged to a Federally-funded project. To obtain SRS approval, submit a Request for Approval to Purchase a Computer or Other Information Technology Device (DSR Form 20).

   b. Approval is dependent upon the following the following allowability criteria:
      - The IT Device shall be primarily used for the conduct of the project.
      - The IT Device must be necessary for and provide benefit to the project.
      - The cost of IT Device must be allocable.
         - The device is to support the project’s programmatic activities, and would not have been purchased other than to support the goals of the project.
         - A computer may be shared by and allocated (the cost distributed) to one or more sources of funding including multiple sponsored projects. For shared use, there should be documentation that supports the allocation.
      - The cost of IT Device must be reasonable.
         - There must be an informed, prudent decision regarding the cost, utility, and value of the computer to the sponsored project.
      - IT Device purchases in the final 90 days of the project period must be reasonable and necessary for the conduct of remaining project activities.

Use Priorities

OMB Circular A-110 has very specific requirements for how and when equipment purchased with Federal funds is to be shared. The priorities are:

1. Use the equipment in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds.
   a. The PI shall make it available for use on other projects or programs if such other use will not interfere with the work on the project or program for which the equipment was originally acquired.
      i. First preference for such other use shall be given to other projects or programs sponsored by the Federal awarding agency that financed the equipment;
      ii. Second preference shall be given to projects or programs sponsored by other Federal awarding agencies.

2. When no longer needed for the original project or program, use the equipment in connection with the University’s other federally-sponsored activities, in the following order of priority:
a. Activities sponsored by the Federal awarding agency which funded the original project, then
b. Activities sponsored by other Federal awarding agencies.

3. When acquiring replacement equipment, the PI may use the equipment to be replaced as trade-in or sell
   the equipment and use the proceeds to offset the costs of the replacement equipment subject to the
   approval of the Federal awarding agency.

4. When the University no longer needs the equipment, dispose of the equipment as outlined in OMB
   Circular A-110.

Proposal Budgets and F&A Calculations

Proposals Submitted before March 8, 2013

- "Capital Equipment" means an article of nonexpendable, tangible personal property having a useful life of
  more than one year and an acquisition cost which is equal to or greater than $5,000. Capital equipment
  should be excluded from F&A calculation where a Modified Total Direct Cost (MTDC) base is used, but
  included where a Total Direct Cost (TDC) base is used.

- "Minor Equipment" means an article of nonexpendable, tangible personal property having a useful life of
  more than one year and an acquisition cost between $1,000 and $4,999, inclusive. Minor equipment
  should be excluded from F&A calculation where a Modified Total Direct Cost (MTDC) base is used, but
  included where a Total Direct Cost (TDC) base is used.

- "Materials and supplies" includes computers and other electronic devices with an acquisition cost of less
  than $1,000. Materials and supplies are subject to F&A regardless of the base used.

New* Proposals Submitted on or after March 8, 2013

- "Capital Equipment" means an article of nonexpendable, tangible personal property having a useful life of
  more than one year and an acquisition cost which is equal to or greater than $5,000. Capital equipment
  should be excluded from F&A calculation where a Modified Total Direct Cost (MTDC) base is used, but
  included where a Total Direct Cost (TDC) base is used.

- "Materials and supplies" includes computers and other electronic devices with an acquisition cost of less
  than $5,000. Materials and supplies are subject to F&A regardless of the base used.

**New" includes new, competing continuation, and renewal proposals.

Computer Purchase Budget Justification Examples

The actual research and the essential need for the IT Device should drive the budget justification.

Example 1
Three laptop computers ($1,000 each) are requested. Research personnel (GRAs and RAs) will take these laptops
to the field to record data during interviews with human subjects, assist with statistical analysis, and facilitate
communications among research project personnel through the 12-month survey period.

Example 2
Computer: Laptop ($989) needed for project-dedicated observations and travel between the University and the
telescope in Chile.

Example 3
This project will require extensive word processing, record keeping, maintenance of large data bases, and data
analysis. For this reason, we request 2 IBM compatible Pentium II-level workstations ($1,400.00 each), which each
include CPU, color monitor, graphics card, keyboard, CD ROM drive and a minimum 4 gigabyte hard drive.
Example 4
Equipment: A total of $9K is requested in the first year for computers with another $3K in year two and $3K in year three. These funds are for computers needed to run the Peiometrix THz-TDS system, as well as laboratory computers and laptops that will be needed for detector testing and especially detector control at the Advanced Photon Source experiment.

Example 5
[FIRST DESCRIBE THE CHARACTERISTICS OF THE PC, THEN...] A personal computer is necessary to carry out X, Y, and Z efforts under this project. Because the personal computer may also be used for A, B, and C efforts over the course of the project and these efforts may or may not be directly attributable to this effort, we request that XX% of the total cost be covered by [SPONSOR].

Questions may be referred to the Sponsored Research Services at srs@mailer.fsu.edu.