

Important Update

Office of Research Administration

January 2009

Purchase of Laptop and Other Computers Costing Less Than \$5,000 on Federally Funded Sponsored Projects

The purchase of laptop and other computers is a direct allowable expense to a federally funded sponsored project **in specific situations** where the nature of the research requires a computer, e.g., the computer is attached to a piece of equipment and is required for collection and/or analysis of information/data for the sponsored project or the computer is specifically needed to record data while in the field such as an archeological site. In such situations, the computer is 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) may put into question the allowability of the laptop on a sponsored project.

In all cases, purchases must conform to the requirements of allowability as described in the Office of Management and Budget's (OMB) Circular A-21, in that the cost must be:

- Reasonable and necessary;
- Allocable;
- Consistently treated in like circumstances; and
- Conform to the requirements of A-21 and sponsor terms and conditions.

Because a computer could potentially be used for many different activities (instruction, research or administration), it may not easily be assigned to any one of these activities. Thus, computer costs are normally a Facilities and Administrative (F&A) expense and are included in the University's F&A rate calculation. Nevertheless, the use of computers specifically for individual research projects in many cases can be justified as directly benefitting those awards.

As a result Yale's policy position on the purchase of laptops and other computers is as follows:

Yale Policy

*The purchase of laptop and other computers is an allowable expense as a direct charge to a federally funded sponsored project **only in specific situations** where the nature of the research requires a computer, e.g., the computer is attached to a piece of equipment and/or is required for collection and analysis of information/data.*

In order to maintain the allowability of computers charged directly to a federal award, the computer must be used primarily (at least 95%) on the award unless the purchase is otherwise prohibited/restricted by the sponsor. The PI must conform to any specific restrictions or approval requirements of the sponsor and must assure that the computer would not be purchased but for the research.

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.

Note: *A computer may be allocated to one or more sponsored projects unless the sponsor's terms and conditions prevent such an allocation (see below). Such an allocation requires that the computer be used primarily to conduct the research.*

Documentation supporting the charge must:

- ♦ describe how the computer directly benefits the project and how it is unlike a general purpose item; and
- ♦ be retained for audit purposes.

The lack of documentation could put into question the allowability of the purchase on the sponsored project.

Purchasing Computers Costing Less Than \$5,000 at Yale

When purchasing computers use expenditure type:

- ♦ **820610** if the charge is a direct expense to a **sponsored projects account**
- ♦ **820615** if the charge is to an **Academic department's non-sponsored project account** (GA accounts, gifts, etc.) and the computer will be used for the purpose of supporting administration, instruction, and/or other non-sponsored activities supporting the academic department.

Note: The use of expenditure type **820610** will distinguish those computers/laptops purchased on sponsored awards and used primarily (at least 95% use) in support of the sponsored project.

This distinction between expenditure types **820610** and **820615** is important to ensure that Yale does not *directly* charge sponsored awards for instructional and administrative computers and that it does not *indirectly* charge sponsored awards by including those expenses in the calculation of the F&A cost rate. By correctly utilizing expenditure type **820615** these expenses will be excluded as both a direct and indirect expense.

Purchasing Computers Costing \$5,000 or Greater at Yale

Computers that cost greater than or equal to \$5,000 and have a useful life of one year or more (considered to be capital equipment) are to be charged to expenditure type **881100** regardless of the source of funding.

As supplementary guidance, excerpted below are policy statements regarding laptop computers from several federal agencies that fund research at Yale:

NSF Proposal and Award Policies and Procedures Guide

*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.*****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.*

NASA Guidebook for Proposers

*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.***

Questions regarding this Important Update can be directed to the Offices of Grant and Contract Administration or Grant and Contract Financial Administration.

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