Guidance for the Purchase of Personal Computers and Electronic Devices on Sponsored Projects

For awards made on or after 12/26/2014 which are subject to the Uniform Guidance

Key Notes

This document is intended to serve as a guide for the CSU campus regarding the purchase of basic electronic tools with funds from sponsored projects. Recent changes in Federal regulations make computing devices allowable as direct costs on Federal awards if they meet certain conditions.

Computing Devices

Computing devices are defined in the Uniform Guidance, 2 CFR §200.20 and 2 CFR §200.94:

Computing devices means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information.

A computing device is a supply if the acquisition cost is less than $5,000, regardless of the length of its useful life.

Throughout this guidance document, the term "computing device" will be used interchangeably with "computers" and "electronic devices." Examples of computing devices that are allowable if they are essential and allocable (see below) include:

Computers - Including, but not limited to desktop computers and laptop computers.

Electronic Devices - Including, but not limited to tablets, iPads, e-readers, printers, external hard drives. This is not a complete list and questionable items should be directed to your Dean or Director's office. Because of State and University regulations, smart phones and cell phones generally cannot be purchased.

Effective Date

Effective now, proposals with an expected start date of 12/26/14 or later may include costs for computing devices in accordance with the Uniform Guidance, as outlined below. New awards or incrementally funded awards with a new funding increment beginning on or after 12/26/14 also may proceed in accordance with this guidance.
Background

Prior to the release of 2 CFR 200 et al., also known as the Uniform Guidance, the Federal government’s point of view was that computing devices were general purpose equipment that were unallowable on Federal awards. To charge computing devices as direct costs on Federal awards, PIs were required to demonstrate that unlike circumstances existed and that the devices were not administrative in nature. This will no longer be the case.

The Office of Management and Budget acknowledged in the preamble to the Uniform Guidance that technology improvements have helped lower the cost of computing devices below the Federal equipment threshold of $5,000 and, as such, these devices should be treated similarly to other items under this amount. With the advent of the Uniform Guidance, computing devices may be considered allowable direct charges under certain circumstances, so PIs will need to demonstrate that such costs fit the criteria in the Uniform Guidance. Computing devices that cost $5,000 or more and have a useful life of at least one year are considered equipment. This policy deals specifically with computing devices that cost less than $5,000, which means they are treated as allowable supply items, not as equipment.

Federal Guidance

The Uniform Guidance, 2 CFR §200.453, part (c), states:

In the specific case of computing devices, charging as direct costs is allowable for devices that are **essential** and **allocable**, but not solely dedicated, to the performance of a Federal award.

The following criteria will be used to determine whether or not a device is essential and allocable:

- The need has been included in the original proposal and completely justified as to the reason it is being included in the project budget.
- It has been approved by the sponsor as part of the budget and award process.
- The device is necessary for the performance of the project.
- The project will be negatively impacted by not purchasing the computer or electronic device.
- The purchase must represent good stewardship of the sponsor’s funds and the project’s stated objectives.
- The costs are reasonable and directly benefit the project that purchases the equipment.
Non-Federal Sponsors

The basic criteria for purchasing computing devices are similar for non-Federal sponsored projects, but may be more flexible depending on the sponsor. Principal investigators are recommended to include a justification for the purchase of computing devices with non-Federal funding, but divisional offices may have varying requirements. Please contact your Dean or Director’s office for guidance. Please note that written sponsor guidelines may prohibit the purchase of computers and electronic devices. All other sponsor restrictions, such as rebudgeting, prior approvals, notifications, etc., apply to the project.

Proposals

The device should be identified in the proposal budget and justified as to why it is essential and allocable to the performance of the award. Inclusion in the budget and budget justification is intended to enable the sponsor to review and concur with the need for the computing device. Written justification and/or approval is meant to prevent questions regarding the allowability of costs in event of an audit.

Modular Budgets

Not all proposals include detailed budgets; some sponsors allow the use of modular budgets. In the case of modular budgets, the PI and his/her department are expected to provide a written justification for a computing device.

Post-Award

Not every cost can be anticipated at the time of proposal preparation. When a post-award need for a computing device is identified and prior to its purchase, an explanation of the need should be submitted to the appropriate College/School research contact. The purpose and benefit of the device to the specific project should be fully described in the justification.

If a computing device is purchased with sponsor or University funds, the device is the property of the University and should be retained by the department after the end of the award for ongoing research activities or for disposal in accordance with University policies.

If a computing device expense is deemed unallowable at any time, the cost will revert back to the PI, the PI’s department/unit, and the college/school for recovery from an unrestricted source of funding.

Supplies versus Equipment

Consistent with the Federal and State definitions of equipment, the University has defined capital equipment as an article of nonexpendable, tangible property with a useful life of more than one year and an acquisition cost of $5,000 or more. Items with a useful life of less than one year or an acquisition cost of less than $5,000 are defined as supplies. That means most personal computers and laptops are defined as supply items, not as equipment.
For computing devices that are considered equipment (items with an acquisition cost of $5,000 or more with a useful life of more than one year), the devices fall into one of two categories: either general purpose equipment (2 CFR §200.48) or special purpose equipment (2 CFR §200.89).

General purpose equipment is equipment which is not limited to research, medical, scientific or other technical activities. Such equipment is unallowable as a direct charge, unless the Federal awarding agency or pass-through-entity has provided prior written approval.*

Special purpose equipment means equipment which is used only for research, medical, scientific, or other technical activities. Special purpose equipment is allowable as a direct cost, provided that the items have the prior written approval* of the Federal awarding agency or pass-through entity.

*The Federal-wide Research Terms and Conditions will continue to apply to awards in which they are incorporated.

Thanks to the University of Wisconsin-Madison for the written version of this policy.