



# A-87 Implementation Manual

(Or how to code anything to be in compliance)

July 1, 2001

Department of Transportation and Public Facilities

# A – 87 Implementation Manual

## Statewide Contact Representatives

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## GENERAL PRINCIPLES

The term "A-87" refers to a federal circular that details how to recover overhead costs from federal programs. The Alaska Department of Transportation and Public Facilities (DOT&PF) decided to implement an A-87 plan as a method to fund essential activities within the Department. The A-87 plan is used to develop rates, which are applied to all Capital Improvement Projects (CIP) costs. These rates are applied to all capital expenses once a month, known as the Indirect Cost Allocation Plan (ICAP) charge, account code 73169. The income, referred to as ICAP revenue, from these rates supports much of the overhead activity within the DOT&PF.

Starting with purchases made after July 1, 2001 the department wants to be fully compliant with A-87. In order to achieve this goal, we need to change how we code expenditures to all CIP regardless of the funding source.

Several past practices of what was an allowable charge to a CIP are no longer permissible. For example, when project engineers attended a meeting on a general topic their time was charged to the project that they were working on before the meeting. Effective July 1, 2001 that time must be charged to overhead.

### Applicable Projects

The directions in this manual apply to all capital projects with some limited exceptions. Some capital projects are actually operating projects that have been included in the capital budget for various reasons. **Costs coded to these projects, Planning, AMHS Overhaul, Annual International Airport Improvements, and state deferred maintenance can continue to be coded as in the past.** Although only consumables or direct expenditures should be coded to CIP, all types of costs can be coded to operating codes. Costs that would normally be coded to CIP can also be coded to operating.

*Two concepts govern how expenditures are coded, consumables and consistency.*

### Consumables

All costs coded to a project *must be* for an item that is totally *consumed* by the project. Also referred to as direct expenditures, consumables include but are not limited to purchases of rights of way, asphalt, project engineer time and telephone toll charges. The total list of acceptable project costs is long and is discussed under each category heading.

*Charges that are no longer acceptable* include training, equipment purchases, time spent on tasks not directly related to a project and breakage of supplies. For example, if a shovel breaks while on the job site, even though that shovel was "consumed" during the project, the cost of replacing that shovel can not be charged to the project. This is true even if the equipment is used on a particularly long project that exceeds the estimated life of the piece of equipment.

## Consistency

All decisions on what expenses are consumables versus what costs are charged to overhead, *need to be consistent on a department wide basis*. Northern Region construction can not have a different policy than the Alaska Marine Highway Construction group. For example, if Northern Region does not want to maintain telephone logs to expense toll charges to CIP projects then AMHS cannot direct charge telephone toll charges to projects because telephone toll charges would not be consistently applied. (Note: The Department decided to treat all telephone toll charges as an overhead charge because of the administrative hassle of keeping logs. Toll charges in the field offices are charged to the project).

Hint: If you are split coding an invoice between two projects or between CIP and overhead, the coding is probably incorrect. No method of allocating funding between sources has been approved. Therefore, *most invoice payments are either 100% coded to one project or coded to overhead*. The only exception would be an invoice for items that can be allocated such as paint. A legitimate charge would be 20 gallons of paint to a federal project and 30 gallons of paint to a project funded with operating monies. If you are split coding invoices, carefully document how you determined which amount went to which code. Coding splits based on percentage allocations are not allowed if one of the codes is federal funds.

## Budget Issues

The 2002 budget includes new funding authority in the operating budget to cover expenses previously charged directly to projects. It is important during the first year of implementation of A-87 to *accurately charge costs* as per the guidelines given in this manual to establish accurate budgeting for future years. If the actual expenditures are not in line with the 2002 budget, adjustments will be allowed by the Division of Administrative Services. Since arrangements to cover budget shortfalls may take time, it is very important to remain in contact with your budget analysts if it looks like you may run short of authorization.

## Questions?

Despite our best efforts to make this manual complete, specific coding questions will come up that you do not think are answered in this book. Please direct questions to the contact person for your section.

Anything that they cannot answer or may involve a consistency issue with other sections will be decided via a statewide group process. As questions come up, the answers will be added to the manual and it will be republished. Your statewide contact representatives are:

Statewide Design & Engineering	Kristi Peel	465-6950
Northern Region	Michele Hobbs	451-5118
Central Region	Laurie Dilley	269-0480
Southeast Region	Debbie Smith	465-4485
Statewide/Headquarters	Liz Blecker	465-8829

## PERSONAL SERVICES – 71000

The Department's operating budget provides for several ways to charge an employees time. The two general categories are operating or overhead, and direct CIP or project. An individual position may be identified as funded at 100% overhead, or 50% or none at all, which would indicate they are 100% direct CIP funded.

In the past a position funded at 100% direct CIP would code all personal services time to individual projects. With implementation of A-87 *personal service time spent on non-project specific work items, often called administrative, will now be coded as an overhead expense*. Examples of such tasks are:

- Preparation for Monthly Design or Construction Status Meetings
- Attendance of Monthly Design or Construction Status Meetings
- Staff meetings
- Meeting with local officials about the general program, not a specific project
- Training and Conferences
- Personnel issues such as preparation of evaluations, recruitment and hiring

As a general rule, meetings involving two or more projects are indirect if the person cannot identify the time by project.

The overhead costs described above will be tracked on the daily Time and Equipment (T&E) report much like charges against a specific project. The Description of Work would be identified as "overhead"; additional detail may be included such as "status meeting prep". The overhead ledger code for your budget unit and program code if used, will be provided to you at the beginning of the fiscal year and will remain the same throughout the year.

## TRAVEL - 72000

The coding of travel is *governed by the purpose of the travel*. Any travel (except moving, training or conferences which can not be direct charged to federal projects) can either be an overhead charge or coded to a project. *The cost of travel should be the same coding as the personal service chargeable time of the person traveling*. The only exception to this policy is travel to projects of people who charge 100% of their time to overhead, which is discussed below.

### **CIP Employees**

For example, if a Right of Way agent is working on the Homer Third Avenue project, the cost of the travel would be charged to the Homer Third Avenue project.

If a Right of Way agent takes a two day trip, one day working on the Homer Third Avenue project and one day working on the Kodiak Island Harbor Rehabilitation, the costs of the travel is split 50%/50% between projects. The entire cost of the trip follows the coding on the timesheet. This is true even if the one project incurred unique expenses. For example, if the agent rented a car in Kodiak and did not rent a car in Homer, the cost of the rental car would still be split 50%/50% between projects. The reasoning is consistent allocation of expenses is the prime concern. Although in the Kodiak situation, the cost of the rental car could be specifically identified to a particular project, in other rental car situations the cost split is not so easy to separate. For example, if the same agent flew to Fairbanks and rented a car to drive to work on projects in Tok and Fairbanks the cost split would not be so straightforward (time, miles, only Tok?). In order to insure consistency, the total costs of the trips are allocated based on how the travelers coded their timesheets. Travel costs can be split to more than two projects based on the same codes as the personal service chargeable time of the person traveling.

### **Overhead Employees**

The exception to coding travel based on timesheet allocation is those employees who are paid 100% out of overhead (time and attendance not time and equipment/ T& E). FHWA has allowed us to charge travel to projects if "an indirect charging employee is traveling specifically for the benefit of one or two projects, the associated travel costs may be charged to that or those projects. If two projects benefit, then the travel costs should be equitably split between the two projects". Travel costs between two projects must be split 50%/50%. Percentage allocations based on costs of the projects are not allowed.

For example, if the Commissioner travels to a site for a dedication, the travel could be charged 100% to the project. A group chief who travels to a location and reviews four ongoing projects would have the travel coded 100% to overhead, not the projects because the time exceeded the two projects rule. *The two-project rule only applies to employees who charge 100% of their time to overhead*. See Appendix A for the authorizing letter from FHWA.

*All moving and training travel costs shall be coded to overhead or coded to non-participating.*

## CONTRACTUAL - 73000

When we discuss the topic of contractual items, we most often think of those items contracted specifically for a project and thus direct coded to a project, i.e., equipment rental, fuel, lab testing, professional services, advertising, photo reproduction and utilities.

While this is the case in most circumstances, there are a few exceptions to this way of thinking. The following examples are some types of contractual items that are worth discussing:

- The cost of training, tuition, membership dues/fees and conference registrations are indirect costs. While we can argue that a specific type of training can be tailored to one project, the employee will take that training and apply it to all of his/her projects in the future. See the section on Training for additional details.
- Phone Costs – All costs for the installation, basic phone services, cellular phones, repairs, and toll costs are indirect, EXCEPT for those phone costs related to field office operations (Program Code 57403). We will no longer be “splitting” our phone bills among our active projects equally and maintaining any phone logs for toll calls. We will be coding phone bills to overhead, with the exception for field office phones that will be coded directly to projects.
- Postage Meters – The rental of postage meters and the replenishment of postage funds within a postage meter shall be considered to be overhead costs, EXCEPT for those meters located in individual field offices (Program Codes 57403). Postage meters that benefit multiple offices may be allocated to various offices as long as none of the costs are charged directly to CIP.
- Contracted Repair – The repair and maintenance of office equipment, data processing equipment and computers shall be considered to be indirect and coded to overhead funds. The only exception to this shall be repair of equipment used solely in field offices.
- Legal Services – The cost of legal services shall need to be considered on a case by case basis. Legal services specific to a project related circumstance, shall be direct coded to the project. Legal services encompassing a wide range of issues not attributable to a specific project will be coded to overhead.
- Copy Charges – The cost of copying documents shall also need to be considered individually. The copying of documents “in-house” by previously known Copying Cost Centers (i.e. Graphics Section) shall now be deemed to be indirect charges and provided free to users.

Copying of documents by an outside vendor will be determined based on the use and nature of the documents.

- A. Documents being reproduced for the specific use of a project, (plans, specifications, as-builds, etc.) shall be coded directly to the project.
- B. Documents being reproduced for management and/or administrative use, (status reports, manuals, etc.) shall be coded to overhead funds.

Detailed account information is in Appendix B.



## COMMODITIES - 74000

Any item purchased that costs less than \$5,000 per unit is now considered a commodity. This not only includes traditional commodities like paper, light bulbs, tools, and hardhats, but also items that used to be considered as equipment, such as copy machines, sieve shakers, and outboard motors, as long as they cost less than \$5,000 per unit.

*All commodities must be coded to overhead unless it is an item that is expected to be consumed by a single project (consumable) or is permanently installed in the capital project.* Almost nothing purchased for the Regional Office will be direct chargeable because generally it will be consumed by many projects (e.g. a case of copy paper or file folders will be consumed by dozens of projects, so must be coded to overhead). However, many of these same consumable items will be direct chargeable for a field office if they are expected to be consumed on a single project.

Non-consumable items are never charged directly to projects since they will likely serve multiple projects over their expected life spans. Examples would include calculators, cameras, hand tools, measuring tapes, traffic cones and signs (not permanently installed on a project), furniture, manuals and reference books, safety equipment, office equipment, computers and software, telephones, laboratory equipment, and the repair and maintenance of these non-consumable items. The exception to this rule is that non-consumables installed permanently into a capital project are direct chargeable to that project. Examples of this include permanent signs that are installed along a road project, a computer that is essential to control a traffic signal system, and, of course, all the materials associated with constructing a project (gravel, concrete, asphalt, steel, etc.).

Examples of commodities that can be charged directly to projects, as long as they are consumed on one project, include paper products, postage stamps, toner, film, survey books, paper towels, sample bags, cleaning agents, survey stakes, and spray paint.

Additional guidelines on the 74000 Account Code series are in Appendix C.

## EQUIPMENT - 75000

*Equipment cannot be bought with Federal Aid funds, except in very unusual situations with prior written approval from FHWA. See Appendix D.*

The AK DOT&PF has several methods for buying equipment. 1) The first place to look for available funds is the operating budget. Budgets have been increased with ICAP revenue and even if the equipment is not specifically budgeted, funding may be available from other line items to cover the purchase. 2) Testing equipment and small cap rental equipment should be purchased out of the equipment replacement reserves set up for these purposes. 3) State Equipment Fleet (SEF) credits can be used for all types of equipment. 4) Existing non-participating allocations on capital projects can be used for equipment purchases. 5) The DOT&PF has a specific capital allocation of ICAP authorization that can be used for equipment. Use of these funds are requested from the Director of Administrative Services. Any equipment bought from ICAP funds must be put into service in such a way that its replacement cost is recovered via rates charged to projects. Either a small cap plan or SEF meet this requirement.

Equipment is defined as individual units costing over \$5,000. Items under \$5,000 are considered commodities. Even if a piece of equipment is less than \$5,000 such as a \$300 computer monitor, it still cannot be charged to a CIP project because it will not be consumed during the project.

## TRAINING, TUITION AND CONFERENCE REGISTRATION

*Training, tuition, conference registrations and their associated costs (i.e. personal service time, travel, and per diem) are overhead expenses.* Training does not benefit a single project. An exception would be training for employees in exempt programs from this manual. See General Principles

In the past, a project chargeable employee who attended training would have charged their time, travel and per diem to a project that they were working on prior to or following the training. This is no longer allowable. The time, travel and course fees must be charged to overhead unless specifically and solely benefiting a project, which rarely occurs.

An exception to this rule is National Highway Institute (NHI) sponsored courses. The employee pays no fees for these courses. NHI directly pays course fees. The employee's travel, per diem and personnel costs are coded to overhead. Non NHI training courses and associated costs will be charged to overhead. Training for aviation project staff are overhead.

For budget purposes, specific account codes designated for training, tuition and conferences shall be used for course registration, travel and per diem. When charging time for attending the course, the program code 57290, 57390, 57490 or 57890 shall be used on an employee's T&E for designating these expenses. Those employees who do not fill out T&E's will not use a program code.

## FIELD OFFICES

All costs associated with providing and operating construction field offices will remain direct chargeable, regardless of whether the office is provided by the contractor or the state. These costs would include trailer setup, space rent, utility costs (sewer, water, electricity, phone, etc.), propane or fuel oil, and trailer removal and site cleanup. For field offices that serve just one project, all these costs are coded directly to that project. However, field offices that serve more than one project must have these costs allocated to all the projects served.

*The approved method for allocating field office costs among multiple projects is to prorate those costs monthly, based on the value of that month's contractor payments.* For example, if an office serves one project for the first two months, then in month 3 that project has \$300,000 in contractor payments (for that month) and another project comes online with \$200,000 in contractor payments, then all field office costs are coded to the first project for months 1 and 2, but the costs for month 3 are prorated three-fifths to the first project and two-fifths to the second project.

- State provided office space - When the office is provided by the State, all monthly costs associated with the field office shall be coded to account 73854 in the original project on site. Once a month, the costs in 73854 will be allocated via journal entry to the other projects sharing space with the original project.
- Contractor provided office space - The contractor that is providing the office is entitled to be paid the bid price for that office. Change Orders will no longer be required simply to prorate office costs between projects. This will not affect contractor payments, and is not something that the on-site Project Engineer has to do, but s/he must be aware of its effect on the project budgets.

*To ensure consistency each Region's Project Control section will be tasked with managing the pro-rating of costs and associated expenditure adjustments for field offices.* When it has been identified that a field office will be shared by several projects the Construction Section will provide Project Control with the cost of the field office on a project, the other projects sharing the office, and the estimated months the field office will be in operation. (Round to the nearest month). Once the monthly cost is determined as outlined in the process below, the cost is allocated in the same manner as the office provided by the State using account 73854. Since the office space was originally paid as a contractor payment 75600, a credit in 73854 to allocate the field office cost will result in a credit in that account. Normally a credit in an expense line indicates a problem, but in this situation it will be a normal result of splitting shared field office costs.

The following is an example to illustrate this procedure (with references to the numbered lines in the table below.)

Contractor A on Project 1 has a \$2.1 million project expected to last six months (line 1). This project includes a contractor-provided field office for a lump sum bid price of \$12,000. The Project Engineer decided to pay Contractor A \$2,000 per month to provide the office (\$12,000 equally divided into six months) as shown on line 5. In month two Project 2 starts up (line 2). In month three Project 3 starts up (line 3). In month four Project 2 ends. In month six Project 3 ends. In month seven Project 1 ends (one month overrun). Projects 2 and 3 were operated out of the office established for Project 1, and no field office costs were paid to Contractors B and C. The allocation of field office costs is computed as follows (all amounts are in thousands):

Month:	1	2	3	4	5	6	7	Totals
1) Progress payment to "A"	\$100.0	\$300.0	\$400.0	\$400.0	\$400.0	\$300.0	\$200.0	\$2,100.0
2) Progress payment to "B"		\$100.0	\$200.0	\$100.0				\$400.0
3) Progress payment to "C"			\$200.0	\$300.0	\$200.0	\$100.0		\$800.0
4) Total of contractor payments	\$100.0	\$400.0	\$800.0	\$800.0	\$600.0	\$400.0	\$200.0	\$3,300.0
5) Office costs paid to "A"	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0	\$0.0*	\$2.0	\$12.0
6) Ratio of A's payments to total (row 1 / row 4)	1.0	0.75	0.5	0.5	0.667	0.75	1.0	
7) Ratio of B's payment to total (row 2 / row 4)		0.25	0.25	0.125				
8) Ratio of C's payment to total (row 3 / row 4)			0.25	0.375	0.333	0.25		
9) Office costs to remain coded to "1" (row 5 x row 6)	\$2.0	\$1.5	\$1.0	\$1.0	\$1.333	\$0.0	\$2.0	\$8.833
10) Office costs later coded to "2" (row 5 x row 7)		\$0.5	\$0.5	\$0.25				\$1.25
11) Office costs later coded to "3" (row 5 x row 8)			\$0.5	\$0.75	\$0.667	\$0.0		\$1.917

- NOTE: In the sixth month, the Project Engineer recognized that the contractor would not complete in six months as planned, so at his discretion, he withheld the last field office payment until the last month. This does not change the formula for allocating field office costs

In this example, out of the \$12,000 paid to Contractor "A", \$1,250 will later be reallocated to Project 2, and \$1,917 will later be reallocated to Project 3.

# Appendix



U.S. DEPARTMENT OF TRANSPORTATION  
FEDERAL HIGHWAY ADMINISTRATION  
ALASKA DIVISION  
709 West Ninth Street, Room 851  
P.O. Box 21648  
Juneau, Alaska 99802  
907-586-7418 | 907-586-7420 FAX

June 6, 2001

REFER TO  
HDA-AK  
File #: Adm-F&A 104

Ms. Nancy Slagle, Director  
Administrative Services Division  
Alaska Department of Transportation  
and Public Facilities  
3132 Channel Drive  
Juneau, AK 99801-7898

SUBJECT: Travel Costs of Employees Defined as Indirect

Dear Ms. Slagle:

We have been asked to address the subject of travel costs related to employees defined by the AKDOT&PF's indirect cost allocation plan (ICAP) as indirect, or benefiting multiple cost objectives.

As noted in the July 2000 Quality Financial Management Improvement (QFMI) report on the Department's ICAP, the personal services costs of several employees were recently reclassified from direct project chargeable, to indirect, or general operating funded costs. This change was made to comply with the guidelines for indirect cost allocation plans established in US OMB Circular A-87. These guidelines require that expenditures that benefit multiple cost objectives must be classified as indirect, and as such, distributed through an approved ICAP.

Because the employees mentioned above perform tasks related to multiple cost objectives, their related personal services costs fit the definitions outlined in A-87. In many cases, however, the travel performed by these employees is for the specific benefit of one or two transportation projects. While on the trip, they might still be on the phone or computer working on other activities, but it can reasonably be argued that no travel costs should be assigned to these other activities.

The guidance outlined in A-87 infers that travel costs related to general operating funded employees should be charged as indirect costs. This should be the standard policy of the Department for coding of travel costs. As an exception to this rule, however, we have determined that when an indirect charging employee is traveling specifically for the benefit of one or two projects, the associated travel costs may be charged to that project. If two projects benefit, then the travel costs should be equitably split between the two projects. All related personal services costs should remain charged to general operating funds. RECEIVED

JUN 07 2001

This exception to general A-87 guidelines applies strictly to the situations mentioned above. Any travel for such activities as conferences, training, general meetings, or other indirect activities, must remain coded as indirect costs.

For more information, please contact Karen R. Tennison, Acting Financial Manager, at (907) 586-7421.

Sincerely,

A handwritten signature in cursive script that reads "Karen R. Tennison".

For  
David C. Miller  
Division Administrator

cc: Elizabeth Blecker, Finance Officer, Administrative Services Division, AKDOT&PF  
Bob Janes, Chief of Internal Review, AKDOT&PF  
Debbie Roth, Program Specialist, Federal Aviation Administration, Anchorage  
Dorothy Krieger, Accountant, Administrative Services Division



Accounts 73000 - 73999

Account	Direct/Indirect	Description	Comment/Explanation	Acct Total
70931	Direct	EQ - EQUIPMENT - FUR		1,617,046.49
70932	Direct	EQ - IFUR / NON-PART		152,741.69
73102	Direct	CONSER/ENVIRON		1,265,360.06
73103	Direct	MATERIALS LAB TESTNG		841,345.68
73122	Indirect	EDUCATION FEES		420.00
73140	Direct (CAP)	ACCTING & AUDIT SVCS		30,798.90
73160	Direct	MANAGMNT/CONSLT SVCS		698,367.73
73161	Direct	INDIRECT COST ALLOC		2,595,660.25
73165	Indirect	TRAINING CONSULT SVC		2,900.00
73166	Indirect	CONTRACTED TRAINING	NHI - Direct	153,922.72
73168	Direct	FHWA TITLE 23 - ICAP		2,317,327.57
73180	Direct	ENGINR & ARCHIT SVCS		3,067,576.16
73208	Direct	APPOINTED ATTORNEY		19,832.61
73209	Direct	SPECIAL LEGAL		365,207.33
73212	Direct	LEGAL SERVICES		736,232.44
73213	Direct	CONTRACTED LEGAL SVC		785,499.13
73217	Direct	PUBLIC SAFETY SVCS		1,178.60
73252	Direct	CONTRACT DATA ENTRY		36,977.07
73253	Direct	DP CHARGEBACK (DOA)	Specific project development	141,873.55
73254	Direct	DP OPERATIONS		31,734.07
73256	Direct (CAP)	OTH DP SVCS FC		1,679,962.89
73257	Indirect	CONTRACT MICROFICHE		52.50
73258	Direct	DP PROFESSIONAL SVCS		13,894.54
73270	Direct	OTHER PROF SERVICES		467,048.54
73279	Direct	SECURITY SYSTEMS		29.95
73283	Direct	TEST MONITOR/REVIEW		17,222.61
73320	Direct	TELEPHONE	Direct w/field office operations	881.13
73321	Direct w/57403	TOLL COSTS - VENDOR	Direct w/field office operations	134,611.82
73322	Direct w/57403	BASE-FIXED-VENDOR	Direct w/field office operations	108,407.06
73323	Direct w/57403	BASIC COSTS - DIS		2,918.40
73324	Direct w/57403	INSTALLATION COSTS	CR Indirect one time charge	81,028.21
73326	Direct w/57403	TOLL COSTS - DIS	Direct w/field office operations	2,031.70
73327	Direct w/57403	CELLULAR PHONE COSTS	Direct w/field office operations	89,940.28
73328	Indirect-Review	DIS-TEL SRVC REQUEST		922.10
73329	Direct	DEDICATED LINE	Direct w/field office operations	3,668.51
73361	Direct-Review	LEASE/RENT-FIX COST		1,247.95
73370	Direct	DATA COMMUNICATIONS		12,106.01
73371	Direct	TELECONFERENCE CHARG		50.00
73372	Direct w/57403	DIAL UP	Direct w/field office operations	100.00
73373	Direct	DATA LINES	Direct w/field office operations	2,531.77
73374	Indirect	DATA CONNECTORS		4.60
73380	Indirect excpt w/57279	POSTAGE	Direct w/log documentation/advertising bulk mail	61,075.32
73381	Indirect	POSTAGE METER FC		2,022.59
73382	Direct	BOX RENTAL-FIX COST	Direct w/field office operations	344.00
73421	Direct	SEF FUEL-ALLOW A87		11,168.86
73422	Direct	GASOLINE-VENDOR		9,444.00
73423	Direct	SEF OPER-ALLOW A87		32,272.59
73424	Direct	SEF SVC/PRT A87ALLOW		11,025.96
73428	Direct	SEF FC-ALLOW A87		5,868.00
73429	Direct	SEF FC-UNALLOW A87		113.00
73432	Direct	MOTOR POOL CHGS TSFR		1,157,729.60
73460	Direct	FRGHT & EXPRESS CHRGE		265,199.23
73480	Direct	MESSENGER SERVICE		1,597.45
73481	Direct	COURIER-FIXED COST		1,386.04
73540	Direct	ADVERTISING		446,288.81
73541	Direct	HOSPITALITY	Project specific	2,905.17
73560	Direct	PRINTING & BINDING		61,462.55
73561	Direct	PRINT & BIND FORMS		74,685.55
73562	Indirect	SUBSCRIPTIONS		2,173.37

Accounts 73000 - 73999

73563	Indirect	INFO SVCS FC		1,981.40
73564	Direct	PHOTO PROCESSING		22,349.64
73567	Direct/Indirect (CAPS)	BOOKLETS		1,935.61
73568	Direct	PHOTO REPRODUCTION		323,820.83
73569	Direct	MICROFICHING	Log documentation	40,317.54
73571	Direct	GRAPIC ART SERVICES		21,141.10
73572	Indirect	COPY CHARGES-VENDOR		12,823.25
73573	Direct	DOR CD/QC PRINTING		764.85
73574	Indirect	FORMS MANAGEMENT-GSS		165.14
73575	Direct (CAP)	COPIER DIST-FED PROJ	Coding errors - Indirect	207,448.89
73610	Direct	NATURAL GAS/PROPANE	Field office & property management	7,186.69
73615	Direct	HEATING OIL/FUEL	Field office & property management	11,709.66
73620	Direct	ELECTRICITY	Field office & property management	66,009.27
73630	Direct	WATER & SEWAGE	Field office & property management	24,955.05
73640	Direct	WASTE DISPOSAL	Field office & property management	9,466.41
73701	Indirect	OFFICE FURN & EQUIP	Direct w/non-par	917.72
73720	Direct	BUILDINGS		324,784.82
73721	Direct	SHOP/PLNT/INDUSTRIAL		120,633.95
73722	Direct	SNOW REMOVAL		1,334.00
73724	Direct	BLDG REPAIRS/MAINTEN	Property management	129,459.75
73726	Direct	LAWNCARE_MAINTNANCE		43.87
73740	Review	STRUCT - NOT BUILD'S		32,565.00
73741	Indirect	MAINT NON-BLDG STRCS		323,893.36
73763	Direct	MARINE VESSELS		22,883.01
73780	Direct	MACH/EQUIP REPR/MAIN	Project specific repairs	344,141.04
73781	Direct	RADIO & ELECTRONICS	Vessel refurbishment & projects	733.55
73782	Direct	COPIER-FIXED COST	Field office	3,318.63
73786	Indirect	OFFICE EQUIP FC		1,528.90
73787	Indirect	DP EQUIP REPAIR		389.95
73788	Indirect	PHONE NETWORK RPR/MT	Exceptions for specific projects	5,719.51
73796	Indirect	PERIPHERALS	Exceptions for specific projects	12,796.75
73799	Indirect	MICRO/MINI COMPUTER	Exceptions for specific projects	26,236.58
73841	Direct	RENT/LEASE-FIX COST		17,011.15
73850	Direct w/57403	SPACE EXPENSE	Direct w/field office operations	3,133.17
73854	Direct	ROOM RENTAL-FIX COST	Specific public meetings/field offices	16,998.91
73860	Direct	MACHINERY & EQUIP		941,823.89
73861	Direct	VEHICLES-NON TRAVEL		3,522.50
73866	Direct	COPIER-FIXED COST	Field office only	15,076.33
73870	Direct	VNDR VEHICLE RENT-FC	Project only	5,913.50
73873	Direct (CAP)	FIELD EQUIPMENT		109,828.99
73879	Indirect	MICRO/MINI COMPUTER	Not for CIP projects	6,910.00
73880	Indirect	OTHER RENTALS/LEASES	Not for CIP projects	430.00
73883	Direct (CAP)	LEASE/RENT SURVEY EQ		195,892.54
73911	Direct	LAUNDRY		23.75
73912	Indirect	CONFERENCE REGISTRAT		52,950.00
73913	Indirect	EMPLOYEE TUITION FEE		39,895.20
73914	Indirect	MEMBERSHIP DUES/FEES		83,289.00
73917	Direct	POSTAGE & MAIL SVCS		198.30
73926	Indirect	CONFERENCE REG FC		225.00
73950	Direct	IN-KIND MATCH EXPS		4,562.34
73970	Coding Adj	CONTRACTUAL COST TRF		2,477.52
73990	Indirect	PENALTIES AND FINES		2.97
73991	Indirect	INTEREST EXPENSE		251.59
73992	Direct	DISCOUNT RECEIVD		-2,748.43
				23,228,550.67

Accounts 74000 - 75999

Account	Direct/Indirect	Description	Comment/Explanation	Acct Total
<b>Commodities</b>				
74220	Indirect	OFFICE/LIBRARY SUPPLY		761
74221	Indirect	STATIONERY & SUPPLY		7,518
74222	Indirect	EDUCATIONAL/TRAINING		5,875
74224	Direct	PHOTOGRAPHIC SUPPLYS		18,128
74225	Indirect	DUPLICATING SUPPLIES	Field Offices - Direct	2,744
74226	Indirect	OFFICE EQUIPMENT		68,589
74227	Indirect	OFFICE FURNITURE		64,104
74228	Indirect	PCARD PURCHASES	Suspense Account	869
74229	Indirect	OFFICE SUPPLIES	Field Offices - Direct	316,670
74230	Indirect	LIBRARY SUPPLIES		2,171
74231	Indirect	GRAPHIC ART SUPPLIES		27,505
74232	Indirect	STATE FORMS COST-		0
7446	Direct	LANDSCAPING SUPPLIES		165
74447	Direct	PLANTS/SEEDS		21
74450	Direct	INSTITUTIONAL FOODS	AMHS only	0
74459	Direct	OTHER FOOD	AMHS only	40,750
74480	Direct	HOUSEHOLD/INSTITUTNL	AMHS only	159
74481	Direct	FOOD SUPPLIES	AMHS only	1,414
74482	Indirect	CLOTHING & PERSONAL	Possible direct for AMHS	2,233
74483	Direct	TABLEWARE/GLASSWARE	AMHS only	580
74484	Direct	BLANKETS & BEDWARE	AMHS only	60,268
74485	Direct	JANITORIAL/CLEANING	AMHS only	5,566
74486	Direct	SOAP/PAPER PRODUCTS	AMHS only	31
74487	Indirect	PERSONAL PROTECT EQ		5,865
74490	Direct	NON-FOOD KITCHEN SUP	AMHS only	19,549
74522	Indirect	SML INSTRMNTS & APP		9,351
74523	Either	LABORATORY SUPPLIES	CAP - Direct	56,384
74525	Direct	PROF/SCIENT SUPL NCE		6,684
74560	Indirect	DATA PROC. SUPPLIES		102,107
74561	Indirect	COMPUTER SOFTWARE		14
74563	Indirect	PRINTER/PAPER		20
74564	Indirect	TECHNICAL LIBRARY		8,993
74565	Indirect	MICRO SUPPLIES		13,996
74566	Indirect	SOFTWARE/NON-CAPITAL		20,734
74600	Indirect	OTH OPERATING SUPPLS		40,740
74603	Direct	FUEL NONVEHICULAR		2,679
74606	Indirect	SAFETY SUPPLIES	Direct for unique project equipment	27,320
74607	Indirect	FIRST AID SUPPLIES		3,957
74609	Indirect	AUDIOVISUAL SUPPLIE		20,665
74610	Direct	MARINE SUPPLIES		18,098
74611	Indirect	LAW ENFORCEMENT SUPP		273
74614	Direct	MARINE FUEL		173
74616	Direct	MARINE OVERHAUL PART		39,615
74617	Indirect	ELECTRONIC SUPPLIES	Direct for field offices	68,323
74626	Direct -some Indirect	CASE/PROJCT SUPPLIES	Should not be used	96,730
74690	Direct	STRUCTURAL SUPPLIES		114,780
74691	Direct	MASONRY MATERIALS		77,571
74692	Direct	LUMBER		168,847
74693	Direct	SIGNS MRKRS & PRESER		103,399
74694	Direct	ASPHALT RD OIL FILLR		1,599,563
74695	Direct	AGGREGATE		2,001,053
74696	Direct	PLUMBING & ELECTRICAL		166,131
74697	Direct	MECHANICAL		43,582
74698	Direct	GUARDRAILS		0

Accounts 74000 - 75999

4699	Direct	CULVERTS		7,195
4700	Direct	ELECTRICAL		56,821
74701	Direct	PLUMBING		22,565
4750	Indirect	OTH REPAIR/MAINT SUP		1,397,942
4751	Direct	DIESEL FUEL		10
74752	Direct	LUBE OILS/GREASE SUP		262
74753	Direct	BOTTLED GAS		10,679
4754	Direct	PARTS & SUPPLIES INV		55,585
4755	Direct	ADDITIVES - SUPPLY		1,625
74756	Direct	MISC HARDWARE - SUP		12,485
4757	Direct	METAL STOCK - SUPPLY		3,554
4758	Direct	BENCH STOCK - SUPPLY		7,180
74759	Direct	PAINT		112,890
74760	Direct	NON-VEHICLE PRTS/SUP		194,368
4761	Direct	NON-VEHICLE ADDITIVE		39
4763	Indirect	GRADER BLADES		112,648
74764	Indirect	EQUIPMENT CHAINS		5,603
4765	Direct	SAND		93
4766	Direct	CHEM-SNOW/ICE REMOVE		15,028
74768	Direct	GASOLINE SUPPLY		243
74820	Either	SM TOOLS/MINOR EQUIP		199,325
				7,680,463
<b>Capital Outlay</b>				
70971	Coding Adj	AE-ADMINISTRATIVE		1,362
4561	Direct	COMPUTER SOFTWARE	Specific project approval	94,401
5120	Direct	MINERAL RIGHTS		15,560
75150	Direct	EASEMENTS/RT OF WAY		6,881,446
75151	Direct	RT OF WAY CONTRACTS		582,659
5180	Direct	SURVEY		38
75210	Direct	TITLE SEARCH		58,175
75220	Direct	APPRAISALS		900
75240	Direct	LEGAL FEES		3,043
75320	Direct	BUILDINGS		845
75340	Direct	ARCHITECT/ENGINEERS		2,277,117
75380	Direct	LABORATORY & TESTING		22
75400	Direct	MATERIALS & SUPPLIES		120,890
75420	Direct	UTILITY RELOCATION		1,169
75440	Direct	CONTRACT PAYMENTS		5,958,359
75460	Direct	CONSTRUCT'N SUPERVIS		747,938
75506	Direct	UTILITY RELOCATION		455
75507	Direct	CONSTRUCTION/IMPROVE		5,948,418
75520	Direct	CONSTRUCT/IMPROVEM'T		3,397,739
75521	Direct	CONST CONTRACTS-1099		-411,600
75535	Direct	ARCHITECT/ENGINEER		24,265,968
75550	Direct	SURVEY COSTS		256,712
75565	Direct	LABORATORY/TESTING		68,363
75570	Direct	MATERIALS & SUPPLIES		565
75585	Direct	UTILITY RELOCATION		4,460,243
75600	Direct	CONTRACT PAYMENTS		252,549,277
75615	Direct	CONSTRUCT'N SUPERVSN		10,587
75645	Direct	ATTRNY/APPRSL/ENGL..		16,343
75660	Direct	RELOCATION COSTS		2,459,155
75661	Direct	MOVING CO ESTIMATES		-40,704
75750	Direct	VEHICLE/TRANSP EQUIP		83,964
75751	Direct	AIRCRAFT		35,872
75753	Direct	AUTOMOBILES		75,420

Accounts 74000 - 75999

754	Direct	BOATS AND MARINE	107,045
755	Direct	OFF HIGHWAY VEHICLES	4,371,373
75756	Direct	TRUCKS	427,727
757	Direct	CONSTRUCTION/MAINT	447
758	Direct	AUTOMOTIVE NCE	710,986
75760	Direct	CENTRAL REPLACMNT PR	2,655,449
75761	Direct	INTERIOR REPLCMNT PR	2,794,152
762	Direct	S E REPLACEMNT PROG	976,448
763	Direct	WESTERN REPLACEMENT	348,557
75764	Direct	SOUTH CENTRAL REPLAC	1,027,817
772	Direct	VEHICLE/EQUIP PAINTG	1,360
790	Direct	COMMUNICATIVE EQUIP	1,493
75793	Direct	DUPLICATION/REPRODTN	42,246
7796	Direct	COMP TRMNL/MNTRS/RPR	299
797	Direct	MINI/MICRO COMP SYST	850,530
799	Direct	ELECTRONIC EQUIPMENT	769,198
75830	Direct	DATA PROC, EQUIP	5,433
832	Direct	PERIPHERALS	3,070
834	Direct	NETWORK	40,015
75870	Direct	LABORATORY/SCIENTIFC	70,912
7900	Direct	SHOP/PLANT/INDUSTR'L	500,770
902	Direct	INDUSTRIAL & SHOP	-4,639
940	Direct	SPECIAL EQUIPMENT	46,077
75949	Direct	KITCHEN EQUIPMENT	335
055	Direct/Indirect	FURNITURE	76,427
150	Indirect	OFFICE EQUIPMENT	2,973
			325,747,188
<b>Grants</b>			
338	Coding Adj	TECHNICAL TRAINING	1,050
339	Coding Adj	MISC TRAINING	110
77357	Coding Adj	PERSONAL ADJUSTMENT	347
7510	Direct	GOVERNMENTAL UNITS	16,800,092
7540	Direct	OTHR AGNCYS/ORGANIZA	128,906



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### FHWA Equipment Purchasing Policies

With recent discussions on the subject of equipment acquisition by the Department, I thought it would be useful to consolidate and disseminate FHWA's current policies on the subject.

Questions have come up on whether the Department has the ability to acquire equipment with Federal-aid funds and then either certify that the equipment will be used on other federal projects, or provide a salvage credit to FHWA at the end of the life of the project. My research indicates that these options are no longer available. The following excerpt was taken from FHWA's current policy on the subject of Equipment Purchases for State Construction Engineering Use:

"Pursuant to 23 U.S.C. 302, SHA's must be suitably equipped to carry out the requirements of the Federal-aid highway program. When a State needs to purchase equipment to adequately meet the construction engineering requirements of a Federal-aid project, it makes no difference, relative to Federal-aid participation, whether the equipment is purchased by the State directly or through the project coordinator. In either case, it is not acceptable to use Federal-aid funds to participate in the purchase of the equipment. Rather, the equipment's cost should be amortized over the equipment's useful life. Federal-aid funds will then participate only in that portion of the amortized cost attributable to the time the equipment is used on a specific Federal-aid project(s). Participation will, of course, be accounted for as a construction engineering cost." This procedure would also apply to non-CE equipment items, acquired by the State, for use on construction projects by either the State or contractor. Examples include: variable message signs, temporary bridges (e.g., Bailey Bridge), construction barrier systems, etc.

Essentially, non-participating funds must be used to acquire equipment. FHWA can pay for the amortized portion of cost that relates to the equipment's use on a given Federal-aid project. For example, assume a piece of equipment costs \$100,000 and is estimated to have 5,000 hours of operable life. It is used on Project X for 375 hours of operation. The hourly rate of \$20 ( $\$100,000/5,000$  hours) would be multiplied by 375 hours to arrive at a project charge of \$7,500.

Regarding equipment items costing less than \$5,000:

OMB Circular A-87, Attachment B, section 19(d), states that "Items of equipment with an acquisition cost of less than \$5,000 are considered to be supplies and are allowable as direct costs of Federal awards without specific awarding agency approval". The caveat behind this statement is that these costs must first meet OMB's definition of a direct cost before being eligible as a direct project expenditure. As stated in Attachment A, Part E of A-87, such costs must be "identified specifically with a particular final cost objective". In other words, the costs must be entirely consumed on a given project to be a direct project expenditure.

Equipment purchases under the \$5,000 threshold that do not meet the above definition as a direct cost, must then be charged to the appropriate indirect cost pool (ICAP). OMB defines indirect costs as those "incurred for a common or joint purpose benefiting more than one cost objective, and not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved". Another way to state this is that an indirect cost benefits more than one project.

Dave Bruce  
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2-27-01