In accordance with OMB Circular A-110, equipment acquired with Federal funds or purchased as cost share for a Federal award should be used in the following order:

1. The original project or program it was purchased for.
2. Other projects sponsored by the Federal awarding agency which funded the original project.
3. Projects sponsored by other Federal awarding agencies.
4. Non-federal projects including external users.

Federal Citation: **34CFR Subtitle A, § 80.32 Equipment**

(c) *Use.*

(1) Equipment shall be used by the grantee or subgrantee in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When no longer needed for the original program or project, the equipment may be used in other activities currently or previously supported by a Federal agency.

(2) The grantee or subgrantee shall also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, providing such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use shall be given to other programs or projects supported by the awarding agency. User fees should be considered if appropriate.

(3) Notwithstanding the encouragement in § 80.25(a) to earn program income, the grantee or subgrantee must not use equipment acquired with grant funds to provide services for a fee to compete unfairly with private companies that provide equivalent services, unless specifically permitted or contemplated by Federal statute.

(4) When acquiring replacement equipment, the grantee or subgrantee may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property, subject to the approval of the awarding agency.

The Office of Sponsored Programs and the Grants Accounting Office are responsible for the capturing of all revenues generated from external users of Armstrong’s federally funded equipment. Each office maintains an active listing of all equipment purchased in accordance with OMB Circular A-110 (see above reference).

The Grants Accounting Office will set all rates for the use of such equipment when the services are to be used by an external party. This rate will be calculated on a case-by-case basis taking into account many factors: cost of the equipment, current book value, demand for services, requirement of internal resources, and time and quantity of use.
The Office of Sponsored Programs will contact Grants Accounting prior to any negotiations for use of federally funded equipment when revenues will be generated from said use. Grants Accounting will maintain all documentation related to the external parties’ use of the equipment.

SERVICES PROVIDED TO OUTSIDE PARTIES

A. **External Users:** If a recharge activity or service facility provides services to individuals or organizations outside of the University, the billing rates may include institutional F&A costs even though these costs are not included in the rates for internal University users. Where applicable, sales tax must also be charged to outside parties. Any amounts charged to outside parties in excess of the regular internal University billing rates should be excluded from the computation of a service center's surpluses and deficits for purposes of making carry-forward adjustments to future billing rates.

B. **UBIT:** Since revenue from outside parties may have Unrelated Business Income Tax (UBIT) implications, these arrangements must be approved by the University's Office of Financial Accounting and Reporting.