
Overview

The following summary is provided for your convenience and as a guide only. The Office of Sponsored Programs accepts no responsibility for the interpretation of the cost principles as outlined below. Grantees should consult the complete set of applicable cost principles to determine allowability and unallowability of costs prior to expending funds. All costs must be budgeted and approved in the Budget Summary in the applicable grant application prior to expenditure. Some costs require *specific* prior approval in the application, in which case the line item must be *specifically* budgeted and approved by the funding agency prior to expenditure.

OMB Circular A-21 Cost Principles for Educational Institutions identifies direct and indirect costs that may be charged to federal research grants and contracts. The cost principles also identify those charges that cannot be charged to grants and are considered unallowable expenses.

OMB Circular A-21 offers four tests to determine the allowability of costs applied to federally sponsored agreements. Allowable costs must:

1. Be reasonable.

- a. The costs must be necessary for fulfillment of the agreement and acquired by means consistent with federal and state laws and regulations.
- b. Costs incurred must be consistent with institutional policies and practices.

2. Be allocable. A cost is allocable to a sponsored agreement if the goods/services involved are charged in accordance with the relative benefits received by that agreement. A cost is allocable to a sponsored agreement if:

- a. it is incurred solely to advance the work under the sponsored agreement.
- b. it benefits both the sponsored agreement and other work of the institution in proportions that can be approximated through use of reasonable methods.

Important! Please note: Any cost allocable to a particular sponsored agreement **may not** be shifted (i.e. cost transfer) to another sponsored agreement in order to meet deficiencies caused by overruns or other funding considerations: to avoid restrictions imposed by law or by terms of the sponsored agreement, or for other reasons of convenience.

3. Be treated consistently throughout the University. Similar costs normally cannot be treated as both direct and indirect costs.

4. Be allowable. The expense must be allowable or not specifically excluded as specified by government regulations.

Allowable and Unallowable Costs

Below is a summary of cost principles that applies to OMB Circular A-21:

Item of Cost	Cost Principle
Advertising (See also Public Relations)	<p>Allowable: Recruitment of grant personnel; procurement of goods and services; and disposal of surplus materials except when non-Federal entities are reimbursed for disposal costs (OMB A-21, section 1c).</p> <p>Unallowable:</p> <ol style="list-style-type: none"> 1. Other advertising costs not specified in sections 1c, 1d, 1e; cost of meetings and related activities, including displays, demonstrations, exhibits; cost of space rental; salaries/wages for employees doing set up, demonstrations, and briefings; cost for promotional material and gifts; costs for solely promoting the institution. 2. Costs of help wanted advertising that includes color, advertising material for other than recruitment purposes, or is excessive in size (OMB A-21, section 42b). 3. Costs of help wanted advertising, special emoluments, fringe benefits, and salary allowances that are not reasonable and do not conform with established practices of the organization (OMB A-21, section 42c).
Advisory Councils or Committees	<p>Allowable: As a direct cost with specific approval by the funding agency or as an indirect cost.</p>
Alcoholic Beverages	Unallowable
Alumni/ae Activities	Unallowable
Audit Costs and Related Services (Audit fees/expenses may not be charged to state-funded grants)	<p>Allowable: Audits required by and conducted in accordance with the Single Audit Act (OMB Circular A-133). Other audit costs are allowable if included in an indirect cost proposal or with prior specific approval of the funding agency as a direct cost.</p>
Awards for Recognition or Incentives for Participation	<p>Although not specifically addressed in OMB A-21, allowable when reasonable in cost and when necessary to accomplish program objectives. Acceptable awards and incentives include certificates, plaques, ribbons, and small trophies nominal in cost, or inexpensive instructionally related items such as pens/pencils to be used in the classroom.</p>
Award Ceremonies	Unallowable
Bad Debts	Unallowable
Bonding Costs	<p>Allowable: Costs required by terms of the award; costs required by the agency to conduct business in accordance with sound business practice and rates/premiums are reasonable.</p>
Capital Outlay	All capital outlay except for library books and media requires prior specific approval from the funding agency.
Commencement and Convocation Costs	<p>Unallowable: Except as specified in OMB A-21, section F9 ["Student administration and</p>

	services”].
Communication Costs (includes telephone services, local and long distance telephone calls, telegrams, postage, messenger, electronic or computer transmittal services, personal communication devices, etc.)	<p>Allowable: Communication devices such as cellular phones, calendaring systems such as personal digital assistants (PDAs), electronic or software calendars. (Only with prior specific approval from the funding agency)</p> <p>Unallowable: Cellular phone calls for personal use are not allowable.</p>
Compensation for Personnel Services (Includes salaries, wages, and fringe benefits)	<p>Allowable: If total compensation to employees conforms to the established policies of the institution, are consistently applied, and work performed directly on sponsored agreements are determined and supported. See OMB A-21, section 10a for specifics.</p>
Conferences and Meetings	<p>Allowable: Cost of meetings and conferences including transportation, room rental charges, speakers' fees, and items incidental to these meetings/conferences (section J32). See section J17, Entertainment Costs, which are not allowable. Also see "Food Costs" with regard to <i>meals</i> for conferences and meetings.</p>
Construction, Remodeling, or Alterations	<p>Allowable: Only with prior specific approval from the funding agency and only if permitted under the authorizing statute.</p>
Contingencies	<p>Unallowable: Exclusion: Self-insurance reserves, pension plan reserves, post-retirement health and other benefit reserves (section J11).</p>
Consultant Services	<p>Allowable: A consultant is an individual retained to provide professional advice or services for a fee but usually not as an employee of the requiring organization.</p>
Deans of Faculty and Graduate Schools	<p>Allowable: Salaries and expenses of deans of faculty and graduate schools, or their equivalents, and their staffs (see OMB A-21, section J13) .</p>
Debt Service	<p>Unallowable</p>
Defense and Prosecution of Criminal and Civil Proceedings, and Claims	<p>Generally Unallowable: For costs allowable and unallowable see OMB A-21, section J13.</p>
Depreciation and Use Allowances of Building Space	<p>Allowable: At 2% of original acquisition cost as stipulated in OMB A-21, section J14.</p>
Depreciation and Use Allowances of Equipment	<p>Allowable: At 6 2/3% of original acquisition cost.</p>
Disbursing Service	<p>Not Addressed</p>
Displays, Demonstrations, and Exhibits	<p>Unallowable Section 1f(2)(i)</p>

Donations and Contributions	Unallowable
Employee Morale, Health, and Welfare	Allowable: As stipulated in OMB A-21, section J16.
Employee Service Awards	Unallowable
Entertainment (including amusement, diversion, social activities, and related costs)	Unallowable
Equipment and Other Capital Expenditures (May include ancillary charges such as taxes, duty, protective in transit insurance, freight, and installation) Equipment is defined as an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the <i>lesser</i> of the capitalization level established by the governmental unit, or \$5,000.	Allowable: For purchase of new, used, or replacement equipment, depending on the intended use of the equipment; All capitalized furniture and equipment requires prior specific approval from the funding agency regardless of the cost. Unallowable Capital expenditures for general purpose equipment, land or buildings, improvement to land, buildings, or equipment are unallowable as a direct cost <i>except with prior specific approval from the funding agency.</i> Equipment and other capital expenditures are unallowable as indirect costs. See section 14 for allowability of use allowances or depreciation on buildings, capital improvements, and equipment. Also see section 43 for allowability of rental costs for land, buildings, and equipment. Items requiring specific approval from OSP must be specifically budgeted and approved in the applicable grant application prior to expending funds.
Executive Lobbying Costs	Unallowable
Field Trips	Not specifically addressed in OMB A-21. Allowable: Only with prior specific approval from the funding agency Unallowable: Field trips for social, entertainment, or recreational purposes.
Fines and Penalties	Unallowable: Except when incurred as a result of compliance with specific federal award provisions or with prior specific approval of the funding agency.
Food Costs	Allowable: (Specific to grants with prior specific approval of the funding agency) 1. Light lunch during an all-day meeting or training session: Light lunch for participants who are cloistered in an all-day (i.e., at least six-hour) meeting or training session. The grantee must document that it was impractical for participants to obtain lunch on their own (e.g., due to isolated location and/or distance to eateries) and that their attendance at the meeting/training session was essential to accomplishing the objectives of the grant. The grantee must maintain an agenda that clearly identifies the

	<p>topics discussed during the meeting/training session and the time allotted to each topic, including the lunch period. Only a nominal amount of grant funds may be used per participant.</p> <ol style="list-style-type: none"> 2. Working lunch during an all-day meeting or training session: Light meals during a "working lunch." A working lunch is defined as an activity in which staff or participants are engaged in exercises/activities during the normal meal time as stated on an agenda and in which no other opportunity for a meal is provided. The grantee must maintain an agenda that clearly identifies the exercise or activity that the participants are engaged in and should retain a representative sample of the work product, if any, that was generated as a result of the working session. Only a nominal amount of grant funds may be used per staff/participant. 3. Nutritional snacks for students in extended day (i.e., after-school) programs. 4. Nutritional snacks for children in child care while parents are participating in grant activities. 5. Food necessary to conduct <i>nutrition education</i> programs for parents. 6. Parent involvement activities where refreshments are necessary to encourage participation/attendance by parents, such as in low-income areas, and thus meet program activities. <p><i>Full meals for parents and/or students are not allowable for these purposes under any circumstances. Expenditures must be reasonable in cost, necessary to accomplish program objectives, and an integral part of the instructional program.</i></p> <p><i>No other food costs, including beverages and other refreshments, breaks, or snacks, are permitted.</i></p> <p>Unallowable:</p> <ol style="list-style-type: none"> 1. Refreshments of any kind, including beverages, breaks, and snack foods, for staff meetings/staff training 2. Refreshments or meals at an awards banquet/function 3. Any food costs not necessary to accomplish the objectives of the grant program 4. Any event in which a "guest speaker" or other individual conducts a presentation 5. Breakfast <p>OSP reserves the right to restrict a grantee from expending any funds on food costs or to disallow expenditures on food costs should OSP determine that the grantee expended grant funds on food costs that are not reasonable or necessary to meet the intent and objective(s) of the grant.</p>
Fringe Benefits	<p>Allowable</p> <p>Unallowable: Tuition benefits for family members other than the employee are unallowable for fiscal years beginning after September 30, 1998.</p>
Fundraising and Investment Management Costs	<p>Allowable: Costs related to the physical custody and control of monies and securities.</p>

(Including financial campaigns and solicitation of gifts, donations, contributions, etc.)	<p>Unallowable</p> <p>Costs of organized fundraising and similar expenses incurred solely to raise capital or obtain contributions.</p> <p>Costs of investment counsel and staff and expenses incurred to enhance income.</p>
Gains and Losses on Disposition of Depreciable Property and Other Capital Assets and Substantial Relocation of Federal Programs	<p>Allowable:</p> <p>As stipulated in OMB A-21, section J21.</p>
Gifts or Items That Appear to Be Gifts	<p>Unallowable</p>
Goods or Services for Personal Use	<p>Unallowable</p>
Gratuities or Tips	<p>Unallowable</p>
Honorariums	<p>Unallowable:</p> <p>The term “fee” must be used in lieu of “honorarium” in all accounting records and consultant agreements.</p>
Hospitality Rooms	<p>Unallowable</p>
Housing and Personal Living Expenses	<p>Unallowable</p>
Idle Facilities and Capacity	<p>Unallowable:</p> <p>Except to the extent that they are normal costs of doing business and are a factor in the normal fluctuations of usage and indirect cost rates, are for a reasonable period of time, are necessary because of changes in program requirements; and capacity is reasonably anticipated to be necessary. (See section 24.)</p>
Insurance and Indemnity	<p>Insurance</p> <p>Allowable:</p> <ol style="list-style-type: none"> 1. Insurance required or approved and maintained pursuant to the federal award. 2. Insurance in connection with general conduct of activities (type, extent, and cost of coverage are in accordance with policy and sound business practice) 3. Contributions to a reserve for self-insurance are allowable as specified in OMB A-21, section 25. 4. Losses not covered under nominal deductible insurance coverage 5. Medical liability (malpractice) insurance is an allowable cost of research programs only to the extent that research involves human subjects. <p>Unallowable</p> <ol style="list-style-type: none"> 1. Actual losses that could have been covered by permissible insurance <i>except with specific approval or requirement from the funding agency.</i> 2. Insurance against defects.

	<p>Indemnification</p> <p>The federal government is obligated to indemnify the institution only to the extent expressly provided for in the sponsored agreement, except as provided in section 25d.</p>
Interest	<p>Allowable:</p> <p>Interest on debt incurred after July 1, 1982, to acquire buildings, major reconstruction and remodeling, or the acquisition or fabrication of capital equipment costing \$10,000 or more, is allowable.</p> <p>Unallowable:</p> <ol style="list-style-type: none"> 1. Costs incurred for interest on borrow capital or temporary use of endowment funds, however represented. 2. Interest on debt incurred to finance or refinance assets re- acquired after the applicable effective dates stipulated in section 26b. 3. Interest attributable to fully depreciated assets.
Investment Management Costs	<p>Allowable:</p> <p>Costs related to the physical custody and control of monies and securities.</p> <p>Unallowable:</p> <p>Costs of investment counsel and staff and similar expenses incurred solely to enhance income from investments.</p>
Labor Relations	<p>Allowable:</p> <p>As specified in OMB A-21, section 27.</p>
Lease- Purchases (i.e., debt service)	<p>Unallowable</p>
Legal Expenses	<p>Allowable:</p> <p>When required for the administration of the grant program.</p> <p>Unallowable:</p> <p>For legal expenses for claims against the federal or state government.</p>
Legislative Expenses (and expenses for similar governmental bodies, such as school boards)	<p>Unallowable</p>
Lobbying	<p>Unallowable:</p> <p>For exceptions, see section 28b.</p>
Losses on Other Awards	<p>Unallowable</p>
Losses (which could have been covered by permissible insurance)	<p>Allowable:</p> <p>Only with prior specific approval from the funding agency</p>
Maintenance, Operations, and Repairs	<p>Allowable:</p> <p>Costs incurred for necessary maintenance, repair, or upkeep of buildings and equipment which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition.</p> <p>Costs for improvements which add to the permanent value of buildings or equipment appreciably prolong its intended life shall be treated as capital expenditures. (OMB A-21, Section J30)</p>

Materials and Supplies	Allowable As stipulated in OMB A-21, section J31.
Meetings and Conferences (Includes rental of meeting space and equipment; supplies/materials/consultant fees, etc.) See also Conferences and Meetings	Allowable: Costs for the dissemination of technical information, including costs of meals, transportation, rental of facilities, speakers' fees, and other items incidental to such meetings or conferences. Unallowable: Grant funds may not be used to pay for souvenirs, memorabilia, promotional items (i.e., give-aways), or gifts.
Memberships	Allowable: Membership in business, technical, and professional organizations related to the grant program. Membership must be in the name of the grantee organization and not in the name of an individual. Unallowable: Membership in any civic or community organization, country club or social or dining club or organization.
Memorabilia	Unallowable
Participant Support Costs (such as stipends, travel, registration fees, etc.)	Not Addressed: Participant support costs are allowed with prior specific approval of the funding agency. Costs must be reasonable and necessary to accomplish the objectives of the project. Payment to volunteers or research subjects who contribute blood, urine samples, and other body fluids or tissues that are specifically project related are allowed.
Patents	Allowable: 1. Preparation of disclosures, reports, and other documents required by the grant. 2. Preparation of documents and other patent costs in connection with filing and prosecution of the US patent application where title and royalty-free license is required by the federal government to be conveyed to the federal government. 3. General counseling related to patent and copyright matters, such as advice on patent and copyright laws, regulation clauses, and employee agreements. Unallowable: Preparation of disclosures, reports, and other documents not required by the grant. Costs associated with filing and prosecuting foreign patent applications or any US patent application where conveyance of title or royalty-free license is not required by the award.
Plant and Homeland Security Costs	Allowable: Necessary expenses incurred to comply with federal security requirements or for facilities protection. (OMB A-21, Section J35)
Pre-Award	Allowable:

(pre-agreement) costs	Only to the extent that they would have been allowable if incurred after the effective date of the award. Any pre-award costs must be specifically approved by the funding agency.
Professional and Consultant Services Professional/ consulting services are delivered by an independent contractor (individual, entity, or firm) on a fee basis for specialized services that are usually considered to be temporary or short-term in nature, normally in areas that supplement the expertise of the grantee. Includes evaluation, professional development/ training, management services, legal services, etc.	Allowable: With specific approval from the funding agency. Professional and consultant services are allowable only when provided by non- employees and when the grantee organization does not possess the expertise. See OMB A-21, section 37b for specifications of allowability. Honorariums are not allowable costs at the university. The term "fee" must be used in lieu of "honorarium" in all accounting records and consultant agreements.
Promotional Items (such as T- shirts, caps, tote bags, key chains, imprinted pens, etc.)	Unallowable
Proposal Costs (i.e., preparing grant applications/ proposals)	NOTE: These costs must be specifically budgeted and approved in the applicable grant application prior to expending funds. Unallowable: Costs for preparation of applications/proposals to obtain <i>other</i> grant monies.
Public Relations	Allowable: 1. Costs specifically required by the award. 2. Costs of communicating with the public and press regarding specific activities. 3. Costs related to keeping the public informed on matters of public concern and as specified in OMB A-21, section 1d. 4. Costs identified in OMB A-21, sections c and d incurred for more than one award or for both sponsored work and other work of the institution to the extent that the principles in sections D (Direct Costs") and E ("F & A Costs") are observed. Unallowable: Costs of public relations designed solely to promote the grantee.
Publication and Printing Costs (includes distribution and mailing of publications)	Allowable: For specifics with regard to professional journal publications, see sections 39c(1) and (2).
Rearrangements and Alterations	Allowable: Only with prior specific approval from the funding agency.

Reconversion Costs	<p>Allowable: To restore or rehabilitate a facility to approximately the same condition existing immediately prior to the grant award (less costs related to fair wear and tear).</p>
Recruiting and Relocation Costs	<p>Allowable: As specified in section 42.</p> <p>Unallowable:</p> <ol style="list-style-type: none"> 1. Costs of help wanted advertising that includes color, advertising material for other than recruitment purposes, or is excessive in size. 2. Costs of help wanted advertising, special emoluments, fringe benefits, and salary allowances that are not reasonable and do not conform with the established practices of the organization.
Reference Materials	<p>Not specifically addressed: But allowable when related to the grant program.</p>
Refreshments See also Food Costs	<p>Unallowable: Except for parent involvement activities to encourage parents in low-income areas to attend</p>
Remodeling or Renovation	<p>Allowable: Only with prior specific approval.</p>
Rental Costs of Buildings and Equipment	<p>Allowable: To the extent that the rates are comparable to that of other rental property in the locale and as specified in OMB A-21, section 43.</p> <p>Unallowable: Costs include amounts paid for profit, management fees, and taxes that would not have been incurred had the institution purchased the facility.</p>
Royalties and Other Costs for the Use of Patents	<p>Allowable: As specified in OMB A-21, section 44.</p>
Sabbatical Leave	<p>Allowable: Provided the institution has a uniform policy.</p>
Scholarships, Fellowships, and Other Student Aid Costs	<p>Allowable: Only when the purpose of the grant is to provide training to selected participants and with prior specific approval from the funding agency as specified in OMB A-21, section 45</p>
Selling and Marketing	<p>Unallowable: Unless allowed under J1c as allowable public relations costs or under J38 as allowable proposal costs.</p>
Severance Pay	<p>Allowable:</p> <ol style="list-style-type: none"> 1. If required by law, employer-employee agreement, or established written policy 2. Associated with normal turnover 3. Abnormal or mass severance pay considered on a case-by-case basis and <i>only</i> if approved by the funding agency. <p>Unallowable: Costs incurred in excess of the institution's normal severance pay policy applicable to all persons employed by the institution upon termination of employment.</p>
Social Activities	<p>Unallowable</p>

Souvenirs	Unallowable
Specialized Service Facilities	Allowable: As specified in OMB A-21, section J47.
Stipends for Non-Employees (i.e., participant support costs)	Allowable
Student Activity Costs	Unallowable: Unless specifically approved by the funding agency as part of the grant agreement. These costs must be specifically budgeted and approved in the applicable application prior to expenditures.
Subscriptions	Allowable: For business, professional, and technical periodicals when related to the grant program. Subscriptions must be in the name of the grantee organization and not in the name of an individual.
Taxes	Allowable: As specified in OMB A-21, section J49.
Termination of Grant Award	Generally Allowable: <ol style="list-style-type: none"> 1. If, despite all reasonable efforts of the institution, certain costs cannot be discontinued immediately after the effective date of termination, such costs are generally allowable within the limitations in OMB A-21, section 50. 2. Loss of useful value of special tooling, machinery, and equipment. 3. Rental costs under unexpired leases where clearly shown to have been reasonably necessary for the performance of the award 4. Settlement expenses (OMB A- 21, section 50 for specifics). 5. Claims under subawards, including allocable portion of claims which are common to the grant and other work of the institution.
Tips or Gratuities	Unallowable
Training and Education	Allowable: Training for employee development is allowable (section 51).
Transportation Costs	Allowable: As specified in OMB A-21, section J52.
Transportation of Goods	Allowable: For transporting goods purchased with grant funds.
Travel Costs (Employees)	Allowable: Travel costs are allowable for employees traveling on official business incidental to the grant program, where such travel will provide direct benefits to the project. (See OMB A-21, section 53) For all travel procedures, see Fiscal Policies and Procedures Manual Unallowable: The difference between first-class air accommodations and less than first-class air accommodations except when less than first-class air accommodations are not reasonably available to meet necessary mission requirements. (See OMB A-21, section 53c for specifics.)
Travel (In-State or Out-of-State) for Non- Employees or for Students	Allowable: These costs must be specifically budgeted and approved in the applicable application prior to expenditures.

(does not include field trips)	
Trustees or Board of Directors	Allowable: Costs for travel and subsistence subject to restrictions regarding lodging, subsistence, and air travel costs provided in section 54. See Travel Costs.
Tuition and Fees Related to Tuition	Allowable: As it pertains to the grant program.
Tuition Remission	Allowable: When specifically approved as part of Payroll Costs and as part of benefits for graduate students; must be excluded from indirect cost calculation.

Costs incurred for common or joint objectives which cannot be identified specifically with a particular sponsored project should be treated as indirect costs. Examples included the cost of utilities, maintenance and operation; building and equipment use expenses; administrative costs, library costs, and student service costs. Most sponsored agreements include a percentage of the direct cost to cover these charges. This percentage is known as the Facilities and Administration rate (F&A) or formerly, the Indirect Cost rate.

Administrative Costs

Federal regulations limit instances where administrative type costs can be charged to grants. The following is a list of those types of expenses that are generally not allowable as a direct cost per the Federal government.

Generally Unallowable Administrative Costs	Examples
Administrative & Clerical Salary	Secretary, Administrative Assistant, Department or Office Manager, Exempt personnel with general/recurring administrative duties.
Office Supplies	Pens, paper, ribbons, disks, folders, organizers, scissors, calculators, print cartridges, toner, etc.
Telephone & Internet Connection	Fee for basic telephone and internet services. Toll calls are allowable if they are specifically related to the grant.
Postage & Mail	General stamps, US Mail, FedEx, Airborne, etc. Postage for shipping research material to a funding agency or another institution/company directly involved in the research is acceptable.
Periodicals & Newspapers	Subscriptions to magazines, journals or newspapers unless it is clearly demonstrated by the PI that the subscription is specific to a particular project.
Copying	General photocopying. Project specific photocopying that can be traced through a chargeback system or through photocopy services are allowable.

However, in accordance with supplementary guidance on this subject issued by OMB, these costs may be treated as direct costs when:

- ❖ the nature of the work performed under a particular project requires an extensive amount of administrative or clerical support or creates a special or unique need for the item which is clearly different than normal circumstances
- ❖ the costs otherwise meet the general criteria for direct charging in Circular A-21 (i.e., can be identified specifically with the project).

These situations are considered "unlike circumstances" and have to be properly justified/documentated in the grant/contract proposal, and approved by the appropriate federal agency. Provided below are examples illustrative of circumstances where direct charging the salaries of administrative or clerical staff may be appropriate.

- ❖ Large, complex programs, such as Program Projects, International Projects, General Clinical Research Centers, environmental research centers, engineering research centers, and other grants and contracts that entail **assembling and managing teams of investigators from a number of institutions**.
- ❖ Projects which involve data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature, **and** reporting, such as epidemiological studies, clinical trials, and retrospective clinical records studies.
- ❖ Projects that require making travel and meeting arrangements for **large numbers of participants**, such as conferences and seminars; extensive desktop publishing of workshop materials.
- ❖ Projects whose principal focus is the preparation and production of manuals and large reports, books, and monographs (excluding routine progress and technical reports).
- ❖ Projects that are geographically inaccessible to normal departmental administrative services, such as seagoing research vessels, radio astronomy projects, and other research field sites that are remote from the campus.
- ❖ Individual projects requiring project-specific database management; individualized graphics or manuscript preparation; human or animal protocol, IRB preparations and/or other project-specific regulatory protocols; **and** multiple project-related investigator coordination and communications.

These examples are not exhaustive nor are they intended to imply that direct charging of administrative or clerical salaries would always be appropriate for the situations illustrated in the examples. Where direct charges for administrative and clerical salaries are made, care must be exercised to assure that costs incurred for the same purpose, in like circumstances, are consistently treated as direct costs for all activities. Unlike circumstances must be clearly identified, justified and detailed in the application.

The following scenarios are examples of unallowable administrative costs:**Example #1**

A Principal Investigator completes a business expense reimbursement form to be reimbursed for the cost of his cell phone. The cell phone is not used for personal purposes, but it is used for telephoning staff in the lab, calls to various potential donors and scientists associated with all of the grants for which he currently oversees. This is an inappropriate direct cost charge because the cell phone is not specific to one unique research project.

Example #2

While ordering supplies from STAPLES, the department includes a set of six 3-ring binders to be used in the laboratory. Because the PI conducts research in the lab, she asks the department manager to transfer the cost of the binders to the grant. This type of charge is unallowable as a direct cost because the volume of binders is not substantial nor was it demonstrated that the binders are essential to the success of one specific research grant.

The following scenarios are examples where exceptions were made:**Example #1**

A federally funded research grant specializing in HIV/AIDS research requires an extraordinary amount of pendaflex and manila folders in order to keep track of the hundreds of volunteer subjects and their medical records. Because the volume is so great and the data being collected needs to be kept confidential and separated, an unlike circumstance for the purchase of these office supplies exists.

Example #2

USAID funds a research project whose focus is on providing veterinary services for migrant farmers' cattle in Africa. The majority of the research is being conducted overseas in the field where means of communications are limited. In order to conduct the research the investigator must have the dedicated services of a telephone and fax machine from a site. This expense would be considered an exception.

Example #3

A center has a mission of providing workshops for teachers in the public schools of Mississippi and providing them desktop materials during the week long seminars and for the teachers to take back with them. Because of the logistics involved and the high volume of desktop publishing, an administrative salary would be an acceptable direct cost expense.

When working on a proposal, if you have any questions about allowable costs, please first contact OSP at extension 3882.

If you have questions about charging items to an award that has already been made, then please contact your grant accountant.

If an auditor raises questions about a specific cost, you should give as much background and explanation as to the reasonableness of the cost and the reason it is charged to this contract. For those costs that are unallowable, by regulation, the government will not consider any argument to include them.