

**Allowable Costs**  
**for Federal Projects**

NANO Session – February 13, 2007  
Office of Sponsored Programs Admin.  
Proposal Team

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**Introduction**

“If I have costs that are incurred as a result of my research, then why can't I charge them to my grant?”

The reason depends upon what the sponsors' guidelines have to say about certain costs.

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**Introduction**

Direct costs are those that can be specifically and easily identified with a particular project or activity and are allowable.

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## Introduction

F&A costs (sometimes called indirect or overhead) are those costs that are incurred for common or joint objectives and cannot be easily and specifically identified with a particular project or activity and are not allowable.

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## Introduction

Sponsors' guidelines usually define what direct costs are allowable or unallowable. Also, sponsors' guidelines may define what costs are included in the F&A costs, effectively making them unallowable to be charged as direct costs.

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## OMB Circular A-21

**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.

[http://www.whitehouse.gov/omb/circulars/a021/a21\\_2004.html](http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html)

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**OMB Circular A-21**

**Allowable Costs** must be:

- 1. Reasonable
- 2. Allocable
  - a. Solely to advance the work under the agreement **OR**
  - b. Benefits both the agreement and other work, but approximate proportions can be determined by a reasonable method

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**OMB Circular A-21**

**Allowable Costs** must be:

- 3. Treated consistently throughout the University
- 4. Conform to any limitations or exclusions in the sponsored agreement.

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**Generally Allowable Costs**

**Equipment**

Equipment used for scientific, technical, and research purposes that costs greater than \$5,000 and has a useful life of at least one year.

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**Generally Allowable Costs**

**Facilities**

Project specific space rental for off-campus facilities from a third party.

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**Generally Allowable Costs**

**Materials & Supplies**

Project related research and scientific supplies. Any equipment or software that does not qualify under the equipment definition.

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**Generally Allowable Costs**

**Salaries, Wages, and Fringe Benefits**

Faculty, other professionals, technicians, post doc associates, research associates, graduate and undergraduate students.

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**Generally Allowable Costs**

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**Publications**

Project specific and research related.  
Copying can be included only when charges can be tracked (i.e. printing services or copier code, please specify).

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**Generally Allowable Costs**

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**Travel**

Transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the institution.

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**Generally Allowable Costs**

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**Telephone**

Long distance calls, phone surveys or calls to project participants.

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**Generally Unallowable Costs**

**Administrative & Clerical Salary**

Secretary, Administrative Assistant, Department or Office Manager, P&S personnel with general/recurring administrative duties.

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**Generally Unallowable Costs**

**Advertising**

Public relations to promote unit, department, or college

Allowable for recruitment of research subjects or for job openings approved for a **specific project**.

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**Generally Unallowable Costs**

**Copying**

General photocopying. Project specific photocopying that can be traced through chargeback system or through photocopy services are allowable.

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**Generally Unallowable Costs**

**Entertainment and Related Travel**

Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities)

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**Generally Unallowable Costs**

**Equipment < \$5,000 (Supplies)**

General office equipment such as copiers, printers, computers, and fax machines.

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**Generally Unallowable Costs**

**Facilities**

Utilities, building use, grounds maintenance, renovations, and alterations of University property whether on- or off-campus.

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**Generally Unallowable Costs**

**Office Supplies**

Pens, paper, ribbons, disks, folders, organizers, scissors, calculators, print cartridges, toner, etc

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**Generally Unallowable Costs**

**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.

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**Generally Unallowable Costs**

**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.

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## Generally Unallowable Costs

### Telephone & Internet Connection

Fee for basic telephone and internet services. Toll calls are allowable if they are specifically related to the grant.

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## Administrative Costs

Provided below are examples illustrative of circumstances where direct charging the salaries of administrative or clerical staff may be appropriate.

1. 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.**

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## Administrative Costs

2. 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.
3. Projects that require making travel and meeting arrangements for **large numbers of participants**, such as conferences and seminars; extensive desktop publishing of workshop materials.

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## Administrative Costs

4. Projects whose principal focus is the preparation and production of manuals and large reports, books, and monographs (excluding routine progress and technical reports).
5. 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.

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## Administrative Costs

6. 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.

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## ALLOWABILITY OF COMPUTERS ON FEDERAL FUNDING - Computers with a unit cost of more than \$5,000 (Equipment)

- Capital expenditures for special purpose equipment are **allowable** as direct costs, provided the items with a unit cost of **\$5,000 or more** have the prior approval of the awarding agency.
- If a computer is to be used entirely for a research project and is listed in the sponsor approved budget, then it would be considered an **allowable** cost on a federal or federal flow-thru award. For example, a computer that was used entirely to capture and process research data would be considered "special purpose" and would be an allowable direct cost on a federal or federal flow-thru award.

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**ALLOWABILITY OF COMPUTERS ON FEDERAL FUNDING - Computers with a unit cost of more than \$5,000 (Equipment)**

- Computers not devoted entirely to a research project are considered general purpose equipment and should not be paid for using federal or federal flow-thru funds (**unallowable**). Costs for general purpose equipment would be included in ISU's indirect costs.

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**ALLOWABILITY OF COMPUTERS ON FEDERAL FUNDING - Computers with a unit cost of less than \$5,000 (Supplies)**

- Computers used for many purposes and not devoted entirely to a research project are considered a supply item and should not be paid for using federal or federal flow-thru funds. **Unallowable**
- If a computer is to be used entirely for a research project then it would be considered an **allowable supply cost** on a federal or federal flow-thru award.

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**Summary**

Generally Allowable	Generally Unallowable
Animals	Administrative & Clerical Salary
Books & Journals	Advertising
Consultant Services	Alcohol
Equipment	Copying
Fringe Benefits	Entertainment Costs
Insurance	Facilities
Payment to volunteers or research subjects	Fines & Penalties
Salaries & Wages	Lobbying
Stipends (fellowship or training grant)	Office Supplies
Telephone costs	Organized Fund Raising
Travel	Routine Telephone & Internet Charges

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Thanks!

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Reminder:  
Grant Coordinator Meeting  
Thursday, Feb. 15 @ 1:15  
Campanile Room, MU

Questions?

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