

General Information

There are two major types of cost covered by grant funding. These are direct and indirect costs. Within each of these two types of cost there are various costs that are allowed and others that are not allowed. In this handout we will cover only those costs that are allowed as direct costs. Neither allowable costs for indirect costs nor non-allowable direct costs will be discussed. If you do not see a particular item of cost on the list below, it is probably, but not necessarily, not allowed. Before you reject the possibility of including a possible cost, check with the Office of Research and Sponsored Programs.

DIRECT COSTS: Those costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

FACILITIES AND ADMINISTRATIVE COSTS (indirect costs): Those costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity.

ALLOWABLE COSTS: Those categories of costs that can be charged to a grant, contract, or other sponsored agreement. The following list, while typical, is not exhaustive. Variations in the regulations of different types of grants and different agencies can move items of cost on or off of the following list. Therefore, diligent attention to the RFP is called for when constructing a budget. There may be additional expenses that might be allowed depending on the type of grant and/or the agency involved. On the other hand, some grant offerings and/or agencies have limitations that will remove some of the following costs from the list of allowable expenses. For example, construction costs are not allowable for a research grant but are obviously allowable for a construction grant. When in doubt, check with the Office of Research and Sponsored Programs.

ALLOWABLE CATEGORIES OF EXPENSE UNDER DIRECT COSTS

Advertising and Public Relations Costs

The only allowable advertising costs are those which are solely for:

1. Recruitment of personnel required for the performance by the institution of obligations arising under the sponsored agreement.
2. Procurement of goods and services for the performance of the sponsored agreement.
3. Disposal of scrap or surplus material acquired in the performance of the sponsored agreement except when institutions are reimbursed for disposal costs at a predetermined amount.
4. Other specific purposes defined by the agreement.

The only allowable public relations costs are:

1. Costs specifically required by sponsored agreements.
2. Costs of communicating with the public and press pertaining to specific activities or accomplishments which result from performance of sponsored agreements.
3. Costs of conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communications and liaison necessary to keep the public

informed on matters of public concern, such as notices of contract/grant awards, financial matters, etc.

Communication Costs

Costs incurred for telephone services, local and long distance telephone calls, telegrams, radiograms, postage and the like.

Animals and Animal Care Costs – allowable

Audiovisual Activities - allowable. Numerous regulations apply, check with ORSP.

Books and Periodicals

Allowable as a direct cost when required for the conduct of the project.

Consultant Services

A consultant is an individual hired to give professional advice or services for a fee but not as an employee of the hiring party. Charges to a project for consultant costs may include fees and travel costs (transportation/per diem/subsistence costs). Consultant costs within a university are allowable in unusual cases, check with ORSP.

Contracting – allowable

Customs and Import Duties

Charges may include consular fees, customs surtaxes, value-added taxes, and other related charges.

Drugs - allowable if necessary for conduct of project.

Equipment

An article of tangible, nonexpendable, personal property having a useful life of more than 1 year and an acquisition cost of the lesser of \$5,000 or more per unit, or an amount per unit as determined by the practice of the institution.

Library and Information Services

Allowable as a direct cost when specifically required for the conduct of the project and when identifiable as an integral part of the grant-supported activity.

Publications

Page charges for publication in professional journals may be paid from project funds if the paper reports work supported by the project and the charges are levied impartially on all papers published by the journal. Other publications such as books, monographs, and pamphlets also are allowable under the same conditions. Most agencies require an acknowledgment of support in all publications resulting from a sponsored project that they have funded.

Registration Fees for symposiums and seminars allowable if necessary to accomplish project or program

objectives.

Rental or Lease of Facilities and Equipment.

Many conditions apply. Consult with the Office and probably the agency.

Sabbatical Leave

Salary may be charged directly to a project for services rendered the project by individuals while they are on sabbatical leave provided that the salary is proportional to the service rendered and is paid according to established institutional policies applicable to all employees regardless of the source of funds.

Salaries, Wages and Fringe Benefits

Compensation for services covers all amounts paid currently or accrued by the institution for services of employees rendered during the period of performance under sponsored agreements. These costs are allowable to the extent that the total compensation to individual employees conforms to the established policies of the institution, consistently applied. Charges to sponsored agreements may include reasonable amounts for activities contributing and intimately related to work under the agreements, such as delivering special lectures about specific aspects of the ongoing activity, writing reports and articles, participating in appropriate seminars, consulting with colleagues and graduate students, and attending meetings and conferences.

Salary Rates for Faculty Members

Academic year: charges will be based upon the individual faculty member's regular compensation. Charges for work performed on sponsored agreements during all or any portion of such period are allowable at the base salary rate. In no event will charges to sponsored agreements, irrespective of the basis of computation, exceed the proportionate share of the base salary for that period.

Summer: Salary for the summer is determined for each faculty member at a rate not in excess of the base salary divided by the period to which the base salary relates. The base salary period used in computing charges for work performed during the summer months will be the number of months covered by the faculty member's official academic year appointment.

Rates for Students

Tuition remission and other forms of compensation paid as, or in lieu of, wages to students performing necessary work are allowable provided that there is a bona fide employer-employee relationship between the student and the institution for the work performed on the sponsored project, the tuition or other payments are reasonable compensation for the work performed and are conditioned explicitly upon the performance of necessary work, and it is the institutions practice to similarly compensate students in nonsponsored as well as sponsored activities.

Professional Staff

Rates established by institution-wide practice and allocated to a sponsored project based on budgeted,

planned, or assigned work activity applied to the specific sponsored agreement.

Fringe Benefits

Allowable in proportion to the amount of time or effort employees devote to the grant-supported project provided such costs are incurred under formally established and consistently applied policies of the organization.

Service Charges

The costs of institutional services and central facilities owned by the recipient institution, such as computer services, animal care facilities, electron microscope laboratories, are allowable.

Supplies

Items whose cost falls below the established amount for equipment are considered expendable even if they might appear to be equipment. An automated stirring machine costs about \$100 and is considered part of supplies. Other examples would include chemicals, paper, glue, pipettes, drugs, film, developing, laser printer cartridges, tapes (e.g., audio, video), etc.

Transportation and Delivery Charges

Allowable for freight, express, cartage, postage, and other transportation services relating to goods purchased, in process, or delivered. Usually listed in the "other" category on budget summary. Sometimes included in the price of equipment, etc.

Travel

Allowable as direct cost where such travel will provide direct benefit to the project. According to the organization's established travel policy, such costs for employees working on the grant-supported project may include associated per diem or subsistence allowances and other travel-related expenses such as mileage allowances. In all cases, travel costs are limited to that allowed by formal organizational policy.

Travel to conferences is allowable in order to report results obtained during the course of the sponsored project.