

ALLOWABILITY OF COSTS ON FEDERAL AWARDS

For any cost to be charged directly to a Federal award the expense must be:

1. **Allowable** under both the provisions of Federal guidance AND under the terms of a specific award;
2. **Allocable**, the expense can be associated to a project with a high degree of accuracy;
3. **Reasonable**, the cost reflects what a “prudent person” would pay in a similar circumstance;
4. Charged **consistently** as direct expense (versus an indirect cost).

The spending of any funds awarded by the Federal government is governed by the “[Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule](#)” (Uniform Guidance), published by the Office of Management and Budget (OMB). The above mentioned information regarding the treatment of costs is described in *§200.402 Composition of costs* through *200.411 Adjustment of previously negotiated indirect (F&A) cost rates containing unallowable costs*.

The following is a listing of Unallowable Costs on Federal grants:

- Advertising and public relations costs (except in the case of recruitment for a position necessitated by the grant or public promotion of the grant activities).
- Alcoholic beverages
- Alumni activities
- Bad debt
- Capital expenditures, greater than \$5,000 not pre-approved by the Federal awarding agency
- Commencement and convocation costs
- Computers and other technological devices, including cell phones, iPads, printers, etc., unless included in the proposed budget submitted to and approved by the awarding agency
- Contingency provisions
- Contributions or donations, including cash, property, or services
- Costs incurred in connection with any criminal, civil, or administrative proceedings
- Entertainment costs, unless those costs have a programmatic purpose and are authorized in the approved budget and/or have prior written approval from the Federal agency
- Fines and penalties
- Food costs (except for study participants, meals while traveling that abide by institutional policy, or food charges that would have been included in the approved budget)
- Fundraising and investment costs
- Goods or services for personal use
- Housing and personal living expenses
- Institutionally furnished automobiles or vehicles
- Lobbying costs, at any level of government
- Losses on other sponsored agreements or contracts
- Memberships and subscriptions (except when necessitated by grant activities)
- Office supplies
- Payroll in disproportionate amounts to the work performed on the grant
- Postage (unless large mailing, or necessitated by grant activities)
- Professional service costs when work can be performed by a qualified institutional personnel
- Proposal costs
- Publication and printing costs (except when included in the approved budget)
- Recruitment and relocation costs for employees not working on the grant
- Selling and marketing costs
- Student activity cost (unless specifically provided for in the grant award)
- Telephone charges for local calls (long-distance charges for specific grant related activities are allowable)
- Tuition and fees (except for training grants or tuition remission as, or in lieu of, pay for graduate students working on that particular grant project).