Allowable Costs for Sponsored Projects

Summary/Purpose: Principal investigators and their departments have ultimate responsibility for defending all costs charged to their sponsored projects. If a charge to a sponsored project is determined to be unallowable, the department and/or the project director will be responsible for reimbursing the project for the expense.

As an institution that receives federal funds, the university is obligated to comply with all applicable federal regulations. Some expenses are non-reimbursable by the federal government. The United States OMB Circular A-21, "Cost Principles for Educational Institutions," identifies such unallowable costs, for which the university may not request reimbursement, in whole or in part, from the federal government. University employees have a fiduciary responsibility to ensure that the university is in compliance with these regulations by properly identifying unallowable costs.

Some examples of unallowable costs are:

- Advertising/memorabilia/general public relations
- Alcoholic beverages
- Alumni activities: costs incurred for, or in support of, alumni activities and similar services
- Bad debts: any losses, whether actual or estimated, arising from uncollectable accounts and other claims, related collection costs, and related legal costs
- Commencement and convocation costs
- Donations or contributions made by the university
- Entertainment costs
- Fines and penalties
- Goods or services for personal use, regardless of whether the cost is reported as taxable income to the employees
- Lobbying costs
- Meals and other related expenditures that do not adequately support the business purpose of the expense
- Membership in any civic organization, community organization, country club, social club, dining club or organization, or airline club
- Moving costs, if the employee resigns within 12 months of hire date
- Excessive recruitment costs, including student recruitment and color advertisement
- Student activity costs
- Foreign travel unless approved in advance by the sponsor
- Travel costs in excess of standard commercial coach airfare, unless unreasonable travel arrangements would result when traveling coach, the upgrade would decrease the cost, or it is required to meet the medical needs of the traveler