

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 Office of Management and Budget (OMB) guidance at 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* 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.

Awards issued prior to December 26, 2014 will follow OMB *Circular A-21: Cost Principles for Educational Institutions*.

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, penalties, damages and other settlements
- Goods or services for personal use, regardless of whether the cost is reported as taxable income to the employees
- Lobbying costs
- Meals, lodging and other related expenditures that do not adequately support the participation of the individual as necessary to the federal award
- Membership in any civic organization, community organization, country club, social club, dining club or organization
- Membership in organizations substantially engaged in lobbying
- Moving costs, if the employee resigns within 12 months of hire date
- Excessive recruitment costs, including student recruitment and color advertisement
- Student activity costs
- 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