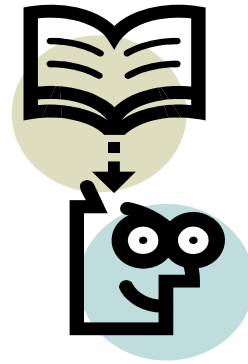


Review Information on cost allowability from Section J
OMB Circular A-21 "Cost Principles for Educational Institutions"



CRA Review Session

"Direct costs are 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**. Costs incurred for the same purpose in like circumstances must be **treated consistently** as either direct or F&A costs. Where an institution treats a particular type of cost as a direct cost of sponsored agreements, all costs incurred for the same purpose in like circumstances shall be treated as direct costs of all activities of the institution...

Failure to mention a particular item of cost is not intended to imply that it is either allowable or unallowable; rather, **determination as to allowability in each case should be based on the treatment provided for similar or related items of cost. In case of a discrepancy between the provisions of a specific sponsored agreement and the provisions below, the agreement should govern.**"

General Provisions for Selected Items of Cost.

(Note: whether a cost is allowable does not indicate whether it can be charged as a direct cost. Some of these costs fall under F&A.)

A-21 also includes examples of "major projects" where direct costing of administrative salaries may be allowed.

A-21 Appendix A is the Cost Accounting Standards for Educational Institutions.

COSTS	GENERALLY		EXCEPTIONS APPLY	SPECIAL NOTES
	ALLOWABLE	UNALLOWABLE		
Advertising and public relations:		X	X	Allowable only for recruitment of personnel required to fulfill the obligation under the agreement, procurement of goods necessary to fulfill the agreement, disposal of materials acquired in the performance of a sponsored agreement. See more on public relations.
Advisory councils:	X			Where authorized by the Federal awarding agency
Alcoholic Beverages:		X		
Alumni Activities:		X		
Audit Costs:	X		X	Pursuant to Circular A-133 compliance "Audits of States, Local Govts. And Non-Profit Organizations."
Bad Debt:		X		
Bonding Costs:	X		X	Allowable under certain circumstances
Commencement and convocation costs:		X		
Communication Costs:	X		X	Allowable, but generally as F&A costs.
Compensation for Personal Services:	X		X	There is quite a bit of information in A-21 about how an institution appropriate charges and documents these expenses
Contingency Provisions:		X		
Deans' Salaries:	X			Allowable, but generally as F&A costs.
Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringement:		X	X	Allowable only under specific circumstances see J 13 a-i
Depreciation and Use Allowances:	X			See J. 14. Allowable as an F&A cost
Donations and Contributions:		X		However, donated property may be counted as cost share under Circular A-110
Employee morale, health and welfare costs:	X			Allowable, but generally as F&A costs.
Entertainment Costs:		X		
Equipment and Other Capital Expenditures:	X		X	Capital \$\$5,000 and greater. General purpose equipment-unallowable

COSTS	GENERALLY		EXCEPTIONS APPLY	SPECIAL NOTES
	ALLOWABLE	UNALLOWABLE		
Fines and Penalties		X		
Fund Raising and Investment Costs		X	X	Costs related to the physical custody and control of monies and securities are allowable
Gain and Losses on Appreciable Assets:	X		X	Note: sale of assets acquired with govt. funds is subject to provisions of Circular A-110.
Goods and Services for Personal Use:		X		
Housing and Personal Living Expenses:		X		Not allowable for institution's current and past officers.
Idle facilities and idle capacity: .		X	X	Narrowly allowable
Insurance and Indemnification:	X		X	Allowable with limitations. Medical malpractice is allowable to the extent the research involves human subjects.
Interest:		X	X	allowable under limited conditions
Labor Relations Costs:	X			Allowable, but generally as F&A costs.
Lobbying:		X		
Losses on Other Sponsored Agreements or Contracts:		X		includes cost sharing & uinder recovered F&A costs
Maintenance and Repair Costs:	X			
Material and Supplies Costs:	X			
Meetings and Conferences:	X			For the dissemination of technical knowledge
Memberships, Subscriptions and Professional Activity Costs: .	X		X	Some rare exceptions for technical or professional orgs; NOT FOR INDIVIDUAL MEMBERSHIPS or Civic or Social reasons
Patent Costs:	X		X	only if required by the award agreement
Plant and Homeland Security Costs:	X			
Preagreement Costs: .		X	X	Not allowable unless approved by the sponsoring agency
Professional Services Costs:	X			
Proposal Costs:	X		X	Generally allowable as F&A.
Publication and Printing Costs:	X			
Rearrangement and alteration costs:	X			Some costs require prior agency approval.
COSTS	GENERALLY		EXCEPTIONS APPLY	SPECIAL NOTES
	ALLOWABLE	UNALLOWABLE		
Reconversion Costs:	X			

Recruiting Costs:	X		X	With some exceptions. (Ads that are in color or excessive in size are NOT allowable.)
Rental Costs of Building and Equipment:	X			
Royalties and Other Costs for Use of Patents:	X		X	See J. 44 for exceptions
Scholarships and Student Aid Costs:	X		X	
Selling and Marketing:		X		
Specialized Service Facilities: .	X			Rate shall consist of both direct or F&A charges
Student Activity Costs:		X		
Taxes:	X		X	
Termination Costs Applicable to Sponsored Agreements:	X		X	(i.e. non-cancelable transactions, loss of useful value of specialized machinery, settlement costs). J.50
Training Costs:	X			
Transportation Costs:	X			
Travel Costs:	X		X	Subject to numerous requirements and restrictions; State regulations apply
Trustees:	X			Travel and subsistence costs of trustees are allowable.