

## 80.3 Consistent Treatment of Costs

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**Policy Name:** CONSISTENT TREATMENT OF COSTS  
**Approval Authority:** PROVOST AND ACADEMIC VICE PRESIDENT  
**Responsible Executive:** EXECUTIVE DIRECTOR OF THE OFFICE OF SPONSORED RESEARCH  
**Responsible Office:** OFFICE OF SPONSORED RESEARCH  
**Effective Date:** 6 October 2008

### 1. Policy Statement

[OMB Circular A-21](#), *Cost Principles for Educational Institutions*, section J, contains a list of items that are deemed unallowable as direct costs on federally sponsored projects. Additionally, some non-federal sponsors consider these costs to be unacceptable as charges to their sponsored agreements (always consult sponsor guidelines or the Office of Sponsored Research [OSR] for specific questions).

### 2. Reason/Purpose for the Policy

This policy provides the general guidelines for all SIT departments. More specific explanations and a discussion of the major expense items can be found in the SIT costing procedures entitled "Allowable and Unallowable Expenses." This policy is meant to provide guidance and should not be considered finite or absolute in the examples shown herein.

### 3. Definitions

Direct Costs are 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 (A-21, D1). For a cost to be charged directly to an activity there must be a direct benefit to the activity.

Facilities and Administrative costs (F&A) are those costs that are incurred for common or joint objectives and cannot be readily and specifically identified with a specific activity (A-21, E1). These costs are allocated to the direct activities through the use of the F&A rate.

Consistent Treatment is defined as charging all costs incurred for the same purpose, in like circumstances as either direct costs only or indirect costs only. Any cost charged as a direct cost to federal contracts must also be direct charged to other institutional activities. If a cost is identified as an indirect cost it may be charged as a direct cost only in certain specific circumstances where the characteristics of the cost would unfairly burden the indirect costs. Direct costs that are allocated to sponsored projects or activities must be allocated using a reasonable method that is consistently followed. All departments must treat like costs in the same way.

### 4. Policy Applies To

This policy applies to application of costs associated with federally sponsored projects.

### 5. Related Documents

[OMB Circular A-21](#)  
[OMB Circular A-110](#)

### 6. Contacts

Office of Sponsored Research  
Division of Finance

### 7. The Policy

This policy provides the general guidelines for all departments. More specific explanations and a discussion of the major expense items can be found in the SIT costing procedures entitled "Allowable and Unallowable Expenses." This policy and the related procedures follow A-21 definitions. The following is a list of indirect activities/costs of major concern that are **GENERALLY** considered to be **UNALLOWABLE** and should not be charged directly to federal sponsored agreements:

- Newsletter/brochure preparation
- Correcting and organizing data (non-project related)
- Maintaining data bases
- Alcohol
- Alumni activities
- Bad debts
- Commencement & convocation
- Contract and grant administration
- Entertainment, etc.
- Filing
- First-class travel
- Food
- General departmental administration: Administrative and clerical staff – personnel activities, accounting and budgeting activities, filing, processing vouchers, routing travel planning, routine data entry routine telephone answering, processing and tracking routine purchase orders
- Goods or services for personal use
- Housing and personal living expenses for institution’s officers
- Interest, fund raising, and investment management costs
- Local telephone costs – including equipment
- Losses on other sponsored agreements or contracts
- Memberships
- Office supplies
- Overruns on other sponsored projects
- Postage
- Processing and tracking routine purchase orders
- Processing vouchers
- Subscriptions
- Visas – routine costs for visa filing and fees

Approval to direct charge typically unallowable costs is accomplished in one of two ways:

- Declaration of Major Project status, or
- Explanation of the “special circumstances” of any such unallowable costs

Both of these circumstances may be handled by completion of the form entitled “Request for Approval of Unallowable Costs.”

The following is a list of costs and activities that are **GENERALLY** considered to be **ALLOWABLE** and may be direct charged if they can be identified specifically with a particular sponsored project and if approved by the funding agency. This list is not intended to be all inclusive, but is offered as a guide.

- Advertising costs – as described in A-21
- Consultants
- Equipment – if it meets the definition or has been previously described as part of a fabricated item that will be tagged and meet the definition of equipment upon completion
- Insurance
- Long distance toll charges
- Material costs
- Publication charges
- Remodeling costs
- Salaries and associated fringe benefits – for faculty and students
- Subrecipient / subcontract costs
- Telephone survey required specifically by a project
- Travel costs – approved by sponsor and prior approval for foreign travel from SIT Provost/Dean/Chair
- Tuition