

For awards made on or after 12/26/2014 which are subject to the Uniform Guidance

Allowable Direct Costs on Sponsored Projects

Updated February 28, 2017

All sponsored projects at UW-Madison are also subject first and foremost to purchasing regulations set forth by the University of Wisconsin-System, implemented through [Purchasing Services](#).

Direct Costs – Costs that are charged directly to sponsored projects and are clearly identified within that project’s activity and objectives

Indirect or F&A Costs – Costs that are not directly related to a specific sponsored project and are incurred for common or joint objectives, sometimes referred to as overhead. For purposes of processing these costs in the UW financial system, they should be charged to non-federally funded sources, such as 101 (GPR), 233 (gifts), endowments, etc.

For further information, see federal cost principles in [2 CFR 200, Subpart E](#).

If you have additional questions, check with your Dean’s or Director’s office for details.

Costs Generally Considered Allowable as Direct Costs

- Animals, purchase and care
- Alterations and Renovations when approved as part of the proposal
- Bonding
- Computing devices that are essential and allocable in the performance of a Federal award
- Construction when approved as part of the proposal
- Consultant Services
- Customs and Import Duties
- Drugs when part of the scope of the project
- Equipment, depends on intended use
- Fringe Benefits, including leave and pension plan costs
- Publication Expenses
- Registration Fees (for Symposiums and Seminars)
- Rental or Lease of Facilities and Equipment
- Salaries and Wages (see exceptions)
- Service Charges
- Subject/Patient Costs, including recruitment, compensation and meals when appropriate
- Materials and Supplies
- Taxes
- Telecommunications—Itemized long distance calls
- Transportation of Property
- Travel

Costs Normally Treated as Indirect Costs (F&A)

- Administrative and Clerical Salaries

- Audit costs
- Bid and proposal costs
- Computers and electronic devices for general use
- Depreciation or Use Allowances
- Dues and Memberships (Exceptions need to be confirmed in advance by Dean's Office.)
- General Purpose Equipment: Non-research equipment, which may be used for general office purposes such as computers, printers, fax machines, copy machines, and office furniture.
- General computer services, networking costs, or other DoIT services
- Hazardous Waste Disposal
- Insurance
- Interest
- Legal Services
- Office Supplies
- Postage Including U.S. Postal Service, Federal Express, UPS
- Staff Recruitment and Relocation
- Subscriptions, Books, Journals and Periodicals
- Telecommunications--Local Telephone Service Including phone equipment such as telephones, cell phones, pagers, fax machines, and line charges

Costs Generally Classified as Unallowable

- Alcoholic Beverages
- Bad Debts
- Termination or Suspension Costs
- Contingency Funds
- Entertainment Costs
- Fines and Penalties
- Fundraising Costs
- Honoraria
- Independent Research and Development Costs, including their proportionate share of [F&A](#) costs.
- Lobbying
- Salaries and Wages—Time spent on proposal development
- Termination or Suspension Costs

Additional Summary Information on Specific Costs

Note: This information is only a general guide to the listed items. Please check the award-specific terms and conditions or with the [RSP accountant](#) for your award if you have questions.

Type of Cost & Uniform Guidance Citation	Typically Allowable as Direct Cost	Comments
Advertising (See §200.421 Advertising and public relations)	No	Allowable only for recruitment of staff or trainees, procurement of goods and services, recruitment of research subjects, disposal of scrap or surplus materials, and other specific purposes necessary to meet the requirements of the grant-supported project or activity. For conditions other than those listed, prior approval is required.
Alcoholic Beverages §200.423	No	Unallowable as an entertainment expense, but allowable if within the scope of an approved research project.
Alteration and Renovation (see §200.462 Rearrangement and reconversion costs)	No	Allowable only with prior sponsor approval.
Animals and Animal Care (see §200.468 Specialized Service Facilities)	Yes	Allowable for the acquisition, care, and use of experimental animals.
Audit Costs (see §200.425 Audit services)	No	Charges for audits should generally be treated as F&A costs.
Bad Debts §200.426	No	
Bid and Proposal Costs (See §200.460 Proposal costs)	No	Allowable as an F&A cost.
Bonding §200.427	Yes	Allowable when required by the terms and conditions of the Federal award.
Books and Journals	No	Books and journals should generally be provided as part of normal library services and treated as F&A costs rather than being directly charged.
Childcare Costs	No	UW System and UW-Madison policy, as well as the Uniform Guidance, do not permit the reimbursement of childcare expenses. The one exception is that childcare is allowable if incurred to assist an individual to participate

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		as a subject in a research project. Also see Temporary Dependent Care Costs .
Communications	No	Such costs include local and un-itemized long-distance telephone calls, telephone surveys, and postage, and are usually treated as F&A costs. Telecommunications Costs: Long distance phone calls, if itemized, are normally treated as direct costs. Local phone service and phone equipment are normally treated as F&A costs by UW-Madison.
Computing Devices (See §200.453 Materials and supplies costs, including costs of computing devices)	Yes	Allowable if essential and allocable for the performance of the sponsored project. See additional guidance here . Because of State and University regulations, smart phones and cell phones generally are unallowable as direct costs. Contact RSP with questions.
Computer Services	No	General computer services, networking costs, or other DoIT services should normally be treated as F&A costs.
Conferences §200.432	Yes	May be allowable if the primary purpose of the event is the dissemination of technical information beyond UW-Madison and is necessary and reasonable for successful performance under the award. See guidance .
Consortium Agreements/Contracts under Grants	Yes	Allowable to carry out a portion of the programmatic effort or for the acquisition of routine goods or services under the grant.
Construction	No	Allowable only when program legislation specifically authorizes new construction, modernization.
Consultant (See §200.459 Professional services costs)	Yes	
Contingency Funds (See §200.433 Contingency provisions)	No	Generally unallowable . May be allowable under specific circumstances if included in the budget and accepted by Federal awarding agency.
Depreciation §200.436	No	Such costs are usually treated as F&A costs.
Drugs	Yes	Allowable if within the scope of an approved

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		research project.
Dues or Membership Fees	No	<p>Allowable as an F&A cost for organizational membership in business, professional, or technical organizations or societies. It <u>may</u> be appropriate to charge such costs to a Federal award under the following circumstances:</p> <ul style="list-style-type: none"> • An investigator will attend a specific meeting or conference to present findings of their research under a specific award. The registration costs to attend include membership fees. A non-member option of attendance is more costly than the registration including membership. CONFIRM WITH THE DEAN'S OFFICE OR RSP ACCOUNTANT IN ADVANCE. • The RFP under which application was made requires investigator attendance at a specific meeting. Meeting attendance requires the individual to hold a current membership. CONFIRM WITH THE DEAN'S OFFICE OR RSP ACCOUNTANT IN ADVANCE.
Entertainment Costs §200.438	No	Unallowable. This includes the cost of amusements, social activities, and related incidental costs.
Equipment (See §200.439 Equipment and other capital expenditures)	Yes	Allowable for purchase of new, used, or replacement equipment as a direct cost or as part of F&A costs, depending on the intended use of the equipment.
Exchange Rates §200.440	Yes	Cost increases for fluctuations in exchange rates are allowable costs subject to the availability of funding. Prior approval of exchange rate fluctuations is required only when the change results in the need for additional Federal funding, or the increased costs result in the need to significantly reduce the scope of the project.
Fines and Penalties (See §200.441 Fines, penalties, damages and other settlements)	No	Unallowable.
Fringe Benefits	Yes	Allowable as part of overall compensation to

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(See §200.431 Compensation—fringe benefits)		employees in proportion to the amount of time or effort employees devote to the grant-supported project.
Fundraising Costs (See §200.442 Fund raising and investment management costs)	No	Unallowable.
General Purpose Equipment (See §200.439 Equipment and other capital expenditures)	No	General purpose equipment such as desktop computers, laptop computers, printers, office furniture and vehicles are normally treated as F&A costs.
Hazardous Waste Disposal	No	Usually treated as an F&A cost.
Honoraria	No	Unallowable when the primary intent is to confer distinction on, or to symbolize respect, esteem, or admiration for, the recipient of the honorarium. However, a payment for services rendered, such as a speaker's fee under a conference grant, is allowable. See §200.432 Conferences .
Human Subjects Costs	Yes	Allowable for payment to volunteers or research subjects who contribute blood, urine samples, and other body fluids or tissues that are specifically project-related, or who participate in health, educational, social, or behavioral sciences research. Also see Advertising or Recruitment . Also see guidance on Payments to Research Participants .
Independent Research and Development Costs	No	Unallowable , including their proportionate share of F&A costs.
Insurance (See §200.447 Insurance and indemnification)	No	Insurance is usually treated as an F&A cost.
Interest §200.449	No	Allowable as an F&A cost for certain assets as specified in the applicable cost principles.
Leave (See §200.431 Compensation—fringe benefits)	Yes	Allowable for employees as an employee fringe benefit.
Legal Services	No	Generally treated as an F&A cost.
Library Services	No	General library support is not allowable as a direct cost, but may be included in the grantee's F&A pool.

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Lobbying §200.450	No	Generally unallowable .
Meals	No	Allowable for research subjects and patients under study only. May be allowable in other limited circumstances, which may require prior sponsor approval.
Participant Support Costs (See §200.456 Participant support costs)	Yes	Allowable with prior sponsor approval. Note that, similar to equipment, participant support costs are excluded from Modified Total Direct Costs . Participant Support Costs Guidance is available here .
Pension Plan Costs (See §200.431 Compensation—fringe benefits)	Yes	Allowable for employees as an employee fringe benefit.
Postage	No	Postage costs which include U.S. Postal Service, Federal Express, and UPS should <u>normally</u> be treated as F&A . Cost of sending the proposal, revisions, periodic or annual reports, or related correspondence to the funding agency should not be charged as direct costs to a sponsored project.
Pre-Award Costs §200.458	Yes	Allowable . A grantee may, at its own risk and without Federal agency prior approval, incur obligations and expenditures to cover costs up to <u>90 days</u> prior to the effective date of a new or competing continuation award.
Public Relations (See §200.421 Advertising and public relations)	No	Allowable only for costs specifically required by the award, or for costs of communicating with the public and the press about specific activities or accomplishments under the grant-supported project or other appropriate matters of public concern.
Publication and Printing Costs (See §200.461 Publication and printing costs)	Yes	Allowable . Page charges for publication in professional journals may be paid from project funds if the published paper reports work supported by the grant and the charges are levied impartially on all papers published by the journal. The costs of reprints and publishing in other media such as books, monographs, and pamphlets are also allowable. Also see Business Services'

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		guidance on Printing.
Recruitment Costs (See §200.463 Recruiting costs)	Yes	Allowable subject to the conditions and restrictions contained in the applicable cost principles. See Advertising or Relocation Costs .
Registration Fees (for Symposia and Seminars)	Yes	Allowable if necessary to accomplish project objectives. See Dues or Membership Fees .
Relocation Costs (See §200.464 Relocation costs of employees)	Yes	Allowable under specific circumstances, which may include: <ul style="list-style-type: none"> • Permanent change of duty assignment for an indefinite period or a stated period of not less than 12 months; • The move is for the benefit of UW-Madison and the sponsored project to which the cost is being charged; • The reimbursement is in accordance with UW-Madison policy (Policy/Procedure: 201.N Relocation).
Rental or Lease of Facilities or Equipment (See §200.465 Rental costs of real property and equipment)	Yes	Allowable subject to the limitations. In general, the rental costs for facilities and equipment applicable to each budget period should be charged to that period.
Sabbatical Leave Costs (See §200.430 Compensation—personal services)	Yes	
Salaries and Wages (See §200.430 Compensation—personal services)	Yes	Allowable. Compensation for personal services covers all amounts, including fringe benefits, paid currently or accrued. <ul style="list-style-type: none"> • Charges for work performed by faculty members on awards during the summer months or other periods not included in the base salary period will be determined for each faculty member at a rate not exceeding the base salary divided by the period to which the base salary relates. • <i>Compensation of Students:</i> Tuition remission and other forms of compensation paid as, or in lieu of, wages to students (including fellows and trainees).

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		<ul style="list-style-type: none"> Time spent in the development of new or revised proposals is unallowable.
Service Charges	Yes	Allowable .
Severance Pay	No	Allowable only to the extent that such payments are required by law, employer-employee agreement, etc.
Staff Recruitment and Relocation	No	Staff Recruitment and Relocation costs should <u>normally</u> be treated as F&A costs, but may be allowable as direct charges under specific circumstances. See Advertising , Recruitment , or Relocation Costs .
Stipends	Yes	Allowable as cost-of-living allowances for trainees and fellows under NIH training grants and fellowships or other similar awards, per terms and conditions.
Subscriptions, Books, and Periodicals	No	Subscription, book, and periodical costs should <u>normally</u> be treated as F&A .
Supplies (See §200.453 Materials and supplies costs, including costs of computing devices)	Yes	Allowable .
Taxes (See §200.470 Taxes (including Value Added Tax))	Yes	Allowable . Such costs include taxes that an organization is required to pay as they relate to employment, services, travel, rental, or purchasing for a project.
Temporary Dependent Care Costs (See §200.474 Travel costs)	No	2 CFR 200 allows temporary dependent care costs (care above and beyond regular dependent care) to be direct charged if certain conditions are met. Costs must be a direct result of the individual's travel for the Federal award. Another condition is that the costs must be consistent with institutional policy. UW System and UW-Madison policy do <u>not</u> allow temporary dependent care costs to be reimbursed using University funds; therefore, they cannot be reimbursed on a sponsored project. Also see Childcare Costs .
Termination or Suspension Costs	No	Unallowable with exceptions.
Trainee Costs	Yes	Allowable only under predoctoral and postdoctoral training grants.
Transportation of Property	Yes	Allowable for freight, express, cartage,

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		postage, and other transportation services relating to goods either purchased, in process, or delivered, including instances when equipment or other property is moved from one grantee to another.
Travel (See §200.474 Travel costs)	Yes	Allowable as a direct cost where such travel will provide direct benefit to the project. Must be consistent with UW-Madison's established travel policy . Per UW policy, Alaska, Hawaii and all US territories and possessions are considered foreign locations and are covered under the international per diem rates. Grantees must comply with the requirement that U.S.-flag air carriers be used by domestic grantees to the maximum extent possible when commercial air transportation is the means of travel between the U.S. and a foreign country or between foreign countries. This requirement shall not be influenced by factors of cost, convenience, or personal travel preference.

Costs must be permissible under the law, University purchasing regulations AND costs must be permissible under terms/conditions of the award.