

Quick Reference Guide: Allowable and Unallowable Costs for Federally Sponsored Projects

The basic considerations for determining the allowability of costs are:

1. Costs must be **reasonable**. This is defined as the action a prudent person would have taken under the circumstances (see CFR Reference [§200.404](#)).
2. Costs must be **allocable** to sponsored agreements under the principles and methods described in the Uniform Guidance (see CFR Reference [§200.405](#)).
- Costs are incurred to benefit the specific sponsored project and able to be assigned to the project with a high degree of accuracy.
3. Costs must be given **consistent** treatment through the application of generally accepted accounting principles appropriate to the circumstances.
- Similar costs are normally treated as either Direct or Indirect across the University.

Federal regulations identify specific categories of costs that cannot be charged, directly or indirectly, to federally sponsored agreements.

The "full list" is under Title 2 in the Code of Federal Regulations (CFR §200) [Uniform Guidance](#). Below is a quick reference.

For questions regarding specific purchases, please contact orsp@kean.edu.

QUICK REFERENCE: A "short list" of Allowable and Unallowable Costs for Federally Sponsored Projects

CFF Reference	Type of Cost	Allowable as Direct Cost	Unallowable as Direct Cost
421	Advertising & Public Relations	Allowable only if related to and necessary for the performance of the sponsored project (i.e., recruitment of personnel, procurement of goods and services etc.)	Unallowable for advertising related to the general image of the university or events related to instruction, other institutional activities, or demonstrations. Unallowable for promotional items and memorabilia, including models, gifts and souvenirs
423	Alcoholic Beverages		Unallowable
424	Alumni/ea Activities		Unallowable
430 & 431	Compensation for Personal Services	Salaries, wages, and fringe benefits of personnel who directly contribute to the project (faculty, post doc, research associate, graduate and undergraduate student) are allowable . Administrative and clerical staff may be allowable only if they are integral to the project or activity. "Integral" means essential to the project's goals and objectives, rather than necessary for the overall operation of the institution. The individuals involved must be specifically identified with the project or activity. Prior written approval of the awarding agency must be obtained. The budget justification must include a narrative that explains how these services are integral to the project.	Unallowable for salaries & wages of administrative & clerical staff. See the code for exceptions.
434	Contributions & Donations		Unallowable
438	Entertainment Costs		Unallowable - includes amusement, diversion, and social activities and any costs directly associated with such costs.
439	Equipment	Allowable only for special purpose equipment – used exclusively for research, medical, scientific, or other technical activities. Prior approval from awarding agency required for items with a unit cost of \$5,000 or more.	Unallowable for General Purpose Equipment - not used exclusively for research (i.e., office equipment and furnishings, modular offices, telephone networks, Information technology equipment & systems, AC equipment, reproduction and printing equipment, and motor vehicles etc.).
441	Fine and Penalties	Allowable only when incurred as a result of compliance with specific provisions of the sponsored agreement, or instructions in writing from the authorized official of the sponsoring agency	Unallowable except when incurred as a result of compliance with specific federal award provisions
445	Goods or Services for Personal Use		Unallowable
442	Fund Raising		Unallowable
450	Lobbying Costs		Unallowable
451	Losses on Other Sponsored Agreements or Contracts		Unallowable

CFF Reference	Type of Cost	Allowable as Direct Cost	Unallowable as Direct Cost
452	Maintenance & Repair Costs	Allowable as necessary to keep property in an efficient operating condition necessary for the performance of the sponsored project. Must be approved by funding agency. The timing of the repairs in relation to the project end date should be taken into consideration.	Unallowable for costs incurred for necessary maintenance, repair, or upkeep of buildings & equipment, which neither add to the permanent value of the property nor appreciably prolong its intended life.
454	Memberships, Subscriptions & Professional Activity Costs (including books)	Allowable for the institution's (not the individual's) membership in business, technical, professional organizations, and subscriptions to business, professional, and technical periodicals. However, this should normally be treated as an F&A cost. Memberships, subscriptions, professional activity costs, and books are normally treated as indirect costs because their purpose is more general in nature – i.e., furthering a PI's knowledge in their field – and cannot be identified with a high degree of specificity to an individual research project.	Unallowable for membership in any civic or community organization, country club, social or dining club. General or reference texts that are generally available in the library or online. Books, manuals, reprints that generally assist the PI in keeping up with their field of research. Publications that provide a general benefit to research and teaching activities. Subscriptions to journals. Memberships to professional organizations (unless it reduces the overall cost of attending the conference or submitting an abstract).
448	Royalties and Intellectual Property	Allowable when necessary for the performance of the sponsored project.	Unallowable when the Federal Government has a license or the right to free use of the patent or copyright; or when the patent or copyright has been adjudicated to be invalid, has been administratively determined to be invalid, is considered to be unenforceable, or has expired.
459	Professional Service Costs	Allowable when necessary for the performance of the sponsored project.	
460	Proposal Costs		Unallowable
461	Publication & Printing Costs	Allowable if the costs can be identified with a research project. If the cost is for page charges, the charges are allowable for professional journals if the work is supported by the Federal Government and the charges are levied impartially on all research papers published, not just those funded by federally sponsored authors	Unallowable for routine copy and printing costs.
462	Rearrangement and Alteration Costs of Facilities	Allowable with prior approval of the awarding agency when incurred specifically for the sponsored project	Unallowable for costs incurred for ordinary or normal rearrangement and alteration of facilities
463	Recruiting	Allowable when recruiting personnel required for the performance of the award.	
465	Rental Costs of Buildings and Equipment	Allowable when specifically for the sponsored project	
466	Scholarships and Student Aid Costs	Allowable only when the purpose of the sponsored agreement is to provide training to selected participants and the charge is approved by the sponsoring agency. Stipulations apply.	
469	Student Activity Costs		Unallowable unless specifically provided for by the sponsored project. Includes intramural activities, student publications, student clubs, and other student activities.
472	Termination Costs Applicable to Sponsored Agreements	Allowable for costs which would not have arisen had the sponsored agreement not been terminated	Unallowable for any costs continuing after termination due to the negligent or willful failure of the institution to discontinue such costs.
473	Training & Education Costs	Allowable for training provided for employee development for a specific sponsored project.	
474	Transportation (Freight) Costs	Allowable when related to goods purchased specifically for the sponsored project. Postage or express mailing expenses are generally treated as indirect costs.	
475	Travel Costs	Allowable for transportation, lodging, subsistence and related items for employees who are in travel status on project-specific business, subject to University policy	Unreasonable travel costs (including airfare costs in excess of the lowest available commercial discount airfare except where justified & documented) are unallowable. Non-employee travel is unallowable unless related to OMB A-21, Section J2 or specifically required to fulfill the requirements of the solicitation.