

2 CFR 200 Allowable and Unallowable Costs

COSTS: EMPLOYEES

Cost	Allowable	Unallowable
Compensation (i.e. Salaries)	<ul style="list-style-type: none"> Consistent with wages paid for similar work on the recipient's or subrecipient's other activities Comparable to what is paid for similar work in the labor market within a specified geographic area <p>Special Conditions for State, Local, and Tribal Government Entities:</p> <ul style="list-style-type: none"> In place of/or in addition to types of records described in guidance Must be approved by the cognizant agency for indirect cost Includes a variety of methods 	<p>Red Flags if the following are paid:</p> <ul style="list-style-type: none"> Members of the recipient or subrecipient's organization Trustees, Directors, Officers Or change in compensation policy resulting in substantial increase if occurred concurrently with federal award increase
Fringe Benefits	<ul style="list-style-type: none"> Cost of leave (PTO, vacation, family-related leave, sick, weather, etc.) Health and life insurance Pensions and retirement plans Unemployment benefit plans Must be reasonable, required by law, labor agreement, or an established policy 	<ul style="list-style-type: none"> Unallowable severance such as "Golden Parachute" payments Payment <u>in excess of</u> normal severance pay Contingent on change in control or ownership Life insurance limits for trustees, officers and other similarly responsible positions
Automobiles	<ul style="list-style-type: none"> May be allowable as direct cost if necessary and approved by funding agency 	<ul style="list-style-type: none"> Unallowable for personal use to and from work, even if reported by as taxable income If part of indirect costs or fringe benefits
Housing	<ul style="list-style-type: none"> If <u>federal</u> agency approves direct cost as expenditures required for award and approved by agency Relocation costs are permitted if: <ul style="list-style-type: none"> Costs related to permanent change of duty assignment New or existing employee for period at least 12 months Unallowable if less than 12 months 	<ul style="list-style-type: none"> If expenses are incurred for recipient's or subrecipient's officers either indirect cost or fringe benefit Includes current and past officers and employees
Other	<p>Employee Health and Welfare:</p> <ul style="list-style-type: none"> Must be consistent with documented policies For improvement of working conditions, employer-employee relations, employee performance Allocated across recipients and subrecipients 	<p>Personal Use of Goods and Services:</p> <ul style="list-style-type: none"> Unallowable cost to federal award even if cost is reported as taxable income to employee. Examples: Travel costs for family members, Personal use of office supplies and shipping or Electronics that are not used by federal award

COSTS: FACILITIES AND EQUIPMENT

Cost	Allowable	Unallowable
Travel	<p>Defined as:</p> <ul style="list-style-type: none"> Costs for transportation, lodging, subsistence and related items For employees on travel status for recipients and subrecipients conducting official business <p>Must adhere to specific rules:</p> <ul style="list-style-type: none"> Reasonable charges consistent with the recipient's or subrecipient's written travel policy Commercial airfare must be coach or equivalent (with some exceptions) <p>Per Diem:</p> <ul style="list-style-type: none"> Can be actual costs, per diem or combination method but...must use chosen method for entire trip, not on selected days Result must be consistent with charges normally allowed in like circumstances for both Federal and non-Federal activities 	<p>Other considerations for travel:</p> <ul style="list-style-type: none"> What is paid the day of departure and return? What is paid if some meals are provided? What is paid if the person leaves and returns <u>in</u> the same day? The Uniform Guidance is silent, so rely on organization's travel policy Access more information from GSA's Travel page: https://www.gsa.gov/travel
Equipment	<ul style="list-style-type: none"> Equipment = lesser of the capitalization level or \$10,000 Equipment purchased with federal funds <u>are</u> defined as: <ul style="list-style-type: none"> "Special Purpose" equipment is used for research, medical, scientific, or other technical activities "General Purpose" equipment not limited to "Special Purposes" 	<ul style="list-style-type: none"> Direct costs for "General Purpose" equipment Indirect costs for "Special Purpose" equipment Generally unallowable as indirect cost: instead would use depreciation or use allowance to recoup costs
Rentals	<ul style="list-style-type: none"> Very specific rules for rental and leasing costs Rates must be reasonable compared to costs of comparable rentals Be prepared to demonstrate that rent or lease costs don't exceed the cost "as if" the property was purchased 	<ul style="list-style-type: none"> Federal agencies often scrutinize to verify "arms-length" transactions
Repairs	<ul style="list-style-type: none"> Determine if cost is a "repair" or an "improvement" Incurred for necessary maintenance, repair or upkeep 	<ul style="list-style-type: none"> Improvements which add to the permanent value of the buildings and equipment or appreciably prolong their intended life must be treated as capital expenditures
Security	<ul style="list-style-type: none"> Necessary and reasonable to protect facilities, personnel and work products Includes personnel wages, uniforms, consultants, and related items 	

COSTS: OTHER/MISCELLANEOUS

Cost	Allowable	Unallowable
Government	<p>Federally recognized Indian Tribal exception:</p> <ul style="list-style-type: none"> Portion of salaries and expenses that are directly attributable to managing and operating Federal programs are allowable Can't supplant, only supplement 	<ul style="list-style-type: none"> Government services normally provided to the <u>general public</u> such as fire, police and judiciary Unless provided for as a direct costs under program statute or regulation Office of Governor of State or Chief Executive of political subdivision or federally recognized Indian tribal government State Legislature, Tribal Council and other local governmental bodies Advisory Councils or Committees (unless specifically authorized)
Public Relations	<ul style="list-style-type: none"> Specifically required by the award Communicating with public and press regarding activities, accomplishments or award performance Communication necessary to keep the public informed on matters of concern Such as Notices of Awards, and financial matters 	<p>Unallowable for meetings, conventions or other events promoting non-award activities of recipients and subrecipients:</p> <ul style="list-style-type: none"> Costs of displays: exhibits, conventions, hospitality suites, and related personnel Promotional items: Memorabilia Gifts Models and souvenirs
Meetings and Conferences	<ul style="list-style-type: none"> If primary purpose = dissemination of technical information (not entertainment) Includes meals, transportation, rental costs, speakers' fees and related costs 	<ul style="list-style-type: none"> Watch for exclusions in award terms and conditions
Alcoholic Beverages	<ul style="list-style-type: none"> Research Purposes 	<ul style="list-style-type: none"> Purchase for use of any kind outside of research designation
Lobbying	<ul style="list-style-type: none"> May be allowable if providing technical and factual presentation of information on a topic directly related to the performance of the award in response to documented request. 	<ul style="list-style-type: none"> Includes contributions, endorsements, publicity, urging members of general public to write, march, call, and all similar activities Extensive restrictions and disclosures
Professional Services	<ul style="list-style-type: none"> Not paid to officers or employees Charges are reasonable for services rendered Not contingent upon recovering costs from the federal government <p>Questions to confirm relevant conditions to confirm allowability of contracting service:</p> <ul style="list-style-type: none"> Can the service be performed more economically by direct employment? 	
	<ul style="list-style-type: none"> Are adequate contractual service agreements in place? Have qualifications of individual and customary fees charged been confirmed? Why is the service being contracted instead of being completed in house? 	
Advertising	<p>Conditionally allowable if required for recipients and subrecipients to perform award such as:</p> <ul style="list-style-type: none"> Recruitment of personnel Procurement of goods and services Disposal of scrap or surplus material (unless disposal costs are already determined) 	
Entertainment		<ul style="list-style-type: none"> Includes amusement, diversion and social activities Related costs such as tickets, meals, lodging, transportation <p>Examples: sporting events and social rooms</p>
Fines and Penalties		<p>Defined as costs resulting from violations and alleged violation of, or failure to comply with federal, state, tribal, local or foreign laws and regulations. Unallowable except when:</p> <ul style="list-style-type: none"> Result from complying with specific provisions of an award <p>Written instructions from awarding agency</p>
Donations		<ul style="list-style-type: none"> Donations by recipient regardless of where donated Donations to recipients are not reimbursable by federal award May be able to use towards cost- share under specific conditions