



# Wisconsin Space Grant Consortium

Carthage College

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## QUICK REFERENCE GUIDE

### ALLOWABLE/UNALLOWABLE COSTS

Cost principles for Educational Institutions ([2 CFR 220](#)) provides a detailed description of allowable and unallowable costs for Federally Sponsored Programs. The Office of Management and Business (OMB) determines allowable costs as reasonable, allocable, consistently treated, and conform to any limitations or exclusions set forth in cost principle (C.2). Carthage College and Wisconsin Space Grant Consortium provide the following information as a guide to allowable and unallowable costs permitted by all three institutions. If an item is not listed below, it does not signify the cost is allowable or unallowable.

*Direct costs are defined by the OMB as 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 (D.1).*

| 2 CFR 220 Reference | Type of Cost         | Allowable                                                                                                                                                                                                                                                                                                                                                                                               | Unallowable                                                                                                                                                                                                                                      |
|---------------------|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| J.1                 | Advertising          | Allowable if directly related to sponsored agreement (e.g. recruitment of personnel, procurement of goods and services).                                                                                                                                                                                                                                                                                | Costs of: meeting, conventions, convocations, or other events related to the institution; demonstrations, and exhibits; memorabilia, and promotional items (e.g. souvenirs, gifts, models, etc.); advertising solely related to the institution. |
|                     | Public Relations     | Allowable if directly related to sponsored agreement (e.g. activities and accomplishments, public information for grants, contracts, and financial matters).                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                  |
| J.2                 | Advisory Councils    | Allowable as a direct cost where authorized by Federal awarding agency or as an indirect cost where allocable by sponsored agreement.                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                  |
| J.3                 | Alcoholic Beverages  | Unallowable                                                                                                                                                                                                                                                                                                                                                                                             | Unallowable                                                                                                                                                                                                                                      |
| J.4                 | Alumni/ae Activities | Unallowable                                                                                                                                                                                                                                                                                                                                                                                             | Unallowable                                                                                                                                                                                                                                      |
| J.9                 | Communication Costs  | Costs incurred for telephone services, local and long distance telephone calls, telegrams, postage, messenger, electronic or computer transmittal services and the like.                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                  |
| J.10                | Compensation         | Services of employees rendered during the performance period of the sponsored agreement (e.g. salaries, wages, and fringe benefits). Charges to sponsored agreements may include delivering special lectures about the ongoing activity, writing reports and articles, participating in appropriate seminars, consulting with colleagues and graduate students, and attending conferences and meetings. | Personal use of institution-furnished vehicle.                                                                                                                                                                                                   |

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| <b>J.15</b> | Donations and Contributions                           | Value of donated services and/or donated property may be used to meet cost sharing or match requirements in accordance with 2 CFR Part 215.                                                                                  | Made by the institution.                                                                                                                                                            |
| <b>J.17</b> | Entertainment Costs                                   | Unallowable                                                                                                                                                                                                                  | Unallowable (includes amusement, diversion, and social activities).                                                                                                                 |
| <b>J.18</b> | Equipment and other capital expenditure               | Capital equipment for special purchase equipment are allowable as direct costs, provided that items with a unit cost of \$5000 or more have the prior approval of the awarding agency.                                       | General purpose equipment, buildings, and land. Equipment and capital expenditures are unallowable as indirect costs.                                                               |
| <b>J.20</b> | Fund raising and investment costs                     | Costs related to the physical custody and control of monies and security.                                                                                                                                                    | Cost of organized fund raising. Cost of investment counsel incurred to solely enhance income from investments.                                                                      |
| <b>J.22</b> | Goods or Services for Personal Use                    | Unallowable                                                                                                                                                                                                                  | Unallowable                                                                                                                                                                         |
| <b>J.23</b> | Housing and Personal Living Expenses                  | Unallowable for Institution employees                                                                                                                                                                                        | Unallowable                                                                                                                                                                         |
| <b>J.28</b> | Lobbying                                              | Unallowable                                                                                                                                                                                                                  | Unallowable                                                                                                                                                                         |
| <b>J.30</b> | Material and Supplies Cost                            | Costs incurred for materials, supplies, and fabricated parts necessary to carry out a sponsored agreement. Only materials and supplies actually used may be charged as a direct cost.                                        |                                                                                                                                                                                     |
| <b>J.32</b> | Meetings and Conferences                              | Costs of meetings and conferences, the primary purpose of which is the dissemination of technical information (e.g. meals, transportation, rental of facilities, speaker fees, and other items incidental to such meetings). | See J.17 for entertainment costs.                                                                                                                                                   |
| <b>J.33</b> | Memberships, Subscriptions, and Professional Activity | Institution membership in business, technical, and professional organizations are allowable. Institution subscriptions to business, professional, and technical periodicals.                                                 | Membership in civic or community organization, country club or social or dining club.                                                                                               |
| <b>J.34</b> | Patents                                               | Cost of preparing disclosures, reports, and other documents required by the sponsored agreement, connected with the filing and prosecution of a U.S. patent application where title or royalty-free license is required.     | Costs of preparing disclosures, reports, and other documents not required by the sponsored agreement or where title or royalty-free license is not required by sponsored agreement. |
| <b>J.37</b> | Professional Services                                 | Professional and consultant services rendered by persons who are members of a particular profession or possess a special skill and who are not officers or employees of the institution.                                     |                                                                                                                                                                                     |
| <b>J.39</b> | Proposal Costs                                        | Cost of preparing bids or proposals potentially federally and non-federally funded sponsored agreements or projects, including the development of data. Costs should be treated as F&A costs.                                |                                                                                                                                                                                     |

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|-------------|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>J.40</b> | Publication and Printing           | If costs are not identifiable with a particular cost objective, allocate as an indirect cost. Page charges for journal publications where research papers report work supported by the Federal Government.                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                     |
| <b>J.43</b> | Rental of Buildings and Equipment  | Rates are reasonable. Rental costs under “sale and lease back,” and “less than arm’s length.”                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                     |
| <b>J.44</b> | Royalties                          | Royalties on a patent or copyright or amortization of the cost of acquiring by purchase a copyright, patent, or rights thereto, for the proper performance of the award.                                                                                                                                                                                                                                                                                                                                                                                                                         | Federal government has a license or the right to free use of the patent or copyright. The patent or copyright is adjudicated to be invalid, unenforceable, expired. |
| <b>J.45</b> | Scholarships and Student Aid Costs | Purpose of sponsored agreement is to provide training to selected participants and the charge is approved by sponsoring agency. Tuition remission and other forms of compensation provided the individual is conducting activities necessary to the sponsored activity; in accordance with the educational institution policy; consistently provided in a like manner to students; during the academic period the student is enrolled in an advanced degree program and the activities of the student in relation to the Federally-sponsored research project are related to the degree program. |                                                                                                                                                                     |
| <b>J.46</b> | Selling and Marketing              | Refer to J.1 and J.38 for allowable costs under advertising and public relations and proposal costs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Costs of selling or marketing products or services of the institution.                                                                                              |
| <b>J.47</b> | Specialized Service Facilities     | Cost of services provided by highly complex or specialized facilities operated by the institution (e.g. computers, wind tunnels, and reactors, etc.) as long as the charges meet the parameters of J.47.b.c                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                     |
| <b>J.48</b> | Student Activity Cost              | Unallowable unless specifically provided for in the sponsored agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                     |
| <b>J.51</b> | Training                           | Training provided for employee development                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                     |
| <b>J.52</b> | Transportation                     | Costs incurred for freight, express, cartage, postage, and other transportation services relating to either goods purchased, in process, or delivered, are allowable.                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                     |
| <b>J.53</b> | Travel Costs                       | Expenses for transportation, lodging, subsistence, and related items incurred by employees who in travel status for on official business of the institution as long as the costs incurred are reasonable and allowable and don’t exceed the charges normally allowed by the institution’s written travel policy.                                                                                                                                                                                                                                                                                 | Airfare costs in excess of customary standard commercial airfare or lowest commercial airfare                                                                       |

2 CFR 220 also provides guidance on the following direct cost topics: Audit costs; bad debt; bonding; commencement and convocation; contingency provisions; Deans of faculty and graduate schools; defense and prosecution of criminals; depreciation and use allowances; employee morale, health, and welfare cost; fines and penalties; gain and loss of depreciable assets; idle facilities and capacity; insurance and indemnification; labor relations cost; loss on other sponsored agreements; maintenance and repair costs; plant and homeland security; preagreement costs; rearrangement and alteration costs; reconversion costs; recruiting; taxes; termination costs to sponsored agreements; and trustees.