Often, there is confusion about what costs can be charged to sponsored programs. Principal Investigators (PIs) sometimes ask, "If I had to spend money because of my research, why can't I charge it to my grant?" The answer is that not all research-related expenses are automatically allowable on a sponsored program.

In order for a cost to be charged to a project, it must meet all of the requirements set out in the **Uniform Guidance (2 CFR Part 200)**, which provides the federal rules for how grant and project funds can be spent. In plain language, every expense must comply with federal regulations, sponsor requirements, and university policies, and it must clearly support the work being performed on the project.

If a cost does not meet all of these requirements, it cannot be charged to the project:

- **Allowable:** Permitted under Uniform Guidance and sponsor/university rules §200.403
- **Allocable:** In proportion to the benefit received by the project or in a reasonable and equitable manner §200.403
- **Reasonable:** What a prudent person would consider appropriate under the circumstances §200.404
- **Consistent:** Treated the same way as similar costs across all funding sources §200.403
- **Adequately documented:** Supported in the University's financial system with appropriate records §200.403
- **Appropriate:** Directly related to the project and consistent with federal cost accounting standards (CAS) §200.403

Most costs fall into two broad categories, direct costs and facilities and administrative (F&A) costs (also known as indirect costs or overhead).

- **Direct costs** are expenses that can be specifically and easily identified with a particular project or activity and are allowable when they meet the criteria above.
- **F&A costs** are costs that are incurred for common purposes that cannot be identified with a particular project or activity and generally should be recovered through the negotiated F&A rate rather than charged directly.

Sponsors' guidelines typically identify which costs are allowable or unallowable. They may also specify costs that are included in the F&A, which means those costs generally cannot be charged directly to a project. The summaries below provide general guidance on whether costs are typically treated as direct costs or included in F&A (indirect) costs under Uniform Guidance § 200.420 Considerations for selected items of cost.

Failure to identify a cost in these University Guidelines does not, by itself, indicate whether the cost is allowable or unallowable. All applicable allowability criteria must be evaluated before a cost may be considered allowable. Costs that are typically classified as indirect costs must satisfy all OMB allowability requirements and be supported by adequate documentation and justification demonstrating that the expense is integral to the project and appropriate as a direct charge. Federal sponsors may disallow costs during their review if the expenses are not sufficiently supported by proper allocation, allocability, or documentation. Responsibility for any disallowed costs rests with the PI's Department, College, or Center. For additional questions regarding allowability, please contact the Office of Sponsored Programs. Questions related to costs already charged to an award should be directed to your grants specialist.

Classification of Costs:
University Guidelines for Direct and Indirect Charges

The examples below are illustrative and are not exhaustive. Sponsor-specific terms and conditions may impose additional restrictions. For institutional guidance on sponsored program cost allowability and compliance with federal cost principles (2 CFR Part 200) visit- Sponsored Programs Allowable and Unallowable Costs Guidance.

Cost Sharing/Matching: Generally, the same rules apply to cost sharing. If an item is not allowed by the sponsor as a direct cost, then it also cannot be used as cost sharing. Any exceptions will be described by the sponsor in their general guidelines or program specific announcements.

	Direct Costs (Allowable)	**F&A (Indirect) Costs** (Typically recovered through F&A, not charged directly to the project)
Advertising	Recruitment of research subjects or for job openings approved for a specific project.	Public relations to promote unit/department/college
Compensation: Personnel & Fringe Benefits	Faculty, other professionals, technicians, postdoctoral associates, research associates, graduate and undergraduate students.	Clerical and administrative assistants, fiscal manager, secretaries, and directors. Some awards allow for exceptions due to the type of award (see Administrative Salaries Funded by University of Arkansas Sponsored Programs).
Data Communication	Wide area network (WAN) usage necessary to meet the goals of the project (must be specifically budgeted, justified, and approved -- or not disapproved specifically -- by the sponsor).	Backbone/wireless services, port fees, and wide area network (WAN) usage related to administrative activities.
Communications & Telephone	Telephone (including fax) toll charges	Basic service, installation, repair, and line charges (including cellular, 800, and fax) for telephone services. Telephone equipment purchases and installation/repair, cell phones and use, smartphones and use, pagers, network charges
Equipment	Equipment used for scientific, technical, and research purposes costs greater than $5,000 and has a useful life of at least one year.	General purpose equipment, not limited to research, medical, scientific or other technical activities. Office equipment and furnishings, modular offices, telephone networks, air conditioning, reproduction and printing equipment and motor vehicles. Parts and supplies for these types of

	Direct Costs (Allowable)	F&A (Indirect) Costs (Typically recovered through F&A, not charged directly to the project)
		equipment as well.
Facilities	Project specific space rental for off-campus facilities from a third party.	Utilities, building use, grounds maintenance, renovations, and alterations of university property whether on or off campus.
Freight/express deliveries & Postage	Justification required that cost was needed to transport project material in a timely manner, i.e. express service for time-sensitive samples.	Express service of proposals and progress reports, local postage costs, international postage, bulk mail services, and University mail services. Routine postage or internal courier.
Materials & supplies	Laboratory and scientific supplies, chemicals, glassware, field supplies, compressed gases and liquids, radioactive material, software, and animals. Lab supplies and computing devices that cost less than $5,000 when specifically necessary for project performance (see Computing Devices Funded by University of Arkansas Sponsored Programs)	Office Supplies: examples include writing tools, binding and filing materials, toner and ink cartridges, batteries, and flash drives. Custodial/General-use cleaning supplies: examples include paper towels, Swiffer pads, disinfectant and cleaning sprays and wipes, Kimwipes, trash liners. Parts and Supplies associated with repair and maintenance of general-purpose equipment and facilities. Personal Protection (PPE): examples include general lab safety, routine operations, and/or single use consumables (disposable aprons, gloves, masks), goggles.
Maintenance & Repairs	Requires justification that the expenditures are required and directly related to the specific award (i.e. more cost effective than purchasing replacement equipment).	Maintenance and repairs to general purpose equipment, buildings, and grounds.
Meals with no associated travel	Normally it is not a direct cost except when associated with a conference whose primary purpose is the dissemination of technical information beyond the University and is necessary and reasonable for successful performance of the award. (see 2 CFR 200.432, Conferences).	Meals or food and beverages provided in the local area, including campus facilities, such as meetings where researchers meet regularly to discuss progress on the sponsored project, PI meets with a colleague to discuss research, and/or the project team holds a lab meeting. Meal expenses of grantee employees who are not on travel status are unallowable. (see NSF-Travel Costs Resources)
Memberships, subscriptions, and professional	Individual memberships, subscriptions, or professional activity fees that explicitly advance the project's unique scope of work,	Membership fees for country, social, or dining clubs, civic and community organizations, and

	Direct Costs (Allowable)	F&A (Indirect) Costs (Typically recovered through F&A, not charged directly to the project)
activity costs	such as joining a professional society to secure a mandatory research journal, fulfill a conference attendance prerequisite, or obtain reduced registration rates that save the grant money.	groups primarily engaged in political lobbying. Institutional memberships or organization-wide subscriptions that benefit the university's broader research environment, as well as routine individual professional dues that support a faculty member's general career development rather than one specific project.
Miscellaneous Costs	Subcontract costs, recharge center charges, and training costs	Goods or services for personal use, alcohol, donations and contributions, computer network charges and utilities.
Participant Support and Travel Costs	Must be specifically included in award. Stipends or subsistence allowances, participant travel, and registration fees in connection with conferences or training projects for participants (but not employees). Supplies such as material kits, demonstration supplies, or research materials.	Employee salaries, staff travel, guest speaker fees, room rentals, or event catering. Additionally, human-subject incentives, luxury travel upgrades, expenses exceeding standard per diem, and personal travel days.
Professional and Consulting	Professional and consultant services necessary to meet the goals of the award (see 2 CFR 200.459) Costs of 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.	Legal and financial services, insurance, general recruitment advertising; repairs and maintenance (facilities and general-purpose equipment); and administrative computing. Accounting services, legal, or audit services (unless specified in award)
Publications & Printing	Printing and publication costs that are specifically identifiable with a sponsored project. Costs associated with producing bound manuals, printing project-related manuscripts or reports, and research subject recruitment materials.	General printing and copying. Printing costs associated with proposals.
Travel	Transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the institution.	Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, alcohol, lodging, rentals, transportation, and gratuities)