

OMB Circular A-21: Direct Charging Practices

Major Types of Costs

Direct Costs

Direct Costs are those costs that can be identified specifically with a particular sponsored project or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

Examples

- Salaries and fringe benefits of staff performing the work of the award (e.g. PIs, Lab Assistants, etc.)
- Materials and supplies required for award project activities
- Equipment purchases
- Project consultants
- Animal care costs
- Human subject payments
- Repair & maintenance costs for equipment used for the project
- Travel costs necessary to do the work of the award

Facilities & Administrative (F&A) Costs

F&A Costs are those costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project. (These costs were previously known as **indirect costs**.) **Do not budget for or charge these items as direct costs on Federal awards.**

Examples

- Administrative computing
- Central Administration
 - General Accounting
 - Human Resources
 - Payroll Accounting
- Departmental administration
- Mailing costs (routine)
- Selected publications/subscriptions
- Building depreciation
- Environmental health and safety
- Grant and contract accounting
- Interest expense related to buildings
- Maintenance/operations of facilities
- Purchasing/procurement costs
- Interest expense related to buildings
- Utilities
- Custodial Services

F&A Costs (Administrative Costs - Possible Exception)

Major projects that require extensive administrative support “significantly beyond the routine” may be authorized to charge for administrative or clerical support.

Examples of Major Projects

- Examples for which direct charging of administrative support costs beyond the routine may be appropriate:
 - Program Project Grants
 - Clinical & Translational Science Institute Awards (CTSI)
 - Project involving travel and meeting arrangements for large numbers of participants
 - Projects with extensive data accumulations, analysis, surveying, cataloging and reporting
 - Projects whose principal focus is production of manuals, large reports, or books
 - Large training grants which require an extensive amount of administrative support beyond the routine
- Examples of administrative or other charges that may be allowable on “major projects” include:
 - Preparation of animal or human applications forms
 - Preparing mass mailings for surveys or patient follow-up
 - Making travel arrangements for site visits or investigator meetings, planning conferences
 - Telephone surveys or extensive interviewing
 - Collections and compilation of budgets/financials from all subprojects
 - Manuscript preparation
 - Furniture for specific scientific purposes (e.g., Blood draw table)
- Remember: Even on a “major project” routine administrative charges are not allowable as direct charges on federal awards. Examples include:
 - Payroll activities
 - Preparation of grant proposals
 - Personnel related activities
 - Routine purchasing
 - General ledger review
 - Cost transfers

Unallowable Costs and Activities

Unallowable Costs and Activities are those that cannot be directly charged to a federal contract or grant, nor can they be included in F&A rate calculations.

The federal government will not reimburse, either directly or indirectly (as F & A costs), certain kinds of costs it deems as unallowable.

Examples

- Unallowable activities
 - Fundraising costs
 - Lobby costs
 - Legal settlement costs
- Unallowable costs
 - Entertainment and alcoholic beverages for entertainment purposes
 - Memberships (except for professional organizations)
 - Advertising (with some exceptions, such as recruitment advertising)
 - Bad debts and related legal expenses
 - Fines and penalties
 - Interest expense (with some exceptions for capital assets acquisitions)
 - Charitable contributions and donations