Olin College of Engineering

Classification of Costs for Federal Awards

Purpose

The following table summarizes the allowability of charges to federal grant awards according to OMB's Uniform Guidance (2 CFR 200). Costs charged to federal awards must be reasonable, allocable, consistently treated, and conform to award terms and institutional policy.

This table is presented as a guideline. In instances where a discrepancy between the provisions of a specific sponsored agreement and this classification table exists, the agreement may govern in certain circumstances, provided the expenditures are approved by the appropriate entities and any necessary compliance requirements have been met. OSP and/or Financial Affairs should be consulted in determining the appropriate approvals and compliance requirements.

Definitions

- Direct Cost – Specifically identifiable with a sponsored project.
- Indirect (F&A) Cost – Incurred for common institutional objectives and not readily assignable to a specific project.
- Conditional – Allowability depends on circumstances, documentation, and sponsor requirements.

Cost Classification Matrix

Expense Category	Uniform Guidance Reference	Allowability	Direct or Indirect Cost	Expense Description/Olin Guidance
Administrative Salaries	200.413(c)	Conditional	Normally Indirect	Direct only if integral to the project or activity and if approved by the awarding agency.

Expense Category	Uniform Guidance Reference	Allowability	Direct or Indirect Cost	Expense Description/Olin Guidance
Advertising & Public Relations	200.421	Conditional	Direct	Recruiting of grants personnel, procurement of goods and services, and for specific purposes necessary to meet the requirements of the sponsored agreement are allowable as direct cost; institutional promotion unallowable.
Alcoholic Beverages	200.423	Unallowable	N/A	Alcoholic beverages purchased while traveling for federal awards must be charged to a non-federal source and coded to object 6500.
Alumni Activities	200.424	Unallowable	N/A	Unallowable
Bad Debts	200.426	Unallowable	N/A	Unallowable
Bonding Costs	200.427	Allowable	Direct/Indirect	As required by the college in the general conduct of its operations.
Commencement & Convocation Costs	200.429	Unallowable	N/A	Unallowable
Communication	200.471	Conditional	Direct/Indirect	Project-specific costs for communication needs such as fieldwork phones are allowable as a direct cost; basic telephone and web conferencing costs are allowable as an F&A cost.

Expense Category	Uniform Guidance Reference	Allowability	Direct or Indirect Cost	Expense Description/Olin Guidance
Computing Devices	200.453	Allowable	Direct	Charging computing devices as direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a Federal award.
Conferences/Meetings	200.432	Allowable	Direct	Costs for dissemination of information related to the grant program are allowable. Conference hosts/sponsors must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary and managed in a manner that minimizes costs to the Federal award.
Construction/Alteration	200.439	Conditional	Direct	Allowable when specifically approved by the sponsor in an award notice.
Consultants and Professional Services.	200.459	Allowable	Direct	Costs for consultants such as individuals with specialized expertise, and professional services such as transcription services, are allowable when necessary for the project. Consultants cannot also be Olin employees.
Contributions	200.434	Unallowable	N/A	Donations or contributions of cash, property, or services are unallowable.
Depreciation and Use Allowance	200.436	Allowable	Indirect	Allowable during the established period of time equipment is useful.

Expense Category	Uniform Guidance Reference	Allowability	Direct or Indirect Cost	Expense Description/Olin Guidance
Entertainment	200.438	Unallowable	N/A	Costs incurred for amusement, diversion, and social activities and costs directly associated with such activities (such as tickets to shows or sports events, meals, lodging, rentals, transportation and gratuities) are unallowable.
Equipment - General Purpose (acquisition cost of $10,000 or more)	200.439/453	Allowable	Indirect	"General purpose equipment" means equipment with an acquisition cost of $10,000 or more, which is not limited only to research, scientific or other technical activities. Examples of general purpose equipment include office equipment (i.e. personnel computers) and furnishings, air conditioning equipment, reproduction and printing equipment, motor vehicles.
Equipment - Special Purpose (acquisition cost of $10,000 or more)	200.439/453	Allowable	Direct	"Special purpose equipment" means equipment with an acquisition cost of $10,000 or more, which is used only for research, scientific, or other technical activities. Examples of special purpose equipment include centrifuges, spectrometers, microscopes, and high-power computers.
Fines & Penalties	200.441	Conditional	Direct/Indirect	Unallowable except when incurred as a result of compliance with specific federal award provisions.

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Food & Beverage (Food & Beverage costs are routinely questioned by auditors unless they find adequate documentation to show that the costs were associated with a bona fide technical conference or meeting, or generated while on travel status. It is important to document how the food charges specifically benefit the project.)	200.432/475	Conditional	Direct	Allowable for an employee on travel status when travel is necessary to accomplish the objectives of the grant program, or during certain workshops or conferences where food and beverages are necessary to accomplish the objectives of the grant program. Meals for internal meetings or with groups of students that are not necessary to accomplish the objectives of the grant are not allowable. Additional sponsor restrictions may apply.
Fringe Benefits	200.431	Allowable	Direct	Employer contributions or expenses for retirement, social security, employee insurance and workers compensation insurance are allowable.
Fundraising	200.442	Unallowable	N/A	Financial campaigns, solicitation of gifts, donations and contribution are unallowable.

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Gifts	200.438	Unallowable	N/A	Gift cards and souvenirs are generally unallowable. Gift cards or other small, tangible items are allowable when their purpose is for incentives for participation in research, in which case they are not "gifts"; use object code "6546 – Research Incentive pmt" for research incentives.
Goods and Services for Personal Use	200.445	Unallowable	N/A	Costs of goods or services for personal use of Olin employees, regardless of whether the cost is reported as taxable income to the employees, are unallowable.
Insurance	200.447	Conditional	Direct	Costs of insurance are allowable when required or approved in advance by the sponsor by the terms and conditions of the federal award. Actual losses which could have been covered by permissible insurance are unallowable unless expressly authorized in the Federal award.
Lobbying	200.450	Unallowable	N/A	All lobbying costs are unallowable as direct or indirect expenses.
Losses on Other Sponsored Agreements or Contracts	200.451	Unallowable	N/A	Unrelated costs overruns on other sponsored projects are unallowable.

Expense Category	Uniform Guidance Reference	Allowability	Direct or Indirect Cost	Expense Description/Olin Guidance
Maintenance & Repair	200.452	Conditional	Direct	Allowable as a direct cost 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.
Materials and supplies costs	200.453	Allowable	Direct/Indirect	Materials, supplies and fabricated parts necessary for the performance of an award are allowable as a direct cost. Must be charged actual price less applicable credits. Shipping charges are allowable. General purpose office supplies with a use that can't be allocated to a specific project are allowable as an F&A cost.

Expense Category	Uniform Guidance Reference	Allowability	Direct or Indirect Cost	Expense Description/Olin Guidance
Memberships, Subscriptions & Professional Activity Costs (including books)	200.454	Conditional	Direct/Indirect	Allowable: membership in business, technical, professional organizations, and subscriptions to business, professional, and technical periodicals. These costs should normally be treated as an F&A cost; however, they may be allowable as a direct cost when they are specifically necessary for an individual research project or if they reduce the overall cost of attending a conference or submitting an abstract. Unallowable: membership in any civic or community organization, country club, social or dining club.
Patents	200.448	Allowable	Direct	Allowable when a title or a royalty-free license will be conveyed to the federal government and in accordance with the clauses of a sponsored agreement relating to patents, costs of preparing documents, and any other patent costs in connection with the filing of a patent application where title is conveyed to the government or non-federal sponsor.
Personnel Compensation	200.430	Allowable	Direct	Salaries and wages of employees are allowable based on effort allocated to the project at a rate consistent with the employee's institutional base salary.

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Postage	200.474	Conditional	Direct/Indirect	Overnight express service, federal express, US postal priority mail, and UPS costs are allowable when needed to transport project materials or report in a non-routine manner and delivery is for the specific scope of work. Other general postal services are allowable as an indirect cost.
Pre-Award Costs	200.458	Conditional	Direct	Allowable only if pre-award costs are permitted by the federal sponsor and to the extent that they would have been allowable if incurred after the effective date of the award.
Printing/Publications	200.461	Allowable	Direct	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
Proposal Costs	200.460	Unallowable	N/A	Costs of preparing grant proposals are unallowable.
Recruitment	200.463	Allowable	Direct	Allowable when recruiting personnel required for the performance of the award.

Expense Category	Uniform Guidance Reference	Allowability	Direct or Indirect Cost	Expense Description/Olin Guidance
Rental Costs	200.465	Allowable	Direct	Allowable when specifically for the sponsored project and when approved by the awarding agency, and when the rates are comparable to that of other rental property or equipment in the same local area.
Royalties/Use of Patents	200.467	Allowable	Direct	Royalties on a patent or invention are allowable when necessary for the proper performance of a sponsored agreement unless the government has a license or right to free use of the patent or the patent is considered to be unenforceable or has expired.
Scholarships, Student Aid Costs and Tuition Remission	200.466	Conditional	Direct	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.
Software	200.453	Allowable	Direct/Indirect	Project-specific software is allowable as a direct cost.
Student Activities	200.469	Unallowable	N/A	Unallowable unless specifically provided for by the sponsored project. Includes intramural activities, student publications, student clubs, and other student activities.
Subawards	200.332	Allowable	Direct	Subawards are allowable for substantive portions of the programmatic effort when approved in advance by the sponsor.

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Termination Costs	200.472	Conditional	Direct	Costs resulting from the early termination of a sponsored project are allowable subject to prior approval of the sponsor. Costs may include loss of value of special tooling, rental costs associated with non-expired leases and claims under subcontract agreements.
Travel	200.475	Allowable	Direct	Travel costs are allowable for employees traveling on official business related to the grant program. Travel costs must comply with both sponsor and Olin policies.