

SOUTHERN METHODIST UNIVERSITY

Cost Principles Reference Guide

2 CFR 200, commonly referred to as the “Uniform Guidance” was issued by the Office of Management and Budget (OMB) and includes revised cost principles for federal awards made on or after December 26, 2014. This Cost Principles Reference Guide highlights select items of cost that should be considered in the budget preparation process and post-award management.

The purpose of the grid below is to show what is typically allowable under OMB Uniform Guidance (UG) as a direct cost vs. facilities and administrative cost and what is classified as an unallowable cost. Direct charges may sometimes require sponsor approval as indicated below. Additional information is provided for select items in the section below the grid.

| Description of Cost | UG Reference | Direct Charge Allowable with Restrictions | Direct Charge Allowable- Sponsor Approval | F&A | Unallowable |
|---|-------------------|---|---|-----|-------------|
| Administrative and Clerical Salaries | 200.413 / 200.430 | | | | |
| General | | | | X | |
| Integral to Sponsored Agreement – See below | | | X | | |
| Advertising and Public Relations Costs | 200.421 | | | | |
| Marketing or Public Relations in General | | | | | X |
| General Recruiting (i.e. Faculty) | | | | X | |
| As required by Sponsored Agreement | | | X | | |
| Advisory Councils | 200.422 | | X | | |
| Alcoholic Beverages | 200.423 | | | | X |
| Alumni Activities | 200.424 | | | | X |
| Audit Costs and Related Services | 200.425 | | | X | |
| Bad Debts | 200.426 | | | | X |
| Bonding Costs | 200.427 | | | | |
| Required by a Federal Award | | | X | | |
| General conduct of business | | | | X | |
| Business Cards | | | | | |
| General Purpose | | | | X | |
| Sponsored Project Specific | | | X | | |
| Collection of Improper Payments-according to original payment | 200.428 | | X | X | |
| Commencement and Convocation Costs | 200.429 | | | | X |
| Communication Costs | | | | | |
| Services for Telephone, Fax, etc. | | | | X | |
| Long Distance Telephone calls | | | | | |
| General Purpose | | | | X | |
| Sponsored Project Specific | | | X | | |
| Compensation - Personal Services | 200.430 | X | | | |
| Compensation – Fringe Benefits | 200.431 | X | | | |
| Computing Devices (under \$5,000/unit) | 200.453 | X | | | |
| Conferences (to disseminate technical information) | 200.432 | X | | | |
| Contingency Provisions | 200.433 | | | | X |
| Contributions and Donations | 200.434 | | | | X |
| Deans of Faculty and Graduate Schools | | | | X | |
| Defense and Prosecution of Criminal and Civil Proceedings, Claims, Appeals, Patent Infringement | 200.435 | | | | X |
| Depreciation and Use Allowances | 200.436 | | | X | |
| Employee Health, and Welfare Costs | 200.437 | | | X | |
| Entertainment Costs | 200.438 | | | | |
| General | | | | | X |
| Business Meals- Program Specific w/Sponsor Approval | | | X | | |
| Other Specific Costs Normally Considered Entertainment but having Programmatic Purpose-w/Sponsor Prior Approval | | | X | | |

| Description of Cost | UG Reference | Direct Charge Allowable with Restrictions | Direct Charge Allowable- Sponsor Approval | F&A | Unallowable |
|--|--------------|---|---|-----|-------------|
| Equipment and Other Capital Expenditures | 200.439 | | | | |
| General Purpose | | | | X | |
| Sponsored Project Specific | | | X | | |
| Exchange Rates | 200.440 | | X | | |
| Fines and Penalties | 200.441 | | | | X |
| Fund Raising and Investment Costs | 200.442 | | | | X |
| Gains and Losses on Depreciable Assets | 200.443 | | | X | |
| General Cost of Government-N/A to SMU | 200.444 | | | | |
| Goods or Services for Personal Use | 200.445 | | | | X |
| Housing and Personal Living Expense | 200.445 | | X | | |
| Idle Facilities and Idle Capacity | 200.446 | | | | X |
| Insurance and Indemnification | 200.447 | | | | |
| General Purpose | | | | X | |
| Sponsored Project Specific | | | X | | |
| Intellectual Property | 200.448 | | | | |
| Patent Costs | | | X | | |
| Royalties and Other Cost for Use of Patents & Copyrights | | | X | | |
| Interest | 200.449 | | | X | |
| Lobbying | 200.450 | | | | X |
| Losses on Other Sponsored Agreements or Contracts | 200.451 | | | | X |
| Maintenance and Repair Costs | 200.452 | | | | |
| General Purpose | | | | X | |
| Sponsored Project Specific | | X | | | |
| Material and Supplies Costs - Including Essential and Allocable Computing Devices under Capitalization Threshold | 200.453 | X | | | |
| Memberships, Subscriptions, and Professional Activities | 200.454 | | | | |
| Business, Technical, Professional Organizations | | | | X | |
| Civil or Community Organizations | | | | X | |
| Social Organization or Organizations whose purpose is Lobbying | | | | | X |
| Participant Support Costs – excluded from MTDC | 200.456 | | X | | |
| Plant and Security Costs | 200.457 | | X | | |
| Pre-Award Costs | 200.458 | | | | |
| General | | | | | X |
| With Prior Approval | | | X | | |
| Professional Services Costs | 200.459 | X | | | |
| Proposal Costs | 200.460 | | | X | |
| Publication and Printing Costs Including those after the Period of Performance but Before Award Closeout | 200.461 | X | | | |
| Rearrangement and Reconversion Costs | 200.462 | | X | | |
| Recruiting Costs | 200.463 | | X | | |
| Relocation Costs of Employees | 200.464 | | X | | |
| Rental Costs of Building and Equipment | 200.465 | X | | | |
| Scholarships and Student Aid Costs | 200.466 | | | | |
| General Purpose | | | | | X |
| If Purpose of project is to provide education (including tuition) | | | X | | |
| Selling and Marketing | 200.467 | | | | X |
| Specialized Service Facilities | 200.468 | X | | | |
| Student Activity Costs | 200.469 | | | | |
| General Purpose | | | | | X |
| Sponsored Project Specific | | | X | | |
| Taxes, except taxes from which exemptions are available | 200.470 | X | | | |
| Termination Costs applicable to Sponsored Agreements | 200.471 | | X | | |
| Training Costs-Employee Development | 200.472 | | | X | |
| Transportation Costs | 200.473 | X | | | |
| Travel Costs | 200.474 | X | | | |
| Trustees | 200.475 | | | X | |
| Visas – Short-term, Non-immigration, Need Identified Directly to Sponsored Agreement-See below | 200.463 | X | | | |

Other Considerations:

A. Administrative and Clerical Salaries (200-413/200.430)

Administrative and clerical staff salaries and associated fringe benefit costs should normally be treated as indirect (F&A) costs. Direct charging of these may be appropriate only if all of the following conditions are met:

- Administrative or clerical services are integral* to a project or activity;
- Individuals involved can be specifically identified with the project or activity;
- Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and
- The costs are not also recovered as indirect costs.

**Integral* is defined as essential to the project's goals and objective, rather than necessary for the overall operation of the institution.

You may not include the salaries of administrative personnel conducting such activities as financial reconciliations, general office clerical work, and proposal preparation, as these costs must be recovered through F&A charges.

Examples of projects where administrative and clerical costs could be included as direct costs in a proposal, with proper justification, include, but are not limited to:

- Large, complex programs, such as program projects, centers, and other similar sponsored projects;
- Projects with complex project management requirements, e.g., managing multiple subawards; and
- Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences.

B. Office Supplies, Postage, Local Telephone Costs, Periodicals and Memberships

Items such as **office supplies, postage, local telephone costs, periodicals and memberships** should normally be treated as indirect costs.

C. Computing Devices (200.453)

The cost of **computing devices** is allowed for those devices that are essential and allocable to the sponsored project. They are no longer required to be solely dedicated to the project. Be aware, however, that computing devices costing less than \$5,000 are included in the **materials and supplies** category of direct costs. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program and their purchase was funded by the Federal government, these supplies must be utilized by another Federal award or the funding agency must be refunded their share of the fair-market value.

Note: Computing devices (UG 200.20) means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information. Capitalized computer equipment (i.e., costing \$5,000 or more), is still classified as general purpose equipment and is normally unallowable as a direct cost unless approved by the awarding agency.

D. Entertainment (200.438)

Entertainment costs are allowable only when the cost is specific and has a programmatic purpose to the award, and is authorized either in the approved budget or with the prior written approval of the federal awarding agency. In all other cases, costs of entertainment, including amusement, and social activities, and any associated costs are unallowable.

E. Participant Support Costs (200.75 / 200.456)

Participant* support costs are direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences or training projects. These costs must now be accepted by agencies as allowable costs, but still require prior agency approval. In addition, these costs must be **excluded** when calculating the Modified Total Direct Costs (MTDC) to determine the overall project's F&A costs.

**Participant* is defined as an individual who is the recipient of a service or training provided at a workshop, conference, seminar, symposium or other short-term instructional or information sharing activity funded by a sponsored project. A University employee may not be a participant.

F. Publication and Printing Costs (200.461)

Costs of publication or sharing of research results that are incurred outside the period of award performance are allowable and may be charged before project closeout, even if the project has ended. These costs should be included in the budget. If publication costs are not identifiable with a particular cost objective they should be allocated as indirect costs and funded by a non-sponsored source.

G. Visa Costs (200.463)

Short-term, travel **visa costs** (as opposed to longer-term, immigration visas) are generally allowable expenses. Since short-term visas are issued for a specific period and purpose, they can be clearly identified as directly connected to work performed on a Sponsored Project. For these costs to be directly charged, they must:

- Be critical and necessary for the conduct of the project;
- Be allowable under UG;
- Be consistent with our cost accounting practices and policy; and
- Meet the definition of "direct cost" as described in UG.

This guidance was last updated August 17, 2015. Be sure to check the Grant & Contract Accounting website for the latest version.