

## Allowable and Unallowable Charges to Federal Grants

For Federal grants, Macalester is subject to 2 CFR 220 (Uniform Guidance) Cost Principles for Educational Institutions in determining which costs are allowable.

There are four tests to guide whether a cost can be charged to a grant. The cost must be:

**1. Reasonable**

The cost must be necessary for the performance of the project, acquired by means consistent with federal and state laws and regulations as well as the sponsored agreement terms and conditions, and incurred in a manner consistent with institutional policies.

**2. Allocable**

The cost is incurred solely to advance the work on the project or is proportionately assigned to the project and other work of the institution through reasonable methods.

**3. Consistent**

The cost is consistently treated as either a direct or indirect cost in like circumstances. Certain types of projects may be an exception to the consistency test.

**4. Allowable**

The cost must be considered as allowable under Uniform Guidance and the terms of the specific award being charged.

### Allowability of Selected Expenses

Item	Description	Type
Advertising and public relations	Expenditures to promote the College	Unallowable
	Advertising for recruitment of employees or human subjects	Allowable
Alcohol	Costs for alcoholic beverages	Unallowable
Books and journals	As Macalester has a library, books and journals are provided as part of normal services and are built into the indirect cost rate. They cannot be allocated to a specific project. These would include general or reference texts and books that allow the PI to stay current with the field of research.	Included in indirect costs, not allowable as direct cost
	If the book or journal is not available in the library and the PI can document that it is needed for the research/project, it may be allowable. Contact the Grants Accountant.	Possibly allowable as a direct cost
Entertainment	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, lodging, rentals, transportation, and gratuities) .	Unallowable
		Possibly Allowable

	Meals purchased locally may be allowable. Contact the Grants Accountant.	
Item	Description	Type
Equipment	Items that cost at least \$5,000 and have a useful life of more than one year are equipment. Typically, equipment must be included in the awarded budget or we must seek approval from the funding agency.	Possibly Allowable
Fines and penalties	Costs resulting from violations of, or failure to comply with, Federal, State, and local or foreign laws and regulations.	Unallowable
Foreign Travel	Many funding agencies require prior approval for or do not even allow foreign travel. If foreign travel is not specified in the awarded budget, contact the Grants Accountant.	Possibly Allowable
Goods or services for personal use	Costs of goods or services for personal use. This includes shampoo, haircuts, laundry, newspapers, magazines, decks of cards and ATM fees.	Unallowable
Losses on other sponsored agreements or contracts (cost overruns)	Any excess costs over income under any other sponsored agreement or contract of any nature is unallowable. This includes, but is not limited to, the institution's contributed portion by reason of cost sharing agreements or any under recoveries through negotiation of flat amounts for indirect costs.	Unallowable
Materials and supplies	Costs incurred for materials and supplies necessary to carry out a sponsored agreement. Only materials and supplies actually used for the performance of a sponsored agreement may be charged as direct costs.	Allowable
Meetings and conferences	Costs of meetings and conferences, the primary purpose of which is the dissemination of technical information, are allowable. This includes the costs of meals, transportation, rental of facilities, speakers' fees, and other items incidental to such meetings or conferences, but does not include entertainment or alcohol.	Allowable
Memberships, subscriptions and professional activity costs	Membership in civic, community, and social organizations  Institutional memberships. These expenses are built into the indirect rate.  Membership in professional organizations if membership is required in order to present grant-related research at the conference. Documentation must be provided to the Grants Accountant.	Unallowable  Unallowable as direct cost  Allowable
Office Supplies	Costs of general supplies	Unallowable as direct cost  Allowable

	Costs of specific supplies that can be allocated to a specific grant and is justified as being a direct cost of the project.	
Pre-agreement costs	Approval required by the funding agency or Macalester under expanded authorities	Possibly allowable
Item	Description	Type
Sales and other taxes	Macalester is exempt from sales and use tax under Minnesota law on purchases, rentals, and leases of merchandise and services to be used in the performance of its educational functions. Contact the Grants Accountant for more information.	Unallowable
	Other sales and use taxes, including taxes on airfare, lodging, rental car and dining.	Allowable