



Guidelines for Direct Charges to Sponsored Research Projects

Office of Sponsored Research

Mandatory Compliance with Federal Regulations

The University is mandated to comply with Federal regulations presented in [OMB Circular A-21, Cost Principles for Educational Institutions](#) when determining what kinds of costs are allowed for inclusion in sponsored research funding. [The Office of Sponsored Research \(OSR\)](#) is the designated office of sponsored research administration at The University of North Carolina at Chapel Hill.

This guideline outlines how costs should be treated when preparing proposal budgets and when incurring costs according to the OMB A-21 cost principles. In addition, OSR Policies and Procedures provide guidance on how to prepare a budget and/or incur expenditures according to these cost principles and University policies.

Questions regarding the use of this guide should be directed to the [Office of Sponsored Research](#).

About the Guidelines

Column 1: Expense Categories — Alphabetical listing of types

Column 2: Description of Typical Expenses

Column 3: Treatment — Indicates if and how the expense can be applied to sponsored research projects using these terms:

- **Direct** - Direct means that the described expenses can be charged to federally sponsored projects. Direct expenses are necessary to carry out the scope of the project, and can be identified specifically with a particular sponsored project with a high degree of accuracy. These items of expense are often referred to as direct expenses, direct costs or direct charges.
- **F&A** – (Facilities and Administrative Costs) 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. Often the “unseen” costs of a research project, F&A costs support the infrastructure of the sponsored project simultaneously with daily business operations.
- **Unallowable** - The federal government has identified these items as expenses they will not reimburse.
- **Cost Sharing** - Expenses directly benefiting a sponsored project, but per agreement with the federal government, the university is required to provide funding.

Expense Category	Description of Typical Expenses	Treatment
Administrative/ Clerical Salaries and Wages	<p>The following list (which is not all inclusive) represents the most common, routine administrative and clerical activities that are considered F&A and should not be charged to sponsored projects since they cannot be identified with a specific project relatively easily:</p> <ul style="list-style-type: none"> • general departmental administration • accounting and budgeting functions • travel planning • processing and tracking purchase orders • purchasing • payroll/human resources • bookkeeping • financial monitoring • reconciling accounts/ledgers • newsletter/brochure preparation • maintaining general departmental databases • correspondence/report preparation • space management • equipment inventory • contracts and grants administration • proposal budget preparation • regulatory committee requirements (human subject oversight, IRB preparation, etc.) 	F&A
	<p>Administrative support that is significantly greater than the routine level of support can be charged directly to sponsored projects if the project meets the federal criteria of a “Major Project” and the project or activity explicitly budgets for administrative or clerical services by individuals specifically identified with the project or activity.</p> <p>Examples of activities in support of major projects:</p> <ul style="list-style-type: none"> • Competitive and complex procurement (e.g., equipment, services, fabrication) • Conducting a telephone survey • Coordinating and managing a high number of consultant contracts/subcontracts • Coordinating extensive travel and meeting arrangements • Extensive data entry • Extensive research accumulation • Extensive interviewing (e.g., human subjects, data collection) • Managing projects with multiple sites • Planning and organizing large conferences • Preparing manuscripts/publications beyond the routine • Extensive administrative activities in support of related projects 	Direct

Expense Category	Description of Typical Expenses	Treatment
	<p>The following criteria must be met before administrative and/or clerical salaries are charged to a federal project:</p> <ol style="list-style-type: none"> 1. It is necessary to incur the cost to perform the project’s scope of work; and 2. The cost must be identifiable to the project with a high degree of accuracy; and 3. The proposal resulting in the award describes, in the budget justification, the project activities that satisfy the federal definition of “Major Project” and the budget explicitly includes administrative or clerical salaries (i.e., the individuals and/or positions providing administrative or clerical support must be specifically identified with the project activities); or 4. The sponsor’s prior approval of rebudgeting is obtained, provided that the prior approval request submitted to and approved by the sponsor explicitly includes administrative and clerical salaries (i.e., the individuals and/or positions providing administrative or clerical support must be specifically identified with the project activities); or 5. The terms and conditions of the award transfers certain rebudgeting authority to UNC-Chapel Hill, provided that any such rebudgeting is approved at the appropriate level within UNC-Chapel Hill, that the delegated rebudgeting authority is not restricted in such a way as to prohibit the direct charging of administrative or clerical salaries, and that the project activities that satisfy the definition of “Major Project” are documented in the administering unit’s award file; or 6. The award received by UNC-Chapel Hill was made in response to a modular grant application, provided that the award terms do not prohibit the direct charging of administrative or clerical salaries and that the project activities that satisfy the definition of “Major Project” are documented in the administering unit’s award file. 	

Expense Category	Description of Typical Expenses	Treatment
Advertising	Promoting University activities, e.g., instruction and research, by using coffee mugs, water bottles, pen and pencils, newspaper, radio, and internet advertisements.	Unallowable
	Advertising for the recruitment of sponsored project personnel, procurement of goods and services, or other specific purposes as required by the terms of the sponsored agreement.	Direct
Alcoholic Beverages	Alcoholic beverages, even in connection with allowable university hosting costs.	Unallowable
Alumni Activities	All departmental costs (salaries, publications, operating costs) in support of alumni activities.	Unallowable
Animals/Animal Care	Veterinarian expenses, animal food, cleaning, cages, etc. (see also Supplies and Materials)	Direct
Commencement /Convocation	For F&A cost purposes only. (As the student services administration portion of the Instruction F&A cost rate).	Unallowable
Computer: Hardware	Computer hardware is normally classified as “ general purpose equipment ” (except w/advance approval from the awarding agency).	F&A
Computer: Internet Access	Cost of access to the Internet (on-campus and off-campus).	F&A
Computer: Supplies/ Software	General purpose software and computer supplies - see Supplies & Materials	F&A
	Scientific computer software	Direct
Computing Time	CPU time, access fees, storage fees, etc. for research activities	Direct
Consultants	Expertise of a well-defined nature for a fixed period of time.	Direct
Contingency Provisions	Contingency reserves made for events that cannot be foretold with certainty as to time, intensity, or with an assurance of their happening.	Unallowable
Donations and Contributions to the University or Charitable	The value of donated services and property, which may be used to meet cost sharing and/or matching requirements. Services, property, or funds donated by UNC-Chapel Hill to other organizations.	Unallowable, but may be used in Cost Sharing

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Donations and contributions by the University		
Entertainment	Expenditures for recreation, amusement, social activities and any expenditures directly associated with the activity (i.e., tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities).	Unallowable
Equipment called “Capitalized Equipment” by the University means an article of non-expendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds \$5,000	“Special purpose equipment” means equipment that can be used only for research, medical, scientific, or other technical activities. Examples of special purpose equipment include scintillation counters, centrifuges, spectrographs, and microscopes.	Direct with agency approval
	“General purpose equipment” means equipment, the use of which is not limited only to research, medical, scientific or other technical activities. Examples of general purpose equipment include office equipment and furnishings, computer hardware (CPU, monitors and printers) air conditioning equipment, reproduction and printing equipment, motor vehicles, and automatic data processing equipment.	F&A, except w/advance approval from the awarding agency
	Capital expenditures for general purpose equipment, buildings, and land (except where approved in advance by the sponsoring agency, expanded authorities, and/or Federal Demonstration Partnership)	F&A
Fines and Penalties	Costs resulting from violations of, or failure to comply with, Federal, State, and local or foreign laws and regulations.	Unallowable
Fund Raising	Costs of fund raising, including gift solicitation or capital campaigns, for the sole purpose of raising capital or obtaining contributions.	Unallowable
Goods or Services for Personal Use	Costs of goods or services for personal use.	Unallowable

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Hazardous Waste Disposal	Hazardous waste disposal, waste spills, issuing of badges, specialized environmental health and safety training (except under ‘ Special Purpose or Circumstance ’)	F&A
Honoraria	An honorarium is a payment for which the primary intent is to confer distinction on, or to symbolize respect, esteem, or admiration for the recipient. (Payment for services rendered is an allowable cost but should not be referred to as an honorarium).	Unallowable
IRB Application Preparation	Departmental or investigator support costs incurred to prepare and submit an Institutional Review Board application while a new proposal is pending or otherwise unfunded. These costs include salaries, supplies, copying, postage and delivery fees.	F&A
	Costs related to the preparation and submission of IRB applications and other documents necessary to maintain approval of human subjects research described in a funded project. These duties are typically performed by research project staff.	Direct
Leased Space: Used exclusively for Sponsored Project	The cost of leased space (and associated utilities and maintenance charges) used by a sponsored project. A variety of room types could be used to support the sponsored project, such as: a laboratory, a storage space, a workroom, an office.	Direct
Legal	Legal and other costs associated with certain court actions and administrative proceedings.	F&A
Lobbying	Lobbying includes: 1) Attempts to influence the outcome of federal, state or local elections, referendums, initiatives or similar procedures, and 2) Specifically requested technical and factual presentations to legislative bodies on topics directly related to sponsored agreements and activities authorized by statute.	Unallowable
Memberships (Subscriptions and Professional Activities)	Costs of membership in civic, community organizations, country club, or social/dining clubs.	Unallowable
	Institutional, individual memberships and subscriptions to technical and professional organizations.	F&A
	Expenses for subscriptions to professional and technical periodicals are only chargeable to federal sponsored projects in exceptional circumstances. The expenses must be necessary to carry out the scope of the project and can be identified, with a high degree of accuracy, specifically with a particular sponsored project.	Direct
Network	Network infrastructure costs relating to equipment and wiring generally “behind the wall,” like routers, wiring, conduit, etc., including Ethernet and LAN charges.	F&A
Overdrafts	Expenditures that exceed the sponsored project budget.	Unallowable

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Participant Expense	Monetary or other items provided to an individual as compensation for their time commitment and/or inconvenience assumed by participating in a research project as a research subject. The fees must be approved by the Institutional Review Board (IRB) in advance as to type and amount of compensation and described in the informed consent form. Subject fees may take many forms, including cash, check, money orders, coupons, gift cards, etc. Subject fees are separate from the reimbursed costs for expenses such as parking, mileage, hotel, airfare, etc.; however, both must be approved by the IRB. Any additional costs associated with the provision of subject compensation (e.g., money order fee, checking account or ATM fee) may be considered part of subject compensation fees.	Direct
Participant Support (NSF)	Stipends Tuition Materials & Supplies Travel/subsistence Health insurance	Direct
Postage: General	Campus mail services provided on a recharge basis; postage for routine mailings, including office correspondence and delivery of proposals.	F&A
Postage: Project-Specific	Postage for mailing of scientific material related to research projects such as shipping blood supplies or lab supplies; survey collection; patient follow-up letters.	Direct
Printing/ Copying	Copying items related to routine departmental administrative activities such as ledgers, invoices, project proposals, progress reports to agencies, purchase orders, etc.	F&A
	Copying items directly identified with project performance such as reproduction of publications, manuscripts or survey instruments, scientific data, human subjects, protocols, etc.	Direct
Programming	General administrative programming (including network maintenance and security).	F&A
	Programming that is necessary to carry out the scope of the project and can be identified specifically with a particular sponsored project with a high degree of accuracy.	Direct
Promotional Items	Promoting University activities, e.g., instruction and research, by using coffee mugs, water bottles, pen and pencils, newspaper, radio, and internet advertisements.	Unallowable
Proposal Preparation	Cost incurred for preparing and submitting a proposal, such as salaries, supplies, copying, and postage. Proposal costs are the costs of preparing bids or proposals on potential government and non-government sponsored	F&A

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	projects, including the development of engineering data and cost data necessary to support the institution's bids or proposals.	
Publication	Publication costs for dissemination of research results.	Direct
Public Relations	The term public relations includes community relations and means those activities dedicated to maintaining the image of the institution, or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.	Unallowable
Recruiting	Costs incurred pursuant to a well-managed recruitment program may include search expense such as travel costs of employees while engaged in recruiting personnel, travel costs of applicants for interviews for prospective employment, and relocation costs incurred incident to recruitment of new employees. Costs of meals which are a part of the recruitment process.	Direct
Repairs & Maintenance	Normal repair and maintenance of general purpose equipment, building and ground maintenance.	F&A
	Service of equipment dedicated to a sponsored project.	Direct
Renovation and Alteration	Costs incurred for ordinary or normal rearrangement and alteration.	F&A
	Special Arrangement and alteration costs incurred specifically for the project, when such work has been approved in advance by the sponsoring agency.	Direct
Scholarships and Student Aid	Costs of scholarships and fellowships such as T32 and F32.	Direct
Subaward	Subaward established for transference of a portion of the program work to another entity.	Direct
Subscriptions	If the periodical or book is not available via internet or the library, and the content is specifically and solely related to the project and content solely benefits the project.	Direct
Supplies and Materials	General administrative supplies, such as computer, computer supplies (cables, cords, toner, hardware, monitors, printers and CPUs) computer diskettes, general purpose software, printer /copier paper, toner cartridges for copier, pencils, pens, paper, paper clips, etc.	F&A
	Supply costs necessary to carry out the scope of the project that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity; or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Items such as chemicals, radioisotopes, plastic tubes, columns, vials, animals, and office-type supplies such as lab notebooks, computer, special statistical	Direct

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	applications, computer supplies including computer diskettes, printer paper, and toner cartridges stored in the lab, or in space under the control of the lab, and used only in the laboratory or field for the technical work.	
Telephone	Basic telephone line, equipment, installation and local telephone services including bundled local and long distance service.	F&A
	Telephone toll charges when specifically billed and not included in basic service.	Direct
	Cellular phones required for field sites and approved by the sponsor.	Direct
	Telephone equipment for off-campus leased space or a special circumstance approved by the sponsor.	Direct
Travel	Travel to conferences, symposiums, colloquiums, including registration fees; meetings at awarding agencies; or travel as needed for performance of project and approved by the Sponsor, including dissemination of projects results.	Direct
	Airfare costs in excess of the lowest available commercial discount airfare, Federal Government contract airfare, or customary standard (coach or equivalent) airfare.	Unallowable
Utility	Normal utility costs.	F&A
	Utility costs for off-campus leased space if rent is directly charged (sponsor approval may be required).	Direct

Special Purpose or Circumstance

Justifying the Treatment of F&A Costs as Direct Costs

Under special circumstances, it may be acceptable to propose and charge an F&A cost as a direct cost. The special circumstance that necessitates direct charging costs that are normally treated as F&A costs should be explicitly described and substantiated in the budget justification section of the proposal. Such costs may be directly charged only if they meet the following requirements:

1. The proposal budget includes the costs and the special circumstances necessitating the direct charging of such costs are justified in the proposal.
2. The project has a special need for the item or service that is beyond the level of services normally provided.
3. The costs can be specifically identified with the work conducted under the project.