

Direct Costs Guidelines

Fiscal officers and principal investigators should be particularly cognizant of charges to grant-funded programs to assure that they are allowable as direct costs by the funding agency.

Responsibilities: The principal investigator is responsible for the management and administration of his/her sponsored project within the financial constraints outlined by the individual sponsor in the terms of the award agreement and in accordance with SIU Carbondale's policy governing direct costs. The Fiscal Officer is responsible for approving all grant transactions and ensuring the propriety of all transactions to be posted to the project account or used as match for the project.

The Office of Sponsored Projects Administration (OSPA) can advise principal investigators and/or fiscal officers in determining if expenses incurred on sponsored projects are allowable and in compliance with applicable federal, state, agency and University fiscal policies.

Definition: Direct costs are those that can be specifically identified with a particular sponsored project or activity and can be assigned to that project or activity with a high degree of accuracy. In order for a direct cost to be an allowable cost to a sponsored program, it must be incurred during the defined period of performance and meet the following three criteria:

Reasonable – It must be necessary for the performance of the program.

Allocable – It must be easily identifiable with the project and be assigned to the project only in accordance with the benefits received by the program.

Consistently Applied – The cost must be treated consistently as either a direct cost or an indirect cost when incurred under like circumstances on all sponsored projects.

It is the policy of the University to comply with 2 CFR 200 in its definition and treatment of direct costs. In order to assure compliance with the federal regulations, SIU Carbondale will treat the following items as direct costs in the administration of sponsored programs:

- Salaries of principal investigators, research assistants, research associates, and technical staff
- Fringe benefit costs associated with the salaries of directly charged personnel
- Animal per diems
- Other specialized services
- Laboratory supplies including chemicals and glassware
- Long distance telephone charges
- Travel costs
- Rental charges for off campus facilities
- Equipment costing less than the capitalization threshold
- Computer software and supplies
- Other supplies and tools required in the conduct of the sponsored program
- Tuition remission for graduate research and teaching assistants
- Consulting Services
- Sub contracted portions of the program

The following practices are prohibited, as they do not meet the requirements of 2 CFR 200 governing acceptable assignment of costs:

- Charging costs based on the budgeted amount rather than on the actual expenses incurred.
- Assigning costs in advance of when costs are incurred.
- Changing the description of costs.
- Charging costs incurred for joint purposes to a sponsored program.
- Assigning costs to grants based on available funds.
- Charging cost overruns from one grant to another.
- Applying arbitrary departmental or unit “indirect cost” rates or fees.

Recordkeeping: Detailed records, sufficient to document the purpose and nature of the transfer, must be maintained by the project staff and/or the department. OSPA does not maintain detailed records of expenditures or supporting documentation (e.g., invoices, time and effort reports).

Questions about cost allowability of any planned expenditure should be directed to OSPA prior to purchase.