GUIDANCE ON ALLOWABLE COSTS FOR SUBRECIPIENTS RECEIVING FEDERAL GRANT SUBAWARDS FROM THECB

As is set out in OMB Circular A-110 (codified at 34 CFR § 74.27 in EDGAR), for each kind of recipient, there is a set of federal principles for determining allowable costs.

Allowable costs must conform to any limitations or exclusions in the applicable regulations, federal, state or local laws, terms of the award, or other governing program regulations.

In an effort to assist subrecipients in determining allowable costs, THECB is herein attaching the following two guidance documents:

(1) **OMB Circular A-133 Compliance Supplement Selected Items of Cost Exhibit 1 (amended 6/04)**: The matrix compares the allowability of the cost items listed in the three OMB Circulars on Cost Principles (OMB A-21 for Private or Public Universities; OMB A-87 for State and Local Governments; and OMB A-122 for Non-Profit Organizations).

(2) **National Institutes of Health Grants Policy Statement regarding Cost Considerations (10/12):** The most recent document is also available on the NIH's website at: http://grants.nih.gov/grants/policy/nihgps_2012/nihgps_ch7.htm#cost_principles

NOTE: These documents are for informational purposes only and are not intended to replace any term or condition in the subrecipient's grant agreement with THECB. Subrecipients are encouraged: (i) to refer to their THECB Grant Agreement to ensure compliance with all grant terms and conditions and (ii) to contact their respect THECB Grant Program Contact with any particular questions thereto.

LIST OF SELECTED ITEMS OF COST CONTAINED IN OMB COST PRINCIPLES CIRCULARS (Amended effective June 9, 2004)

The following exhibit provides an updated listing of selected items of cost contained in each of the OMB cost principles circulars based on the changes contained in the *Federal Register* notice dated May 10, 2004 (http://www.whitehouse.gov/omb/grants_docs/). The primary changes are deletion of items, changes in language for consistency, and extension of certain items previously only in one or more—but not all—sets of OMB cost principles to another set(s) of OMB cost principles. Although these changes minimized the number of non-substantive differences among the OMB cost principles, there remain several cost items that are unique to one type of entity (e.g., commencement and convocation costs are applicable only to universities).

The exhibit lists the selected items of cost along with a cursory description of their allowability. The numbers in parentheses refer to the cost item in the applicable circular, as revised. The reader is strongly cautioned not to rely exclusively on the summary but to place primary reliance on the referenced circular text.

Selected Items of Cost
Exhibit 1 (amended 6/04)

Selected Cost Item	*OMB Circular A-87, Attachment B State, Local, & Indian Tribal Gov'ts*	*OMB Circular A-21, Section J Educational Institutions*	*OMB Circular A-122, Attachment B Non-Profit Organizations*
Advertising and public relations costs	(1) Allowable with restrictions	(1) Allowable with restrictions	(1)-Allowable with restrictions
Advisory councils	(2)-Allowable with restrictions	(2) Allowable with restrictions	(2) Allowable with restrictions
Alcoholic beverages	(3)-Unallowable	(3)-Unallowable	(3)-Unallowable
Alumni/ae activities	Not specifically addressed	(4)-Unallowable	Not specifically addressed
Audit costs and related services	(4)-Allowable with restrictions **and** as addressed in OMB Circular A-133	(5)-Allowable with restrictions **and** as addressed in OMB Circular A-133	(4)-Allowable with restrictions **and** as addressed in OMB Circular A-133
Bad debts	(5)-Unallowable	(6)-Unallowable	(5)-Unallowable
Bonding costs	(6)-Allowable with restrictions	(7) Allowable with restrictions	(6)-Allowable with restrictions
Commencement and convocation costs	Not specifically addressed	(8)-Unallowable with exceptions	Not specifically addressed
Communication costs	(7)-Allowable	(9)-Allowable	(7)-Allowable

Selected Items of Cost **Exhibit 1** (amended 6/04)			
Selected Cost Item	*OMB Circular A-87, Attachment B State, Local, & Indian Tribal Gov'ts*	*OMB Circular A-21, Section J Educational Institutions*	*OMB Circular A-122, Attachment B Non-Profit Organizations*
Compensation for personal services	(8)-Unique criteria for support	(10)-Unique criteria for support	(8)-Unique criteria for support
Compensation for personal services - organization-furnished automobile	Not specifically addressed	(10.g)- Unallowable for that portion of costs attributed to personal use	(8.g)- Unallowable for that portion of costs attributed to personal use
Compensation for personal services - sabbatical leave costs	Not specifically addressed	(10.f(4))- Allowable with restrictions	Not specifically addressed
Compensation for personal services - severance pay	(8)-Allowable with restrictions	(10.h)-Allowable with restrictions	(8.k)-Allowable with restrictions
Contingency provisions	(9)-Unallowable with exceptions	(11)-Unallowable with exceptions	(9)-Unallowable with exceptions
Deans of faculty and graduate schools	Not addressed	(12)-Allowable	Not addressed
Defense and prosecution of criminal and civil proceedings and claims	(10)-Allowable with restrictions	(13)-Allowable with restrictions (Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringement)	(10)-Allowable with restrictions (Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringement)
Depreciation and use allowances	(11)-Allowable with qualifications	(14)-Allowable with qualifications	(11)-Allowable with qualifications
Donations and contributions	(12)-Unallowable (made by recipient); not reimbursable but value may be used as cost sharing or matching (made to recipient)	(15)-Unallowable (made by recipient); not reimbursable but value may be used as cost sharing or matching (made to recipient)	(12)-Unallowable (made by recipient); not reimbursable but value may be used as cost sharing or matching (made to recipient)
Employee morale, health, and welfare costs	(13)-Allowable with restrictions	(16)-Allowable with restrictions	(13)-Allowable with restrictions

Selected Items of Cost **Exhibit 1** (amended 6/04)			
Selected Cost Item	*OMB Circular A-87, Attachment B State, Local, & Indian Tribal Gov'ts*	*OMB Circular A-21, Section J Educational Institutions*	*OMB Circular A-122, Attachment B Non-Profit Organizations*
Entertainment costs	(14)-Unallowable	(17)-Unallowable	(14)-Unallowable
Equipment and other capital expenditures	(15)-Allowability based on specific requirements	(18)-Allowability based on specific requirements	(15)-Allowability based on specific requirements
Fines and penalties	(16)-Unallowable with exception	(19)-Unallowable with exception	(16)-Unallowable with exception
Fundraising and investment management costs	(17)-Unallowable with exceptions	(20)-Unallowable with exceptions (Fundraising)	(17)-Unallowable with exceptions
Gains and losses on depreciable assets	(18)-Allowable with restrictions (Gains and losses on disposition of depreciable property and other capital assets and substantial relocation of Federal programs)	(21)-Allowable with restrictions	(18)-Allowable with restrictions
General government expenses	(19)-Unallowable with exceptions	Not specifically addressed	Not specifically addressed
Goods or services for personal use	(20) Unallowable	(22)-Unallowable	(19)-Unallowable
Housing and personal living expenses	Not specifically addressed	(23)-Unallowable	(20)-Unallowable as overhead costs
Idle facilities and idle capacity	(21)-Idle facilities - unallowable with exceptions; idle capacity - allowable with restrictions	(24)-Idle facilities - unallowable with exceptions; idle capacity - allowable with restrictions	(21)-Idle facilities - unallowable with exceptions; idle - capacity allowable with restrictions
Insurance and indemnification	(22)-Allowable with restrictions	(25)-Allowable with restrictions	(22)-Allowable with restrictions
Interest	(23)-Allowable with restrictions	(26)-Allowable with restrictions	(23)-Allowable with restrictions
Interest - substantial relocation	Not specifically addressed	(26.b(6))-Possible adjustment in relocated within 20 years	(23.a(6)(d))-Possible adjustment in relocated within 20 years

Selected Items of Cost **Exhibit 1** (amended 6/04)			
Selected Cost Item	*OMB Circular A-87, Attachment B State, Local, & Indian Tribal Gov'ts*	*OMB Circular A-21, Section J Educational Institutions*	*OMB Circular A-122, Attachment B Non-Profit Organizations*
Labor relations costs	Not specifically addressed	(27)-Allowable	(24)-Allowable
Lobbying	(24)-Unallowable	(28)-Unallowable with exceptions	(25)-Unallowable with exceptions
Lobbying - executive lobbying costs	(24.b)-Unallowable	(28.h)-Unallowable	(25.d)-Unallowable
Losses on other sponsored agreements or contracts	Not specifically addressed	(29)-Unallowable	(26)-Unallowable (Losses on other awards or contracts)
Maintenance and repair costs	(25)-Allowable with restrictions (Maintenance, operations, and repairs)	(30)-Allowable with restrictions	(27)-Allowable with restrictions
Materials and supplies costs	(26)-Allowable with restrictions	(31)-Allowable with restrictions	(28)-Allowable with restrictions
Meetings and conferences	(27)- Allowable with restrictions	(32)- Allowable with restrictions	(29)-Allowable with restrictions
Memberships, subscriptions, and professional activity costs	(28)-Allowable as a direct cost for civic, community and social organizations with Federal approval; unallowable for lobbying organizations.	(33)-Unallowable for civic, community, or social organizations	(30)-Allowable for civic and community organizations with Federal approval; unallowable for social organizations.
Organization costs	Not specifically addressed	Not specifically addressed	(31)-Unallowable except Federal prior approval
Page charges in professional journals	(34.b)-Allowable with restrictions (addressed under "Publication and printing costs")	(39.b)-Allowable with restrictions (addressed under "Publication and printing costs")	(32)-Allowable with restrictions
Participant support costs	Not specifically addressed	Not specifically addressed	(33)-Allowable with prior approval of the Federal awarding agency
Patent costs	(29)-Allowable with restrictions	(34)-Allowable with restrictions	(34)-Allowable with restrictions

Selected Items of Cost **Exhibit 1** (amended 6/04)			
Selected Cost Item	*OMB Circular A-87, Attachment B State, Local, & Indian Tribal Gov'ts*	*OMB Circular A-21, Section J Educational Institutions*	*OMB Circular A-122, Attachment B Non-Profit Organizations*
Plant and homeland security costs	(30)-Allowable with restrictions	(35)-Allowable with restrictions	(35)-Allowable with restrictions
Pre-agreement costs	(31)-Allowable with restrictions (Pre-award costs)	(36)-Unallowable unless approved by the Federal sponsoring agency	(36)-Allowable with restrictions
Professional service costs	(32)-Allowable with restrictions	(37)-Allowable with restrictions	(37)-Allowable with restrictions
Proposal costs	(33)-Allowable with restrictions	(38)-Allowable with restrictions	Not specifically addressed
Publication and printing costs	(34)-Allowable with restrictions	(39)-Allowable with restrictions	(38)-Allowable with restrictions
Rearrangement and alteration costs	(35)-Allowable (ordinary and normal); allowable with Federal prior approval (special)	(40)-Allowable (ordinary and normal); allowable with Federal prior approval (special)	(39)-Allowable (ordinary and normal); allowable with Federal prior approval (special)
Reconversion costs	(36)-Allowable with restrictions	(41)-Allowable with restrictions	(40)-Allowable with restrictions
Recruiting costs	(1.c)-Allowable with restrictions (addresses costs of advertising only)	(42)-Allowable with restrictions	(1)-Allowable with restrictions
Relocation costs	Not specifically addressed	(42.d)-Allowable with restrictions	(42)-Allowable with restrictions
Rental cost of buildings and equipment	(37)-Allowable with restrictions	(43)-Allowable with restrictions	(43)-Allowable with restrictions
Royalties and other costs for use of patents	(38)-Allowable with restrictions	(44)-Allowable with restrictions	(44)-Allowable with restrictions
Scholarships and student aid costs	Not specifically addressed	(45)-Allowable with restrictions	Not specifically addressed
Selling and marketing costs	(39)-Unallowable with exceptions	(46)-Unallowable with exceptions	(45)-Unallowable with exceptions
Specialized service facilities	Not specifically addressed	(47)-Allowable with restrictions	(46)-Allowable with restrictions

Selected Items of Cost **Exhibit 1** (amended 6/04)			
Selected Cost Item	*OMB Circular A-87, Attachment B State, Local, & Indian Tribal Gov'ts*	*OMB Circular A-21, Section J Educational Institutions*	*OMB Circular A-122, Attachment B Non-Profit Organizations*
Student activity costs	Not specifically addressed	(48)-Unallowable unless specifically provided for in the sponsored agreement	Not specifically addressed
Taxes	(40)-Allowable with restrictions	(49)-Allowable with restrictions	(47)-Allowable with restrictions
Termination costs applicable to sponsored agreements	(41)-Allowable with restrictions	(50)-Allowable with restrictions	(48)-Allowable with restrictions
Training costs	(42)-Allowable for employee development	(51)-Allowable for employee development	(49)-Allowable with limitations
Transportation costs	Not specifically addressed	(52)-Allowable with restrictions	(50)-Allowable
Travel costs	(43)-Allowable with restrictions	(53)-Allowable with restrictions	(51)-Allowable with restrictions
Trustees	Not specifically addressed	(54)-Allowable with restrictions	(52)-Allowable with restrictions

NIH Grants Policy Statement

(10/12)

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7 COST CONSIDERATIONS

7.1 General

Cost considerations are critical throughout the life cycle of a grant. An applicant's budget request is reviewed for compliance with the governing cost principles and other requirements and policies applicable to the type of recipient and the type of award. Any resulting award will include a budget that is consistent with these requirements.

NIH anticipates that, because of the nature of research, the grantee may need to modify its award budget during performance to accomplish the award's programmatic objectives. Therefore, NIH provides some flexibility for grantees to deviate from the award budget, depending on the deviation's significance to the project or activity. More significant post-award changes require NIH prior approval. Prior approval requirements and authorities are discussed in Administrative Requirements—Changes in Project and Budget.

During post-award administration, the GMO, or a GMO designee, monitors expenditures for conformance with cost policies. The GMO's monitoring includes, among other things, responding to prior approval requests and reviewing progress reports, audit reports, and other periodic reports. The GMO also may use audit findings as the basis for final cost adjustments (see Administrative Requirements—Closeout).

This chapter addresses the general principles underlying the allowability of costs, differentiates direct costs from F&A costs, and highlights a number of specific costs and categories of cost for NIH applicants and grantees. It is not intended to be all-inclusive and should be used as a supplement to the applicable cost principles.

7.2 The Cost Principles

In general, NIH grant awards provide for reimbursement of actual, allowable costs incurred and are subject to Federal cost principles. The cost principles establish standards for the allowability of costs, provide detailed guidance on the cost accounting treatment of costs as direct or F&A costs, and set forth allowability and allocability principles for selected items of cost. Applicability of a particular set of cost principles depends on the type of organization (regardless whether domestic or foreign) making the expenditure. For example, a for-profit organization collaborating with a university grantee would be subject to the cost principles for commercial organizations, while the university would be subject to the cost principles for educational institutions.

The cost principles are set forth in the following documents and are incorporated by reference in 45 CFR parts 74.27 and 92.22. As noted below, OMB Circulars A-21, A-87 and A-122 have relocated to Title 2 in the Code of Federal Regulations (2 CFR) :

- OMB Circular A-21 (relocated to 2 CFR 220) — Cost Principles for Educational Institutions.
- OMB Circular A-87 (relocated to 2 CFR 225) — Cost Principles for State and Local Governments and Indian Tribal Governments.

- OMB Circular A-122 (relocated to 2 CFR 230) — Cost Principles for Non-Profit Institutions. Larger non-profit organizations that are specifically listed in Attachment C to OMB Circular A-122 are subject to the Federal cost principles applicable to commercial organizations (48 CFR 31.2) rather than to the cost principles for non-profit organizations.
- 45 CFR 74, Appendix E — Principles for Determining Costs Applicable to Research and Development under Grants and Contracts with Hospitals.
- 48 CFR 31.2 (Federal Acquisition Regulation) — Contracts with Commercial Organizations.

The cost principles apply to all NIH award instruments, award mechanisms, and special programs and authorities, including modular awards and awards under SNAP with one exception: they do not apply to Kirschstein-NRSA individual fellowship awards. The allowable use of funds under those awards is included in Ruth L. Kirschstein National Research Service Awards in IIB.

Grantees may use their own accounting systems, policies, and procedures to implement the cost principle requirements as long as they meet the standards prescribed in 45 CFR part 74.21 or 92.20 for financial management systems.

The cost principles address four tests to determine the allowability of costs. The tests are as follows:

- Reasonableness (Including Necessity). A cost may be considered reasonable if the nature of the goods or services acquired or applied and the associated dollar amount reflect the action that a prudent person would have taken under the circumstances prevailing when the decision to incur the cost was made. The cost principles elaborate on this concept and address considerations such as whether the cost is of a type generally necessary for the organization's operations or the grant's performance, whether the recipient complied with its established organizational policies in incurring the cost or charge, and whether the individuals responsible for the expenditure acted with due prudence in carrying out their responsibilities to the Federal government and the public at large as well as to the organization.
- Allocability. A cost is allocable to a specific grant, function, department, or other component, known as a cost objective, if the goods or services involved are chargeable or assignable to that cost objective in accordance with the relative benefits received or other equitable relationship. A cost is allocable to a grant if it is incurred solely in order to advance work under the grant; it benefits both the grant and other work of the institution, including other grant-supported projects; or it is necessary to the overall operation of the organization and is deemed to be assignable, at least in part, to the grant. A cost is allocable as a direct cost to a grant if it is incurred solely in order to advance work under the grant or meets the criteria for closely related projects determination (See Cost Considerations—Allocation of Costs and Closely Related Work).
- Consistency. Grantees must be consistent in assigning costs to cost objectives. Costs may be charged as either direct costs or F&A costs, depending on their identifiable benefit to a particular project or program, but all costs must be treated consistently for all work of the organization under similar circumstances, regardless of the source of funding.
- Conformance. This test of allowability – conformance with limitations and exclusions as contained in the terms and conditions of award, including those in the cost principles – varies by the type of activity, the type of recipient, and other characteristics of individual awards. Cost Considerations—Allowability of Costs/Activities provides information common to most NIH grants and, where appropriate, specifies some of the distinctions if

there is a different treatment based on the type of grant or grantee. IIB contains additional information on allowability of costs for particular types of grants, grantees, and activities.

These four tests apply regardless of whether the particular category of costs is one specified in the cost principles or one governed by other terms and conditions of an award. These tests also apply regardless of treatment as a direct cost or an F&A cost. The fact that a proposed cost is awarded as requested by an applicant does not indicate a determination of allowability.

7.3 Direct Costs and Facilities and Administrative Costs

A direct cost is any cost that can be specifically identified with a particular project, program, or activity or that can be directly assigned to such activities relatively easily and with a high degree of accuracy. Direct costs include, but are not limited to, salaries, travel, equipment, and supplies directly benefiting the grant-supported project or activity. Most organizations also incur costs for common or joint objectives that cannot be readily identified with an individual project, program, or organizational activity. Facilities operation and maintenance costs, depreciation, and administrative expenses are examples of costs that usually are treated as F&A costs. The organization is responsible for presenting costs consistently and must not include costs associated with its F&A rate as direct costs.

Note, the term facilities and administrative costs and the term indirect costs may be used interchangeably to determine applicable policies. For NIH purposes, including the NIHGPS, these costs will be referred to as F&A costs; however, other documents or non-NIH entities may refer to them as indirect costs.

Project costs consist of the allowable direct costs directly related to the performance of the grant plus the allocable portion of the allowable F&A costs of the organization, less applicable credits (as described below and in the cost principles).

The amount NIH awards for each budget period will reflect the total approved budget for the grant, including direct costs and, if applicable, F&A costs. (SBIR and STTR awards also may include a fee as specified in Grants to For-Profit Organizations—Small Business Innovation Research and Small Business Technology Transfer Programs in IIB.) If a grantee waives reimbursement of full F&A costs, NIH will either not award F&A costs or will award only partial F&A costs, as appropriate. The NIH award amount shown in the NoA constitutes NIH's maximum financial obligation to the grantee under that award.

7.4 Reimbursement of Facilities and Administrative Costs

For grant programs that can provide F&A cost reimbursement, NIH will generally not provide F&A costs unless the grantee has established an F&A cost rate covering the applicable activities and period of time, except for awards under which F&A costs are reimbursed at a fixed rate.

In addition, NIH will not require a recipient to establish an F&A rate if the organization's total operations consist of a single grant-supported project or if the organization appropriately and consistently treats all costs as direct costs to projects and accounts for them as such. In the latter case, the GMO must be satisfied that the organization's accounting system can adequately identify and support all costs as direct costs to the project. This includes being able to identify and segregate costs on the basis of a process that assigns costs commensurate with the benefits provided to individual projects (see

Administrative Requirements—Management Systems and Procedures—Financial Management System Standards).

F&A rates are negotiated by DCA, DFAS in the Office of Acquisition Management and Policy, NIH (responsible for negotiating F&A cost rates for for-profit entities receiving awards from HHS), or other agency with cognizance for F&A cost rate (and other special rate) negotiation. If an applicant is advised by the GMO of the need to establish a rate, the GMO will indicate the responsible office to be contacted. If a grantee does not have a negotiated F&A rate, the use of a temporary F&A rate, such as 10% of salaries and wages (S&W), may be used while a rate agreement is being negotiated.

F&A cost proposals must be prepared in accordance with the applicable cost principles and guidance provided by the cognizant office or agency, and must conform to cost policies in the NIHGPS. Further information concerning the establishment of F&A rates and the reimbursement of F&A costs may be obtained from DCA or DFAS (see Part III). DCA should be consulted to determine the need to submit a Disclosure Statement (DS-2) pursuant to the requirements of OMB Circular A-21.

Regardless of the type of recipient, the negotiated rate(s) in effect at the beginning of the competitive segment will be used to determine the amount budgeted for F&A costs for each year of the competitive segment. If the rate agreement does not extend to the end of the project period, the last rate in effect will be used to establish the total cost commitment for any remaining future years. NIH generally will not award additional F&A costs beyond those calculated in the approved budget.

F&A costs awarded may be subject to upward or downward adjustment, depending on the type of rate negotiated and grantee type. Generally, grantees may rebudget between direct and F&A costs (in either direction) without NIH prior approval, provided there is no change in the scope of the approved project. F&A cost reimbursement on grants subject to OMB Circular A-21 is based on the rates used in the award, which are not subject to adjustment in reimbursement except for the establishment of permanent rates when a provisional rate was used for funding. Therefore, grantees subject to A-21 may not rebudget from direct costs to accommodate a rate increase if the F&A costs provided for a period were based on negotiated (fixed or predetermined) rates rather than provisional rates (defined as not "negotiated" for the application of the OMB Circular A-21 requirement). However, for non A-21 grantees, F&A cost reimbursement is based on the negotiated F&A rate agreement consistent with the time period when the cost is incurred, except if F&A costs were limited or not provided, SBIR/STTR awardees, and other grantees that have never established a rate. F&A costs are subject to downward adjustment if the proposal that served as the basis for the negotiation included unallowable costs.

Some grants require negotiation of project costs annually, e.g., clinical trials. For these awards, the policies pertain to each year of support rather than to a multiyear competitive segment.

Once NIH awards a grant, it is not obligated to make any supplemental or other award for additional F&A costs or for any other purpose. There are limited circumstances under which the GMO may award F&A costs where none were previously awarded or may increase the amount previously awarded. If an award does not include an amount for F&A costs because the applicant or grantee did not submit a timely F&A cost proposal and the grantee subsequently establishes a rate, the GMO may amend the award to provide an appropriate amount for F&A costs if the amendment can be made using funds from the same Federal fiscal year in which the award was made. However, the amount will be limited to the F&A costs applicable to the period after the date of the grantee's F&A cost proposal submission.

This provision does not affect local governmental agencies that are not required to submit their F&A (indirect) cost proposals to the Federal government. They may charge F&A costs to NIH grants based on the rate computations they prepare and keep on file for subsequent Federal review.

If funds are available, a GMO may amend an award to provide additional funds for F&A costs, but only under the following circumstances:

- NIH made an error in computing the award. This includes situations in which a higher rate than the rate used in the grant award is negotiated and the date of the rate agreement for the higher rate is before 1 calendar month prior to the beginning date of the grant budget period.
- NIH restores funds previously recaptured as part of a grantee's unobligated balance.
- The grantee is eligible for additional F&A costs associated with additional direct costs awarded for the supplementation or extension of a project.

NIH does not reimburse indirect costs under the following classes of awards:

- Fellowships. F&A costs will not be provided on Kirschstein-NRSA individual fellowships or similar awards for which NIH funding is in the form of fixed amounts or is determined by the normal published tuition rates of an institution and for which the recipient is not required to account on an actual cost basis.
- Construction and Modernization. F&A costs will not be provided on construction or modernization grants.
- Grants to Individuals. F&A costs will not be provided on awards to individuals.
- Grants to Federal Institutions. F&A costs will not be provided on grants to Federal institutions.
- Grants in Support of Scientific Meetings (Conference Grants). F&A costs will not be provided under grants in support of scientific meetings.
- Endowment Grants. F&A costs will not be provided for endowment grants.

NIH limits the amounts included in the F&A base for the following type of costs:

- Genomic Arrays (GA) are a high-throughput genetic analysis technology which enables the study of genetic variation and gene expression at high resolution. Approaches such as genome-wide association and gene expression profiling often depend upon manufactured products known as microarrays or bead arrays. These tools are exceptional among laboratory supplies in that they are almost always procured from a commercial source; have a relatively high unit cost and are often utilized in large numbers. The treatment of the costs for purchase of GA as "supplies" in these specialized award budgets at high levels of usage would result in the application of F&A cost recovery that is disproportionate to the actual administrative burden associated with the relatively high cost of the procurement of these GA. Accordingly, for purposes of budgeting for and award of high volume purchases of GA in excess of $50,000 per year, the standard treatment of these resources as supplies in determining the F&A base of an award will be non-applicable. Instead the requested and reimbursed costs for GA will utilize as a surrogate the concept of subcontracts (consortium/contractual cost). Therefore for each budget year, the first $50,000 of GA will be treated as "supplies", and any GA in excess of $50,000 (for high volume requirements) will use as a surrogate the budgeting and reimbursement concept utilized for subcontracts (consortium/contractual cost), providing consistent budgeting, accounting and reimbursement of these costs.

NIH provides F&A costs without the need for a negotiated rate under the following classes of awards:

- Research Training and Education Grants (e.g., R25), and K Awards. F&A costs under Kirschstein-NRSA institutional research training grants and K awards will be budgeted and reimbursed at a rate of 8 percent of modified total direct costs, exclusive of tuition and fees, health insurance (when awarded as part of tuition and fees), expenditures for equipment, and consortiums in excess of $25,000. State, local, and Indian tribal governmental agencies may receive full F&A cost reimbursement under NIH Kirschstein-NRSA institutional research training grants and K awards. For this policy, State universities or hospitals are not considered governmental agencies.
- Grants to Foreign Institutions and International Organizations. With the exception of the American University of Beirut and the World Health Organization, which are eligible for full F&A cost reimbursement, F&A costs under grants to foreign and international organizations will be funded at a rate of 8 percent of modified total direct costs, exclusive of expenditures for equipment. NIH provides F&A costs under these grants to support the costs of compliance with applicable public policy requirements including, but not limited to, the protection of human subjects, animal welfare, financial conflict of interest, and invention reporting. NIH will not support the acquisition of or provide for depreciation on any capital expenses (facilities) or the normal general operations of foreign and international organizations. Awards to domestic organizations with a foreign or international consortium participant may include 8 percent of modified total direct costs, less equipment, for the consortium.

7.5 Cost Transfers, Overruns, and Accelerated and Delayed Expenditures

Cost transfers to NIH grants by grantees, consortium participants, or contractors under grants that represent corrections of clerical or bookkeeping errors should be accomplished within 90 days of when the error was discovered. The transfers must be supported by documentation that fully explains how the error occurred and a certification of the correctness of the new charge by a responsible organizational official of the grantee, consortium participant, or contractor. An explanation merely stating that the transfer was made "to correct error" or "to transfer to correct project" is not sufficient. Transfers of costs from one project to another or from one competitive segment to the next solely to cover cost overruns are not allowable.

Grantees must maintain documentation of cost transfers, pursuant to 45 CFR part 74.53 or 92.42, and must make it available for audit or other review (see Administrative Requirements—Monitoring—Record Retention and Access). The grantee should have systems in place to detect such errors within a reasonable time frame; untimely discovery of errors could be an indication of poor internal controls. Frequent errors in recording costs may indicate the need for accounting system improvements, enhanced internal controls, or both. If such errors occur, grantees are encouraged to evaluate the need for improvements and to make whatever improvements are deemed necessary to prevent reoccurrence. NIH also may require a grantee to take corrective action by imposing additional terms and conditions on an award(s).

The GMO monitors grantee expenditure rates under individual grants within each budget period and within the overall project period. The funding that NIH provides for each budget period is based on an assessment of the effort to be performed during that period and the grantee's associated budget, including the availability of unobligated balances. Although NIH allows grantees certain flexibilities with respect to rebudgeting (see Administrative

Requirements—Changes in Project and Budget), NIH expects the rate and types of expenditures to be consistent with the approved project and budget and may question or restrict expenditures that appear inconsistent with these expectations.

The GMO may review grantee cash drawdowns to determine whether they indicate any pattern of accelerated or delayed expenditures. Expenditure patterns are of particular concern because they may indicate a deficiency in the grantee's financial management system or internal controls. Accelerated or delayed expenditures may result in a grantee's inability to complete the approved project within the approved budget and period of performance. In these situations, the GMO may seek additional information from the grantee and may make any necessary and appropriate adjustments.

7.6 Allocation of Costs and Closely Related Work

When salaries or other activities are supported by two or more sources, issues arise as to how the direct costs should be allocated among the sources of support. In general, a cost that benefits two or more projects or activities in proportions that can be determined without undue effort or cost should be allocated to the projects on the basis of the proportional benefit. A cost that benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved may be allocated or transferred to the benefiting projects on any reasonable basis as long as the costs charged are allowable, allocable, and reasonable under the applicable cost principles and the grantee's financial management system includes adequate internal controls (for example, no one person has complete control over all aspects of a financial transaction).

7.7 Applicable Credits

The term applicable credits refers to those receipt or negative expenditure types of transactions that operate to offset or reduce direct or F&A cost items. Typical examples are purchase discounts, rebates or allowances, recoveries or indemnities on losses, and adjustments for overpayments or erroneous charges. Additional information concerning applicable credits is included in the cost principles.

Applicable credits to direct charges made to NIH grants must be treated as an adjustment on the grantee's FFR, whether those credits accrue during or after the period of grant support. (See Administrative Requirements—Monitoring—Reporting and Administrative Requirements—Closeout—Final Federal Financial Reports.) The NIH awarding IC will notify the grantee of any additional actions that may be necessary.

7.8 Services Provided by Affiliated Organizations

A number of universities and other organizations have established closely affiliated, but separately incorporated, organizations to facilitate the administration of research and other programs supported by Federal funds. Such legally independent entities are often referred to as "foundations," although this term does not necessarily appear in the name of the organization. Sometimes, the parent organization provides considerable support services, in the form of administration, facilities, equipment, accounting, and other services, to its foundation, and the latter, acting in its own right as an NIH grantee, includes the cost of these services in its F&A proposal.

Costs incurred by an affiliated, but separate, legal entity in support of a grantee foundation are allowable for reimbursement under NIH grants only if at least one of the following conditions is met:

- The affiliated organization is charged for, and is legally obligated to pay for, the services provided by the parent organization.
- The affiliated organizations are subject to State or local law that prescribes how Federal reimbursement for the costs of the parent organization's services will be expended and requires that a State or local official acting in his or her official capacity approves such expenditures.
- There is a valid written agreement between the affiliated organizations whereby the parent organization agrees that the grantee foundation may retain Federal reimbursement of parent organization costs. The parent organization may either direct how the funds will be used or permit the grantee foundation that discretion.

If none of the above conditions are met, the costs of the services provided by the parent organization to the grantee foundation are not allowable for reimbursement under an NIH grant. However, the services may be acceptable for cost-sharing (matching) purposes.

Foundations that represent already existing grantee organizations should contact DGP, OPERA before attempting to become a separately recognized applicant organization.

7.9 Allowability of Costs / Activities

The governing cost principles address selected items of cost, some of which are mentioned in this section for emphasis. This section is not intended to be all-inclusive. The cost principles should be consulted for the complete explanation of the allowability or unallowability of costs.

This section also includes NIH-specific requirements concerning costs and activities. The allowability of costs under specific NIH awards may be subject to other requirements specified in the program legislation, regulations, or the specific terms and conditions of an award, which take precedence over the general discussion provided here. Specific program requirement may also be covered in other sections of the NIH GPS. Applicants or grantees that have questions concerning the allowability of particular costs should contact the GMO.

If a cost is allowable, it is allocable as either a direct cost or an F&A cost, depending on the grantee's accounting system. For some costs addressed in this section, the text specifies whether the cost is usually a direct cost or an F&A cost.

Unless otherwise indicated in the NoA, an award based on an application that includes specific information concerning any costs or activities that require NIH prior approval constitutes the prior approval for those costs or activities. The grantee is not required to obtain any additional approval for those costs/activities. Post-award requests to incur costs or undertake activities requiring prior approval that are not described in the approved application are subject to the requirements in Administrative Requirements—Changes in Project and Budget.

Consortium participants and contractors under grants are subject to the requirements of the cost principles otherwise applicable to their type of organization and to any requirements placed on them by the grantee to be able to comply with the terms and conditions of the NIH grant.

The cost principles do not address profit or fee. NIH policy allows the payment of fee on SBIR/STTR grants (see Grants to For-Profit Organizations chapter in IIB) but NIH will not provide profit or fee to any other type of recipient under any other grant program or support mechanism. A fee may not be paid by a grantee to a consortium participant, including a for-profit organization. However, a fee (profit) may be paid to a contractor

providing routine goods or services under a grant in accordance with normal commercial practice.

7.9.1 Selected Items of Cost

Exhibit 5: Selected Items of Cost

The table presents specific items that may or may not be included in the cost portion of grants.

Items	Explanation of Allowable Costs
Advertising	Allowable only for recruitment of staff, trainees, or study participants; procurement of goods and services; disposal of scrap or surplus materials; and, other specific purposes necessary to meet the requirements of the grant-supported project or activity.
Alcoholic Beverages	Unallowable as an entertainment expense, but allowable if within the scope of an approved research project.
Alteration and Renovation	Individual A&R projects that are treated as direct costs and that will not exceed $500,000 will be subject to the A&R policies specified in this exhibit and in the Construction Grants chapter, as applicable. Individual A&R projects exceeding $500,000 in direct costs will be subject to the requirements specified in the Construction Grants chapter. Routine maintenance and repair of the organization's physical plant or equipment, which is allowable and is ordinarily treated as an F&A cost, is not considered A&R for purposes of applying this policy. Certain allowable costs of installing equipment, such as the temporary removal and replacement of wall sections and door frames to place equipment in its permanent location, or the costs of connecting utility lines, replacing finishes and furnishings, and installing any accessory devices required for the equipment's proper and safe utilization, may be considered either equipment costs or A&R costs, depending on the grantee's accounting system. A&R costs are not allowable under grants to individuals, and grants in support of scientific meetings (conference grants). In all other cases, these costs are allowable unless the program legislation, implementing regulations, program guidelines, or other terms and conditions of the award specifically exclude such activity. The A&R must be consistent with the following criteria and documentation requirements: The building has a useful life consistent with program purposes and is architecturally and structurally suitable for conversion to the type of space required. The A&R is essential to the purpose of the grant-supported project. The space involved will be occupied by the project. The space is suitable for human occupancy before A&R work is started except where the purpose of the A&R is to make the space suitable for some purpose other than human occupancy, such as storage.

Exhibit 5: Selected Items of Cost

The table presents specific items that may or may not be included in the cost portion of grants.

Items	Explanation of Allowable Costs
	If the space is rented, evidence is provided that the terms of the lease are compatible with the A&R proposed and cover the duration of the project period. If the A&R will affect a site listed in (or eligible for inclusion in) the National Register of Historic Places, the requirements specified in "Preservation of Cultural and Historic Resources" have been followed.
	Work necessary to obtain an initial occupancy permit for the intended use is not an allowable A&R cost.
	A grantee may rebudget up to 25 percent of the total approved budget for a budget period into A&R costs without NIH prior approval unless such rebudgeting would result in a change in scope. If the rebudgeting will result in an A&R project exceeding $500,000, NIH will consider the rebudgeting to be a change in scope, and the grantee must submit to the NIH awarding IC the documentation specified in the Construction Grants chapter for prior approval of A&R projects above that dollar level.
	Under foreign grants or foreign components under domestic grants, major A&R (>$500,000) is unallowable. Minor A&R (<$500,000) is generally allowable on grants made to foreign organizations or to the foreign component of a domestic grant, unless prohibited by the governing statute or implementing program regulations.
Animals	Allowable for the acquisition, care, and use of experimental animals, contingent upon compliance with the applicable requirements of the PHS Policy on Humane Care and Use of Laboratory Animals (see Public Policy Requirements and Objectives—Animal Welfare). If the grantee operates an animal resource facility, charges for use of the facility should be determined in accordance with the Cost Analysis and Rate Setting Manual for Animal Resource Facilities (PDF, 32 MB) - May 2000.
Audiovisual Activities	Allowable for the production of an audiovisual. "Audiovisual" means any product containing visual imagery, sound, or both, such as motion pictures, films, videotapes, live or recorded radio or television programs or public service announcements, slide shows, filmstrips, audio recordings, multimedia presentations, or exhibits where visual imagery, sound, or both are an integral part. "Production" refers to the steps and techniques used to create a finished audiovisual product including, but not limited to, design, layout, scriptwriting, filming or taping, fabrication, sound recording, and editing.
	A recipient with in-house production capability must determine whether it would be more efficient and economical to use that

Exhibit 5: Selected Items of Cost

The table presents specific items that may or may not be included in the cost portion of grants.

Items	Explanation of Allowable Costs
	capability or to contract for the production of an audiovisual. If an audiovisual intended for members of the general public (i.e., people who are not researchers or health professions personnel or who are not directly involved in project activities as employees, trainees, or participants such as volunteers or patients) is produced under an NIH grant-supported project, the grantee must submit two copies of the finished product along with its annual or final progress report (see Administrative Requirements—Monitoring—Reporting and Administrative Requirements—Closeout). The costs of such copies are allowable project costs. Audiovisuals produced under an NIH grant-supported project must bear an acknowledgment and disclaimer, such as the following: The production of this [type of audiovisual (motion picture, television program, etc.)] was supported by Grant No._____ from [name of NIH awarding IC]. Its contents are solely the responsibility of [name of grantee organization] and do not necessarily represent the official views of [name of NIH awarding IC].
Audit Costs	Allowable (see Administrative Requirements—Monitoring—Audit and section 230 of OMB Circular A-133). The charges may be treated as a direct cost when the audit's scope is limited to a single NIH grant-supported project or program, as specified in 45 CFR 74.26(d), or when it includes more than one project but the costs can be specifically identified with, and allocated to, each project on a proportional basis, and this practice is followed consistently by the grantee. Otherwise, charges for audits should be treated as F&A costs.
Bad Debts	Unallowable.
Bid and Contract Proposal Costs	Allowable as an F&A cost. See 45 CFR 74.27(b)(1) for policy for non-profit organizations covered by OMB Circular A-122.
Bonding	Allowable. See 45 CFR parts 74.21, 74.47(c) and 92.36 for policies and requirements concerning bonding.
Books and Journals	Allowable. If an organization has a library, books and journals generally should be provided as part of normal library services and treated as F&A costs.
Building Acquisition	Unallowable unless building acquisition or construction is specifically authorized by program legislation and is provided for in the NoA. For real property acquired with NIH grant support, the cost of title insurance may be charged to the grant in proportion to the Federal share of the acquisition cost. Filing fees for recording the Federal interest in the real property in appropriate records of the applicable

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The table presents specific items that may or may not be included in the cost portion of grants.

Items	Explanation of Allowable Costs
	jurisdiction also may be charged to the grant. (Also see Construction Grants—Allowable and Unallowable Costs and Activities in IIB.)
Child Care Costs	Allowable if incurred to assist individuals to participate as subjects in research projects. Such costs also may be allowable as a fringe benefit for individuals working on a grant-supported project (see Fringe Benefits in this exhibit).
Communications	Allowable. Such costs include local and long-distance telephone calls, telegrams, express mail, and postage, and usually are treated as F&A costs.
Conference Grant Costs	See Support of Scientific Meetings (Conference Grants) chapter in IIB for allowability of costs for scientific meetings (conferences).
Consortium Agreements / Contracts under Grants	Allowable to carry out a portion of the programmatic effort or for the acquisition of routine goods or services under the grant. Such arrangements may require NIH approval as specified in Administrative Requirements—Changes in Project and Budget. (See also Administrative Requirements—Management Systems and Procedures—Procurement System Standards and Requirements for policies that apply to the acquisition of routine goods and services and the Consortium Agreements chapter in IIB for policies that apply to grantee collaboration with other organizations in carrying out the grant-supported research.)
Construction	Allowable only when program legislation specifically authorizes new construction, modernization, or major A&R, and NIH specifically authorizes such costs in the NoA. When authorized, construction activities may include construction of a new facility or projects in an existing building that are considered to be construction, such as relocation of exterior walls, roofs, and floors; attachment of fire escapes; or completion of unfinished shell space to make it suitable for human occupancy (see Construction Grants chapter in IIB).
Consultant Services	Allowable. A consultant is an individual retained to provide professional advice or services for a fee but usually not as an employee of the requiring organization. The term consultant also includes a firm that provides paid professional advice or services. Grantees must have written policies governing their use of consultants that are consistently applied regardless of the source of support. Such policies should include the conditions for paying consulting fees. The general circumstances of allowability of these costs, which may include fees and travel and subsistence costs, are addressed in the applicable cost principles under "professional services costs."
	In unusual situations, a person may be both a consultant and an employee of the same party, receiving compensation for some

Exhibit 5: Selected Items of Cost

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Items	Explanation of Allowable Costs
	services as a consultant and for other work as a salaried employee as long as those separate services are not related to the same project and are not charged to the same project. For example, consulting fees that are paid by an educational institution to a salaried faculty member as extra compensation above that individual's base salary are allowable, provided the consultation is across departmental lines or involves a separate or remote operation and the work performed by the consultant is in addition to his or her regular departmental workload. Grantees, consortium participants, and contractors under grants that want to be able to charge employee consulting costs to grant-supported projects must establish written guidelines permitting such payments regardless of the source of funding and indicating the conditions under which the payment of consulting fees to employees is proper. Unless subject to OMB Circular A-21, the grantee, consortium participant, or contractor also must document that it would be inappropriate or infeasible to compensate the individual for those services through payment of additional salary. Under no circumstances may an individual be paid as a consultant and an employee under the same NIH grant. Authorization for consulting fees paid to individuals serving as both employees and consultants of the same party must be documented in writing, on a case-by-case basis, by the head of the organization (or his/her designee) incurring the costs – i.e., the recipient organization, consortium participant, or contractor. If the designee is personally involved in the project, the authorization may be given only by the head of the recipient organization, consortium participant, or contractor. This authorization must include a determination that the required conditions are present and that there is no apparent or actual conflict of interest. Grantees, consortium participants, and contractors under grants are encouraged to obtain written reports from consultants unless such a report is not feasible given the nature of the consultation or would not be useful. Documentation maintained by the receiving organization should include the name of the consulting firm or individual consultant; the nature of the services rendered and their relevance to the grant-supported activities, if not otherwise apparent from the nature of the services; the period of service; the basis for calculating the fee paid (e.g., rate per day or hour worked or rate per unit of service rendered); and the amount paid. This information may be included in the consultant's invoice, in the report, or in another document. See Grants to Federal Institutions and Payments to Federal Employees under Grants chapter in IIB for allowable costs associated with

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The table presents specific items that may or may not be included in the cost portion of grants.

Items	Explanation of Allowable Costs
	consultant payments to Federal employees and the circumstances of allowability.
Contingency Funds	Unallowable. Contributions set aside for events whose occurrence cannot be foretold with certainty as to time, intensity, or assurance of their happening are unallowable under non-construction grants. Contingency funds do not include pension funds, self-insurance funds, and normal accruals (also see Reserve Funds in this exhibit). (See also Construction Grants—Allowable and Unallowable Costs and Activities in IIB concerning contingency funds under construction grants.)
Customs and Import Duties	Allowable under grants to domestic organizations when performance will take place entirely within the United States, its possessions, or its territories, or when foreign involvement in the project is incidental to the overall grant-supported project. Charges may include consular fees, customs surtaxes, value-added taxes, and other related charges. Consular fees, customs surtaxes, value-added taxes and other related charges are unallowable on foreign grants or the foreign component of a domestic grant. (See also Grants to Foreign Institutions, International Organizations, and Domestic Grants with Foreign Components—Allowable and Unallowable Costs in IIB for the allowability of these costs.)
Depreciation or Use Allowances	Allowable. Such costs usually are treated as F&A costs. Depreciation or use charges on equipment or buildings acquired under a federally supported project are not allowable.
Donor Costs	Allowable as payment to volunteers or research subjects who contribute blood, urine samples, and other body fluids or tissues that are specifically project-related. Donor costs are not considered a research patient care expense (see the Research Patient Care Costs chapter in IIB). Also see Incentive Costs in this exhibit.
Drugs	Allowable if within the scope of an approved research project. Project funds may not be used to purchase drugs classified by FDA as "ineffective" or "possibly effective" except in approved clinical research projects or in cases where there is no alternative other than therapy with "possibly effective" drugs.
Dues or Membership Fees	Allowable as an F&A cost for organizational membership in business, professional, or technical organizations or societies. Payment of dues or membership fees for an individual's membership in a professional or technical organization is allowable as a fringe benefit or an employee development cost, if paid according to an established organizational policy consistently applied regardless of the

Exhibit 5: Selected Items of Cost

The table presents specific items that may or may not be included in the cost portion of grants.

Items	Explanation of Allowable Costs
	source of funds.
Entertainment Costs	Unallowable. This includes the cost of amusements, social activities, and related incidental costs.
Equipment	Allowable for purchase of new, used, or replacement equipment as a direct cost or as part of F&A costs, depending on the intended use of the equipment. NIH prior approval may be required as specified in Administrative Requirements—Changes in Project and Budget. Office equipment (copiers, laptops, desktop computers, personal handheld computers, fax machines, scanners, etc.) that is used for general office purposes (rather than justified as a specific research purpose) are not allowable as direct costs; they are allowable as an F&A cost. Funds provided under a conference grant may not be used to purchase equipment. For policies governing the classification, use, management, and disposition of equipment, see Administrative Requirements—Management Systems and Procedures—Property Management System Standards. For policies governing the allowability of costs for rental equipment, see Rental or Lease of Facilities and Equipment in this exhibit.
Federal (U.S. Government) Employees	See Grants to Federal Institutions and Payments to Federal Employees under Grants—Allowable and Unallowable Costs in IIB for the allowability of payments made to, or on behalf of, Federal employees under NIH grants, including grants to Federal institutions.
Fines and Penalties	Unallowable except when resulting from violations of, or failure of the organization to comply with, Federal, State, or local laws and regulations and incurred as a result of compliance with specific provisions of an award, or when such payments are authorized in advance in writing by the NIH awarding IC.
Fringe Benefits	Allowable as part of overall compensation to employees in proportion to the amount of time or effort employees devote to the grant-supported project, provided such costs are incurred under formally established and consistently applied policies of the organization (see Salaries and Wages in this exhibit). Tuition or tuition remission for regular employees is allowable as a fringe benefit. For organizations subject to OMB Circular A-21, tuition benefits for family members other than the employee are unallowable. For policies applicable to tuition remission for students working on grant-supported research projects, see Salaries and

Exhibit 5: Selected Items of Cost

The table presents specific items that may or may not be included in the cost portion of grants.

Items	Explanation of Allowable Costs
	Wages/Compensation of Students in this exhibit. See Ruth L. Kirschstein National Research Service Awards—Individual Fellowships—Allowable and Unallowable Costs—Tuition and Fees and Ruth L. Kirschstein National Research Service Awards—Institutional Research Training Grants—Allowable and Unallowable Costs—Trainee Tuition and Fees in IIB for the allowability of tuition costs for fellows and trainees.
Fundraising Costs	Unallowable.
Genomic Arrays	Allowable as a direct cost, but with specialized treatment of F&A reimbursement for costs exceeding $50,000 in each budget year. See Cost Considerations-Reimbursement of Facilities and Administrative Costs for more information.
Hazardous Waste Disposal	Allowable; usually treated as an F&A cost.
Honoraria	Unallowable when the primary intent is to confer distinction on, or to symbolize respect, esteem, or admiration for, the recipient of the honorarium. A payment for services rendered, such as a speaker's fee under a conference grant, is allowable.
Hospitalization	See Research Patient Care in this exhibit.
Incentive Costs	Incentive payments to volunteers or patients participating in a grant-supported project or program are allowable. Incentive payments to individuals to motivate them to take advantage of grant-supported health care or other services are allowable if within the scope of an approved project. See Salaries and Wages/Bonus Funds & Incentives in this exhibit for incentive payments to employees.
Indemnification	Absent express statutory authority, unallowable if the indemnification would result in liability that is indefinite, indeterminate or potentially unlimited. In those rare cases where authority does allow this cost, it would be reflected in the NoA.
Independent Research and Development Costs	Unallowable, including their proportionate share of F&A costs.
Insurance	Allowable. Insurance usually is treated as an F&A cost. In certain situations, however, where special insurance is required as a condition of the grant because of risks peculiar to the project, the premium may be charged as a direct cost if doing so is consistent with organizational policy. Medical liability (malpractice) insurance is an allowable cost of research programs at educational institutions only if the research involves human subjects. If so, the insurance should be treated as a direct cost and assigned to individual grants based on the manner in

Exhibit 5: Selected Items of Cost

The table presents specific items that may or may not be included in the cost portion of grants.

Items	Explanation of Allowable Costs
	which the insurer allocates the risk to the population covered by the insurance. The cost of insuring equipment, whether purchased with project funds or furnished as federally owned property, normally should be included in F&A costs but may be allowable as a direct cost if this manner of charging is the normal organizational policy. Health insurance for trainees and fellows is addressed in the Ruth L. Kirschstein National Research Service Awards chapter in IIB.
Interest	Allowable as an F&A cost for certain assets as specified in the applicable cost principles. Unallowable for hospitals (see Payment—Interest Earned on Advances of Grant Funds).
Invention, Copyright, Patent, or Licensing Costs	Unallowable as a direct cost unless specifically authorized on the grant award. May be allowable as F&A costs, provided they are authorized under applicable cost principles and are included in the negotiation of F&A cost rates. Such costs include licensing or option fees, attorney's fees for preparing or submitting patent application, patent maintenance, or recordation of patent-related information.
IRB or IACUC Costs	Costs associated with IRB review of human research protocols, or IACUC review of animal research protocols, are not allowable as direct charges to NIH-funded research unless such costs are not covered by the organization's F&A rate.
Laboratory Directed Research & Development	NIH awards to DOE laboratories will not include the proportionate share of F&A costs for Laboratory Directed Research & Development (LDRD) in accordance with the MOU with the Department of Energy dated June 18, 1998, although the NIH will not restrict the DOE laboratory contractors from recovering LDRD costs within the total funding included in an award. In addition, DOE has agreed to waive the Overhead Rate on all NIH grant awards to DOE laboratory contractors.
Leave	Allowable for employees as a fringe benefit (see Fringe Benefits in this exhibit). See Ruth L. Kirschstein National Research Service Awards—Individual Fellowships—Other Terms and Conditions—Leave and Ruth L. Kirschstein National Research Service Awards—Institutional Research Training Grants—Other Terms and Conditions—Leave in IIB for NIH policy on leave for fellows and trainees.
Legal Services	Allowable. Generally treated as an F&A cost but, subject to the limitations described in the applicable cost principles, may be treated as a direct cost for legal services provided by individuals who are not employees of the grantee organization. Before a grantee incurs legal costs that are extraordinary or unusual in nature, the grantee should

Exhibit 5: Selected Items of Cost

The table presents specific items that may or may not be included in the cost portion of grants.

Items	Explanation of Allowable Costs
	make an advance agreement regarding the appropriateness and reasonableness of such costs with the GMO.
	Legal costs incurred in defending or prosecuting claims, whether equitable or monetary, including administrative grant appeals, are unallowable charges to NIH grant-supported projects, except as provided in the applicable cost principles.
Library Services	General library support is not allowable as a direct cost but may be included in the grantee's F&A pool. However, such services are allowable as a direct cost when specifically required for the conduct of the project and when identifiable as an integral part of the grant-supported activity (e.g., in those programs designed to develop and support such services).
Lobbying	Generally unallowable, including costs of lobbying activities to influence the introduction, enactment, or modification of legislation by the U.S. Congress or a State legislature. Under certain circumstances, as provided in the applicable cost principles, costs associated with activities that might otherwise be considered "lobbying" that are directly related to the performance of a grant may be allowable. The grantee should obtain an advance understanding with the GMO if it intends to engage in these activities. Unallowable for State and Local governments and for-profit organizations. (Also see Public Policy Requirements and Objectives—Lobbying Prohibition, Appropriation Mandates—Lobbying—Appropriation Prohibition, and Administrative Requirements—Monitoring—Reporting concerning lobbying restrictions, the required certification, and reporting.)
Maintenance and Repair Costs	Costs incurred for necessary maintenance, repair or upkeep of buildings and equipment (including Federal property unless otherwise provided for) which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition, are allowable. Costs incurred for improvements which add to the permanent value of the buildings and equipment or appreciably prolong their intended life shall be treated as capital expenditures.
Meals	Allowable for subjects and patients under study, or where specifically approved as part of the project activity, provided that such charges are not duplicated in participants' per diem or subsistence allowances, if any.
	When certain meals are an integral and necessary part of a meeting or conference (i.e., a working meal where business is transacted), grant funds may be used for such meals only when consistent with terms of award. The cost of meals served at a meeting or conference, for which the primary purpose is the dissemination of technical information, is

Exhibit 5: Selected Items of Cost

The table presents specific items that may or may not be included in the cost portion of grants.

Items	Explanation of Allowable Costs
	no longer allowable on NIH grants where the primary purpose of the grant is to support a conference or meeting (see also Support of Scientific Meetings (Conference Grants) Section 14.10.1). However when such a meeting/conference is an ancillary effort under a grant where the primary purpose is other than to support such a meeting/conference, then the cost of meals would be allowable. When allowable as a direct charge, the cost of any meal must meet a test of reasonableness. However, recurring business meetings, such as staff meetings, should not be broadly considered as meetings for the primary purpose of disseminating technical information in order to justify charging meals or refreshment to costs to grants.
Moving	See Recruitment Costs, Relocation Costs, and Transportation of Property in this exhibit.
Nursery Items	Allowable for the purchase of items such as toys and games to allow patients to participate in research protocols.
Overtime	See Salaries and Wages/Overtime Premiums in this exhibit.
Pension Plan Costs	Allowable. For institutions of higher education and non-profit organizations, such costs must be incurred according to the established policies of the organization consistently applied regardless of the source of funds, the organization's policies must meet the test of reasonableness, the methods of cost allocation must be equitable for all activities, the amount assigned to each fiscal year must be determined in accordance with generally accepted accounting principles, and the cost assigned to a given fiscal year must be paid or funded for all plan participants within 6 months after the end of that fiscal year. State, local, or Indian tribal governments or hospitals may use the "pay-as-you-go" cost method (i.e., when pension benefits are paid by the grantee directly to, or on behalf of, retired employees or their beneficiaries) in lieu of the method described above. Under this method, the benefits may be charged in the grantee's fiscal year in which the payments are made to, or on behalf of, retired employees or their beneficiaries, provided that the grantee follows a consistent policy of treating such payments as expenses in the year of payment. See the applicable cost principles for additional information on the allowability of costs associated with pension plans.
Pre-Award (Pre-Agreement) Costs	Allowable. A grantee may, at its own risk and without NIH prior approval, incur obligations and expenditures to cover costs up to 90 days before the beginning date of the initial budget period of a new or renewal award if such costs:

Exhibit 5: Selected Items of Cost

The table presents specific items that may or may not be included in the cost portion of grants.

Items	Explanation of Allowable Costs
	are necessary to conduct the project, and would be allowable under the grant, if awarded, without NIH prior approval. If specific expenditures would otherwise require prior approval, the grantee must obtain NIH approval before incurring the cost. NIH prior approval is required for any costs to be incurred more than 90 days before the beginning date of the initial budget period of a new or competing continuation award. Grantees may incur pre-award costs before the beginning date of a non-competing continuation award without regard to the time parameters stated above. The incurrence of pre-award costs in anticipation of a competing or non-competing award imposes no obligation on NIH either to make the award or to increase the amount of the approved budget if an award is made for less than the amount anticipated and is inadequate to cover the pre-award costs incurred. NIH expects the grantee to be fully aware that pre-award costs result in borrowing against future support and that such borrowing must not impair the grantee's ability to accomplish the project objectives in the approved time frame or in any way adversely affect the conduct of the project. Pre-Award Costs are generally not applicable to training grants or fellowships. See respective sections for Individual Fellowships and Institutional Training Grants in the Ruth L. Kirschstein National Research Service Award chapter in IIB for additional information.
Profit or Fee	Except for grants awarded under the SBIR/STTR programs, under an NIH grant, no profit or fee will be provided to a for-profit organization, whether as a grantee or as a consortium participant. A profit or fee under a grant is not a cost, but is an amount in excess of actual allowable direct and F&A costs. In accordance with normal commercial practice, a profit/fee may be paid to a contractor under an NIH grant providing routine goods or services to the grantee.
Public Relations Costs	Allowable only for costs specifically required by the award or for costs of communicating with the public and the press about specific activities or accomplishments under the grant-supported project or other appropriate matters of public concern. Such costs may be treated as direct costs but should be treated as F&A costs if they benefit more than one sponsored agreement or if they benefit the grant and other work of the organization.
Publications	Allowable. Charges for publication in professional journals, including

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The table presents specific items that may or may not be included in the cost portion of grants.

Items	Explanation of Allowable Costs
	author fees, are allowable if such costs are actual, allowable, and reasonable to advance the objectives of the award; are charged consistently (by the journal) regardless of the source of support; and all other applicable rules on allowability of costs are met. The costs of reprints and publishing in other media, such as books, monographs, and pamphlets, also are allowable. Publications and journal articles produced under an NIH grant-supported project must bear an acknowledgment and disclaimer, as appropriate, as provided in Administrative Requirements—Availability of Research Results: Publications, Intellectual Property Rights, and Sharing Research Resources.
Recruitment Costs	Allowable subject to the conditions and restrictions contained in the applicable cost principles. These costs may include help-wanted advertising costs, costs of travel by applicants to and from preemployment interviews, and travel costs of employees while engaged in recruiting personnel. Visa costs are an allowable direct cost as part of recruiting costs as long as the institution has an employee/employer relationship with the individual. Project funds may not be used for a prospective trainee's travel costs to or from the grantee organization for the purpose of recruitment. However, other costs incurred in connection with recruitment under training programs, such as advertising, may be allocated to a grant-supported project according to the provisions of the applicable cost principles (also see Travel, Relocation Costs, and Visa Costs in this exhibit).
Registration Fees (for Symposiums and Seminars)	Allowable if necessary to accomplish project objectives.
Relocation Costs	Allowable – in other than change of grantee organization situations – when such costs are incurred incidental to a permanent change of duty assignment (for an indefinite period or for a stated period of no less than 12 months) for an existing employee working on a grant-supported project, or when a new employee is recruited for work on the project, provided that the move is for the grantee's benefit rather than the individual's and that payment is made according to established organizational policies consistently applied regardless of the source of funds. Relocation costs may include the cost of transporting the employee and his or her family, dependents, and household goods to the new location and certain expenses associated with the sale of the former home. If relocation costs have been incurred in connection with the recruitment of a new employee, whether as a direct cost or an F&A cost, and the employee resigns for reasons within his or her control within 12 months after hire, the grantee must credit the grant account for the full cost of the relocation

Exhibit 5: Selected Items of Cost

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Items	Explanation of Allowable Costs
	charged to the grant.
	When there is a change in the grantee organization, the personal relocation expenses of the PD/PI and others moving from the original grantee to the new grantee are not allowable charges to NIH grants (see Administrative Requirements—Changes in Project and Budget—Prior Approval Requirements).
Rental or Lease of Facilities and Equipment	Allowable subject to the limitations below. Rental costs are allowable to the extent that the rates are reasonable at the time of the decision to lease in light of such factors as rental costs of comparable property, if any; market conditions in the area; the type, life expectancy, condition, and value of the property leased; and available alternatives. Because of the complexity involved in determining the allowable amount under certain types of leases, grantees are encouraged to consult the GMO before entering into leases that will result in direct charges to the grant project. In general, the rental costs for facilities and equipment applicable to each budget period should be charged to that period. However, see Administrative Requirements—Management Systems and Procedures—Procurement System Standards and Requirements for an exception to this general rule. Rental costs under leases that create a material equity in the leased property, as defined in the applicable cost principles, are allowable only up to the amount that would be allowed had the grantee purchased the property on the date the lease agreement was executed. This would include depreciation or use allowances, maintenance, taxes, and insurance, but would exclude unallowable costs. When a grantee transfers property to a third party through sale, lease, or otherwise, and then leases the property back from that third party, the lease costs that may be charged to NIH projects generally may not exceed the amount that would be allowed if the grantee continued to own the property. Rental costs under "less-than-arms-length" leases are allowable only up to the amount that would be allowed under the applicable cost principles had title to the property been vested in the grantee. A less-than-arms-length lease is one in which one party to the lease agreement is able to control or substantially influence the actions of the other. Such leases include, but are not limited to, those between divisions of an organization; between organizations under common control through common officers, directors, or members; and between an organization and its directors, trustees, officers, or key employees (or the families of these individuals), directly or through corporations, trusts, or similar arrangements in which they hold a controlling

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Items	Explanation of Allowable Costs
	interest.
Research Patient Care	The costs of routine and ancillary services provided by hospitals to individuals, including patients and volunteers, participating in research programs are allowable. Incurrence of patient care costs if not previously approved by NIH and rebudgeting additional funds into, or rebudgeting approved amounts out of, the research patient care costs category may be considered a change in scope and require prior approval by the NIH awarding IC. Routine services include the regular room services, minor medical and surgical supplies, and the use of equipment and facilities for which a separate charge is not customarily made. Ancillary services are those special services for which charges customarily are made in addition to routine services, e.g., x-ray, operating room, laboratory, pharmacy, blood bank, and pathology. See the Research Patient Care Costs chapter in IIB for NIH policy concerning reimbursement of these costs. The following otherwise allowable costs are not classified as research patient care costs: items of personal expense such as patient travel; consulting physician fees; and any other direct payments to individuals, including inpatients, outpatients, subjects, volunteers, and donors. Such costs should be included in the "Other Expenses" category of the grant budget.
Reserve Funds	Contributions to a reserve fund for self-insurance are allowable as specified in the governing cost principles (also see Contingency Funds in this exhibit).
Sabbatical Leave Costs	Sabbatical leave costs may be included in a fringe benefit rate or in the organization's F&A rate. Salary may be charged directly to a project for services rendered to the project by individuals while they are on sabbatical leave, provided the salary is proportional to the service rendered and is paid according to established organizational policies applicable to all employees regardless of the source of funds. Sabbatical leave paid by an individual's employer, in combination with other compensation (e.g., partial salary from an NIH grant), may not exceed 100 percent of that individual's regular salary from his or her organization.
Salaries and Wages	Allowable. Compensation for personal services covers all amounts, including fringe benefits, paid currently or accrued by the organization for employee services rendered to the grant-supported project. Compensation costs are allowable to the extent that they are reasonable, conform to the established policy of the organization consistently applied regardless of the source of funds, and reasonably reflect the percentage of time actually devoted to the NIH-funded project. Direct salary is exclusive of fringe benefits and F&A costs. This

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Items	Explanation of Allowable Costs
	salary guidance does not apply to consultant payments or to contracts for routine goods and services but it does apply to consortium participants (see the Consortium Agreements chapter in IIB). Salaries of federal employees with permanent appointments are unallowable except in certain circumstances (see the Grants to Federal Institutions and Payments to Federal Employees Under Grants chapter in IIB).
Salaries and Wages / Payroll Distribution	Salary and wage amounts charged to grant-supported projects for personal services must be based on an adequate payroll distribution system that documents such distribution in accordance with applicable Federal Cost Principles and consistently applied institutional policy and practices.
Salaries and Wages / Overtime Premiums	Premiums for overtime generally are allowable; however, such payments are not allowable for faculty members at institutions of higher education. If overtime premiums are allowable, the categories or classifications of employees eligible to receive overtime premiums should be determined according to the formally established policies of the organization consistently applied regardless of the source of funds.
Salaries and Wages / Bonus Funds & Incentive Payments	Allowable as part of a total compensation package, provided such payments are reasonable and are made according to a formally established policy of the grantee that is consistently applied regardless of the source of funds.
Salaries and Wages / Payments for Dual Appointments	For investigators receiving compensation from the institution (grantee/contractor) and separately organized clinical practice plans, compensation from such sources may be included in the institutional base salary (IBS) budgeted and charged to NIH sponsored agreements if all of the following criteria are met: Clinical practice compensation must be set by the institution. * Clinical practice activity must be shown on the institution's payroll or salary appointment forms and records approved by the institution. Clinical practice compensation must be paid through or at the direction of the institution. Clinical practice activity must be included and accounted for in the institution's effort reporting and/or payroll distribution system. The institution must assure that all financial reports and supporting documents associated with the combined IBS and resulting charges to NIH grants are retained and made available to Federal officials or their duly authorized representatives consistent with the requirements of 45 CFR 74.53 (A-110 Subpart C 53). * "Set by the institution" means the grantee/contractor institution must be in a position to document and certify that the specified amount of clinical practice compensation is being paid in essentially

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Items	Explanation of Allowable Costs
	the same manner as other specified amounts of the committed IBS (compensation) of the investigator. Further, this requires that the IBS not vary based on the specific clinical services provided by investigator within the periods for which total IBS is certified by the grantee institution.
Salaries and Wages / Support from Multiple Grants	See Cost Considerations—Allocation of Costs and Closely Related Work.
	Tuition remission and other forms of compensation paid as, or in lieu of, wages to students under research grants are allowable, provided the following conditions are met: The individual is performing activities necessary to the grant Tuition remission and other forms of compensation are consistently provided, in accordance with established institutional policy, to students performing similar activities conducted in nonsponsored as well as in sponsored activities During the academic period, the student is enrolled in an advanced degree program at a grantee or affiliated institution and the activities of the student in relation to the federally sponsored research project are related to the degree program.
Salaries and Wages / Compensation of Students	Charges for tuition remission and other forms of compensation paid to students as, or in lieu of, salaries and wages are subject to the reporting requirements in section J.10. of OMB Circular A-21, or an equivalent method for documenting the individual's effort on the research project. Tuition remission may be charged on an average rate basis. NIH will determine the allowability and reasonableness of such compensation under a grant on the basis of OMB Circular A-21 and its current operating guidelines. The maximum amount NIH will award for compensation of a graduate student receiving support from a research grant is the zero-level Kirschstein-NRSA stipend in effect when NIH issues the grant award (see current levels posted at http://grants.nih.gov/training/nrsa.htm). Payments made for educational assistance (e.g., scholarships, fellowships, and student aid costs) may not be paid from NIH research grant funds even when they would appear to benefit the research project.
Service Charges	Allowable. The costs to a user of organizational services and central facilities owned by the grantee organization, such as central laboratory, technology infrastructure fees, computer services and next generation computing/communication costs, are allowable provided

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Items	Explanation of Allowable Costs
	that they are not covered by F&A costs. They must be based on organizational fee schedules consistently applied regardless of the source of funds.
Severance Pay	Allowable only to the extent that such payments are required by law, are included in an employer-employee agreement, are part of an established policy effectively constituting an implied agreement on the part of the organization, or meet the circumstances of the particular employment. The amount of severance pay to be provided should be determined according to established organizational policy consistently applied regardless of the source of funds and should be reasonable, taking into consideration the practice of similar types of organizations and the extent of the organization's dependence on Federal funds. The applicable cost principles should be consulted regarding the different treatment of severance pay in regular and mass termination situations.
Stipends	Allowable as cost-of-living allowances for trainees and fellows only under Kirschstein-NRSA individual fellowships and institutional research training grants. These payments are made according to a preestablished schedule based on the individual's experience and level of training. A stipend is not a fee-for-service payment and is not subject to the cost accounting requirements of the cost principles. Additional information, including NIH policy on stipend supplementation, is included in Ruth L. Kirschstein National Research Service Awards—Individual Fellowships—Supplementation of Stipends, Compensation, and Other Income—Stipend Supplementation and Ruth L. Kirschstein National Research Service Awards—Institutional Research Training Grants—Stipend Supplementation, Compensation, and Other Income—Stipend Supplementation in IIB. Stipends are not allowable under research grants even when they appear to benefit the research project. See Salary and Wages/Compensation of Students in this exhibit.
Subject Costs	See Research Patient Care and Donor Costs in this exhibit.
Supplies	Allowable.
Taxes	Allowable. Such costs include taxes that an organization is required to pay as they relate to employment, services, travel, rental, or purchasing for a project. Grantees must avail themselves of any tax exemptions for which activities supported by Federal funds may qualify. State sales and use taxes for materials and equipment are allowable only when the State does not grant a refund or exemption on such taxes.
Termination or	Unallowable except as follows. If a grant is terminated or suspended,

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Items	Explanation of Allowable Costs
Suspension Costs	the grantee may not incur new obligations after the effective date of the termination or suspension and must cancel as many outstanding obligations as possible (see Administrative Requirements—Enforcement Actions—Suspension, Termination, and Withholding of Support). NIH will allow full credit to the grantee for the Federal share of otherwise allowable costs if the obligations were properly incurred by the grantee before suspension or termination – and not in anticipation of it – and, in the case of termination, are not cancelable. The GMO may authorize other costs in, or subsequent to, the notice of termination or suspension. See 45 CFR parts 74.62(c) and 92.43.
Trailers and Modular Units	Allowable only if considered equipment as provided below. A "trailer" is defined as a portable vehicle built on a chassis that is designed to be hauled from one site to another by a separate means of propulsion and that serves, wherever parked, as a dwelling or place of business. A "modular unit" is a prefabricated portable unit designed to be moved to a site and assembled on a foundation to serve as a dwelling or a place of business. The determination of whether costs to acquire trailers or modular units are allowable charges to NIH grant-supported projects depends on whether such units are classified as real property or equipment. The classification will depend on whether the grantee's intended use of the property is permanent or temporary. A trailer or modular unit is considered real property when the unit and its installation are designed or planned to be installed permanently at a given location so as to seem fixed to the land as a permanent structure or appurtenance thereto. Units classified as real property may not be charged to an NIH grant-supported project unless authorizing legislation permits construction or acquisition of real property and the specific purchase is approved by the NIH awarding IC. A trailer or modular unit is considered equipment when the unit and its installation are designed or planned to be used at any given location for a limited time only. Units classified as equipment may be charged to NIH grant-supported projects only if the terms and conditions of the award do not prohibit the purchase of equipment and NIH prior approval is obtained, as appropriate. A trailer or modular unit properly classified as real property or as equipment at the time of acquisition retains that classification for the life of the item, thereby determining the appropriate accountability requirements under 45 CFR part 74.32 or 74.34 or part 92.31 or 92.32, as applicable.
Trainee Costs	Allowable only under predoctoral and postdoctoral training grants. (See Ruth L. Kirschstein National Research Service Awards—Institutional Research Training Grants—Allowable and Unallowable

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Items	Explanation of Allowable Costs
	Costs in IIB for detailed information.)
Transportation of Property	Allowable for freight, express, cartage, postage, and other transportation services relating to goods either purchased, in process, or delivered, including instances when equipment or other property is moved from one grantee to another. In a change-of-grantee situation, the cost of transportation may be charged to the grant at either the original or the new organization, depending on the circumstances and the availability of funds in the appropriate active grant account (see Administrative Requirements—Changes in Project and Budget—Prior Approval Requirements).
Travel	Allowable as a direct cost where such travel will provide direct benefit to the project.
Travel / Employees	Consistent with the organization's established travel policy, these costs for employees working on the grant-supported project may include associated per diem or subsistence allowances and other travel-related expenses, such as mileage allowances if travel is by personal automobile. Domestic travel is travel performed within the recipient's own country. For U.S. and Canadian recipients, it includes travel within and between any of the 50 States of the United States and its possessions and territories and also travel between the United States and Canada and within Canada. Foreign travel is defined as any travel outside of Canada and the United States and its territories and possessions. However, for an organization located outside Canada and the United States and its territories and possessions, foreign travel means travel outside that country. In all cases, travel costs are limited to those allowed by formally established organizational policy and, in the case of air travel, the lowest reasonable commercial airfares must be used. For-profit grantees' allowable travel costs may not exceed those established by the FTR, issued by GSA, including the maximum per diem and subsistence rates prescribed in those regulations. This information is available at http://www.gsa.gov. If a recipient organization has no established travel policy, those regulations will be used to determine the amount that may be charged for travel costs. Grantees are strongly encouraged to take advantage of discount fares for airline travel through advance purchase of tickets if travel schedules can be planned in advance (such as for national meetings and other scheduled events). Grantees must comply with the requirements of the Fly America Act

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Items	Explanation of Allowable Costs
	(49 U.S.C. 40118) which generally provides that foreign air travel funded by Federal funds may only be conducted on U.S flag air carriers and under applicable Open Skies Agreements. For additional information regarding the Fly America Act and its exceptions, see Public Policy Requirements and Objectives—Fly America Act. Applicants and grantees should consult application instructions to determine how to budget for travel costs under specific mechanisms and for certain types of travelers, because they are not all required to be budgeted as travel (e.g., research subjects).
Travel / Research Patients	If research patient care is an approved activity of the grant-supported project, the costs of transporting individuals participating in the research protocol to the site where services are being provided, including costs of public transportation, are allowable. The purchase of motor vehicles for this purpose also may be allowable. (See also Research Patient Care in this exhibit.)
Visa Costs	Allowable direct cost as part of recruiting costs on an NIH grant, as long as the institution has an employee/employer relationship with the individual. It is the responsibility of the institution to monitor the status of the individual's visa and ensure they have sufficient time to fulfill the obligations of the research they are being paid for on the grant. However, if the person is already an employee and the cost in question is a visa renewal then this isn't a recruiting cost so the cost would not be an allowable charge to a grant. Expedited processing fees are generally unallowable unless and until they become part of standard processing fees. Fraud fees are allowable if they are required fees. Department of Homeland Security SEVIS Form I-901 is a required fee and is allowable. See also Recruitment Costs in this exhibit.