

Cost Allowability Guide

Big four Cost Principles (Refer to Oct'23 PI article on the "big 4" cost principles)

- 1) **Reasonable:** A cost is considered reasonable if it is necessary for the performance of the sponsored award, and if its nature and amount reflect the actions a prudent person would take under the circumstances prevailing at the time the cost was incurred.
- 2) **Allocable:** A cost is allocable to a particular award if the goods or services involved can be directly charged to the award based on the benefit provided.
- 3) **Allowable:** A cost is allowable if it is permitted as a cost within general federal and state regulations, the terms of a specific award, and/or the institution's F&A rates.
- 4) **Consistently Treated:** All costs incurred for the same purpose and in like circumstances must be treated uniformly either as direct costs or as indirect (facilities and administrative or F&A) costs.

The table below is intended only as a general guide; Always consult the specific terms and conditions of your award, as they ultimately determine cost allowability.

Expense Type		☑ Allowable Costs	🚫 Unallowable Costs	📝 Notes / Special Conditions
👤	Administrative & Clerical salaries	If integral to the project, identified in the budget, and approved	Routine/admin salaries not meeting criteria	Requires justification and prior approval.
📢	Advertising & Public Relations	Recruitment, procurement ads, and award-related outreach	General promotional ads	Must be explicitly budgeted and linked to award purpose
🍷	Business Meals & Alcohol	Meals within GSA rate for project travel	Alcohol, meals above GSA rate	Alcohol is generally unallowable under federal awards unless explicitly approved by the sponsor as part of an approved research protocol
💰	Salaries (non-admin)	Effort directly benefiting the project	Supplemental pay, unreasonable increases	Effort must be documented and certified; agency salary caps may apply (e.g., NIH).
💻	Computer Services	Essential, allocable, project-specific (typically under \$5,000)	General administrative/office use, personal use, or non-essential IT are considered indirect unless justified	Direct charge allowed for dedicated research-computing only unless justified
🔬	Equipment	Special purpose ≥ \$5,000, budgeted and approved	General-purpose equipment, late award-period purchases	Capitalization threshold = \$5,000. Late purchases in the award period may require justification or may be disallowed.
+	Fringe Benefits	At negotiated rate, consistent with policy	Excessive/unapproved benefits	Must use approved negotiated rate (ONR) and applied consistently across projects
📦	Materials & Supplies	Project-specific, consumed during award.	General Office supplies	Must be received and used within project period
🎓	Participant Support Costs	Stipends, travel, registration, training materials	Honoraria, incentives, employer reimbursement programs	Must be pre-approved or budgeted and not paid to a GT employee
👔	Professional Services (Consultants)	Necessary, documented, reasonable external services	Georgia Tech employees cannot be paid as consultants	Contract must define scope, deliverables and cost
📄	Publication Costs	Acknowledging the award	Omitting required acknowledgements	Costs must be allocable to benefiting awards
✈️	Travel & Airfare	Economy class, baggage, Fly America-compliant	Upgrades, alcohol, luxury services, post-award travel	Document agendas; submit expenses within 45 days from the end of trip.
🏢	Service Center Charges	Usage-based, itemized bills, applied consistently	Unreasonable or discriminatory charges	Must follow approved rates
🤝	Subawards	Budgeted, approved, collaborative scope, monitored.	Unbudgeted or unapproved by sponsor.	Only first \$25,000 subject to indirects; requires formal agreement and monitoring.
🚫	General Unallowable Costs	N/A	Entertainment, lobbying, personal items, fines, penalties, bad debt	Improper charges must be corrected promptly. Gift cards and first class travel are commonly flagged unallowables.