BLOUSTEIN SCHOOL POLICY

Policy Name: Unallowable Costs on Federal and State of New Jersey Grants and Contracts

Date: July 1, 2008

The following is the policy with regard to unallowable costs on Federal and State of New Jersey grants and contracts, and the procedure to be followed to request funds from the Office of the Dean to pay for these costs.

- Background
  - In July 1993, the Office of Management and Budget (OMB) revised Circular A-21, Cost Principles for Educational Institutions, which is applicable to Federal grants and contracts.
  - Under this rule, the following expenses, generally, will not be allowable as direct costs: administrative and clerical salary, telephone, postage, office supplies and memberships.
  - The State of New Jersey applies Federal rules and regulations to its grants and contracts. Therefore Rutgers adheres to the provisions of A-21 for all awards from the state of New Jersey.

- Policy
  - Generally speaking, administrative and clerical salaries should not be charged directly to Federal and State of New Jersey grants and contracts. Exception: Direct charging is permissible if the salaries of the employee are specifically budgeted and the level of effort is equal to at least fifteen percent of the employee’s total effort.

  - The only telephone expenses which can be directly charged to grants and contracts are long distance costs which would need to be itemized and include an explanation of the business purpose and reason for charging each grant or contract.

  - Similarly, the costs for postage, office supplies, and memberships will be allowed only if the costs are explicitly budgeted, the charges can be identified with the project or activity, and the sponsor has included them in the final award or given specific written approval of their inclusion in the budget. Note: It is important to understand that budgeting for office supplies, and calling them “project” supplies in the budget doesn’t make them permissible. Copy paper, toner cartridges for printers, and stationery items by their very nature can not be specifically identified to a grant, and therefore are not permissible charges to Federal and State of New Jersey grants and contracts.

  - Internal charge-backs for room rental and equipment rental may not be charged.

  - These restrictions would not apply to units that are fully-funded by a grant/contract that is intended to fund the entire operation of the unit.
Units can request reimbursement for these unallowable expenses from earned F&A return and/or salary savings. Requests should be submitted in writing, addressed to Linda Guardabascio. These requests should be submitted quarterly, within thirty days of the close of the quarter, and should include appropriate backup (list of expenses and voucher numbers) to support the amount of the reimbursement requested.

For more detailed information on unallowable costs, see Attachment A, which is from the website of the Division of Grant and Contract Accounting (DGCA).

http://postaward.rutgers.edu/OMBA21_changes.htm