

The Wisconsin Partnership Program

**Unallowable Costs**

(Failure to mention a specific cost category does not imply it is either allowable or unallowable)

<b>Cost</b>	<b>Description</b>
<b>Alcoholic Beverages</b>	Alcoholic beverages are unallowable as a direct or indirect cost.
<b>Alumni Activities</b>	Alumni relations and alumni service costs.
<b>Bad Debts</b>	Losses from uncollectible accounts, collection costs and related legal costs.
<b>Commencement/Convocation</b>	Costs of ceremonies and receptions.
<b>Contingency Funds</b>	Provisions made for events that are uncertain as to actual occurrence, timing or extent.
<b>Defense, Prosecution, Claims and Appeals</b>	Generally unallowable. Depends on whether claim is civil, criminal, involves projects or is against the Federal government.
<b>Donations and Contributions</b>	Includes gifts, memorials and purchase of tables.
<b>Entertainment</b>	Amusement, social activities, and related costs (tickets, meals, lodging and gratuities).
<b>Fines and Penalties</b>	Costs resulting from violations of laws and regulations. Unallowable unless directly related to compliance with specific provisions of the project agreement.
<b>Fund Raising</b>	Development activities, including solicitation of gifts and bequests, endowment drives and capital campaigns.
<b>Goods or Services for Personal Use by Employees</b>	Items or services providing direct personal benefit to employees.
<b>Indirect Costs*</b>	Expenses that are operational in nature and cannot be tied to a specific project (See detailed explanation below).
<b>Investment Management</b>	Costs of investment counsel.
<b>Lobbying</b>	Attempts to influence outcomes of elections or other political actions.
<b>Losses on Project Agreements</b>	Costs in excess of available funding are unallowable as a direct cost on another project agreement.
<b>Memberships</b>	Memberships in civic, community or social organizations.
<b>Pre-award Costs</b>	Costs incurred prior to the effective date of the project agreement are unallowable charges to the project, unless approved by the Wisconsin Partnership Program staff.
<b>Public Relations and Marketing</b>	Public relations, marketing and related advertising costs intended to promote the organization or improve community relations.
<b>Scholarships, Stipends and Tuition</b>	Scholarships, stipends and tuition costs are unallowable, unless specifically approved by the Wisconsin Partnership Program staff.
<b>Student Activity Costs</b>	Costs of student publications and activities are unallowable, unless specifically provided for in the project agreement.

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### \*Direct and Indirect Costs

Indirect costs that cannot be directly tied to the project or ongoing operational expenses are not allowed. The decision of whether a cost is direct or indirect is based on the ability to specifically identify the cost with the project, rather than on the nature of the goods and services. Expenditures for which it is often impractical to calculate dollar amounts and itemize as direct expenses, because while these expenses are necessary to support a project, they are also shared across the organization and are therefore not easily identified with a specific project.

If you have indirect costs that directly relate to the project, those costs should be based on an approved allocation method. If you do not have an approved allocation method, please contact Karla Thompson, Chief Accountant for *The Wisconsin Partnership Program*. Any indirect costs directly related to the project must be approved prior to submitting your application.

Cost	Description	Normally Direct/Indirect
<b>Advertising</b>	Advertising for personnel recruitment, purchase of goods or sale of surplus materials.	Direct – if specifically related to the project, such as recruitment of dedicated personnel. Otherwise, indirect.
<b>Books, Journals and Subscriptions</b>	Books, journals and subscriptions to professional and technical publications.	Direct – books, journals and subscriptions specifically related to a project. Indirect – books, journals and subscriptions that benefit research in general or the researcher in general.
<b>Consultant</b>	An individual hired to perform professional, short-term services.	Direct
<b>Depreciation</b>	The cost of an asset (building or equipment) spread over the asset's useful life.	Indirect
<b>Equipment</b>	Tangible personal property with a useful life of more than two years and a unit cost greater than or equal to \$5,000. <u>Special purpose equipment</u> is scientific equipment used only for technical activities. <u>General purpose equipment</u> includes computers, office equipment, and furnishings, which are not limited to research or technical use.	Direct – <u>Special purpose equipment</u> is allowable as a direct cost, with approval by The Wisconsin Partnership Program. Indirect – <u>General purpose equipment</u> is an indirect cost, unless specifically approved by The Wisconsin Partnership Program.
<b>Honoraria</b>	A payment for services, such as a speaker's fee is allowable. An award without services is unallowable.	Direct
<b>Insurance</b>	Insurance coverage for normal business purposes, whether provided by an external company or through a self-insurance program.	Direct – if specifically related to the project. Otherwise, indirect.
<b>Interest</b>	If paid to an external party and related to buildings or equipment acquired after July 1, 1982.	Indirect
<b>Maintenance and Repair</b>	Costs to keep property in efficient operating condition. Not including costs that increase property value.	Direct – if the project usage can be accurately measured to allocate costs among projects. Otherwise, indirect.

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Cost	Description	Normally Direct/Indirect
<b>Meals and Meeting Refreshments</b>	Meals are allowable if associated with a staff travel, conference or symposium where technical information is presented. Meeting refreshments, site visit meals and guest meals require the approval of The Wisconsin Partnership Program.	Direct – if approved in budget. Otherwise, indirect.
<b>Memberships and dues</b>	Memberships and dues to belong to a professional or technical organization.	Direct – memberships and dues required exclusively for a particular project. Direct cost treatment must be specifically requested and justified in the proposal and approved by The Wisconsin Partnership Program. Indirect – memberships and dues that benefit the researcher in general are a professional development cost.
<b>Messenger Service</b>	Overnight delivery service or special shipping services, other than routine postage costs.	Direct – shipping of samples, receiving goods for project use or other delivery of items directly related to the project work. Indirect – submitting proposals or other administrative purposes.
<b>Office Supplies</b>	Office supplies are those items usually maintained in a departmental stock for general use by all staff. Such items would include pens, pencils, writing paper, file folders, departmental letterhead, envelopes, staples, staplers and rulers. Office supplies generally support multiple activities of project personnel.	Direct – lab-related office supplies or office supplies purchased for specific project use. Direct cost treatment must be specifically requested and justified in the proposal and approved by The Wisconsin Partnership Program. Otherwise, indirect.
<b>Patient Care</b>	Routine and ancillary medical services provided on an inpatient or outpatient basis. Payments to hospitals should be based on a negotiated cost agreement.	Direct – requires approval from The Wisconsin Partnership Program.
<b>Photocopy</b>	Photocopying of documents.	Direct – photocopying of technical material related to a particular project. Direct cost treatment must be specifically requested and justified in the proposal and approved by The Wisconsin Partnership Program. Indirect – routine photocopying of a general business nature (employee timesheets, professional materials, general research articles).

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Cost	Description	Normally Direct/Indirect
<b>Postage</b>	Routine postage costs. (Also, see Messenger Service).	<p>Direct – postage costs for large mailings or surveys. Direct cost treatment must be specifically requested and justified in the proposal and approved by The Wisconsin Partnership Program.</p> <p>Indirect – routine postage costs, including general agency correspondence and mailing of proposals.</p>
<b>Professional Services</b>	Professional contractual services, consulting and external legal counsel. Retainers require evidence of service.	Direct – if specifically related to the project. Otherwise, indirect.
<b>Proposal Costs</b>	Proposal preparation, including typing, copying and mailing costs, for new and renewal applications.	Indirect
<b>Recharge Center Cost</b>	The direct operating costs of a unit (photocopy service, stockroom) that provides routine goods and services within an organization.	Direct – appropriate billing rates and charging practices must be followed.
<b>Recruiting</b>	Recruiting costs to select a new employee.	Direct – if specifically related to the project. Otherwise, indirect.
<b>Rent</b>	Cost to lease building space or equipment.	<p>Direct – Building rent is a direct cost to the extent that it is specifically related to the project. Equipment – in proportion to use on the project. Requires approval from The Wisconsin Partnership Program.</p> <p>Indirect – administrative equipment rental (fax, copier) are normally indirect costs.</p>
<b>Salaries and Fringe Benefits- Technical and Programmatic Personnel</b>	Personnel performing scientific or other technical work related to a project.	Direct – work performed must specifically relate to the project. The direct cost charge must be based on the percentage of effort devoted by the employee.
<b>Salaries and Fringe Benefits- Administrative and Clerical Personnel</b>	Departmental administration, including professional and clerical staff, and central administration staff serving the entire organization.	<p>Direct – administrative and clerical cost incurred for a technical purpose or related to a large, complex project. Direct cost treatment must be specifically requested and justified in the proposal and approved by The Wisconsin Partnership Program.</p> <p>Indirect – routine, base level of administrative support provided to all organizational activities.</p>

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Cost	Description	Normally Direct/Indirect
<b>Scholarships and Stipends</b>	Scholarships and stipends are provided to support education costs or living expenses.	Direct – allowable only with approval from The Wisconsin Partnership Program. Otherwise, unallowable.
<b>Specialized Service Facilities or Service Center</b>	Operating units that use specialized equipment or technical expertise to provide goods or services for a fee.	Direct – appropriate billing rates and charging practices must be followed.
<b>Supplies and Materials – Technical</b>	Purchased materials and supplies consumed in performance of the project agreement. The cost to the project should be net of credits, discounts and rebates. Freight costs are part of supply and material costs.	Direct (See Office Supplies, also.)
<b>Telephone, fax lines and pagers</b>	Equipment and service costs for telephones, fax service and pagers.	Direct – Long distance telephone, if the charge can be specifically identified with the project. Indirect – Local telephone, fax service and pagers, unless approved by The Wisconsin Partnership Program based on a different purpose or circumstance.
<b>Termination Costs</b>	Additional costs incurred due to early termination of a project agreement. Effort must be made to minimize costs by canceling contracts and reselling surplus goods.	Direct
<b>Transportation</b>	Freight, express delivery and other transportation related to goods purchased.	Direct
<b>Travel</b>	Transportation, lodging, subsistence and related costs for official business, in accordance with organizational policy.	Direct – Special restrictions may exist for certain costs, such as first-class airfare and foreign travel.
<b>Tuition</b>	The cost of classes at an educational institution.	Direct – allowable if approval is given by The Wisconsin Partnership Program. Otherwise, unallowable.