



Ohio Administrative Code

Rule 3349-20-15 Direct charging sponsored projects and unallowable costs.

Effective: [March 29, 2025](#)

(A) Purpose

The university is required to ensure that any costs charged to federally sponsored programs follow costing requirements set forth in the office of management and budgets ("OMB") uniform guidance (2 C.F.R. 200). This rule also provides a foundation for direct charging costs to other, non-federally sponsored programs.

(B) Scope

This rule applies to all individuals involved in the decision making process for direct charging costs to sponsored programs.

(C) Definitions

Consult rule 3349-7-01 of the Administrative Code.

(1) "Direct Costs" refer to those costs that can be identified specifically with a particular sponsored program. Direct costs must also be allocated to one or more sponsored programs on a reasonable basis, where those direct costs benefit multiple projects or activities. If a cost is already included in the indirect cost rate (example, facilities and administrative costs rate), then it should not be charged again as a direct cost.

(2) "Indirect Costs" or "Facilities and Administrative Costs (F&A)" refers to those expenditures that have been incurred for common or joint objectives and cannot be readily identified with a particular sponsored program or activity. These costs consist of overall support of sponsored research activities and are therefore recovered through the university's "F&A" rate. Some examples include depreciation of buildings and equipment, the costs of operating and maintaining facilities, utility costs, library costs and general, department, and sponsored programs administration.



(3) "Allowable Costs" are those costs that are necessary and reasonable to perform the scope of work of the sponsored program. Allowable costs must also conform to the terms and conditions of the sponsor, of the award, and of the university's policies and procedures, the award terms and conditions. Allowable cost should be substantiated, by proper documentation or justification, to support its allocation to the sponsored program(s) being charged.

(4) "Allowable Costs" are those costs that are necessary and reasonable to perform the scope of work of the sponsored program. Allowable costs must also conform to the terms and conditions of the sponsor, of the award, and of the university's policies and procedures, the award terms and conditions. Allowable cost should be substantiated, by proper documentation or justification, to support its allocation to the sponsored program(s) being charged.

(5) "Sponsored Program" refers to an award funded via a grant, contract, cooperative agreement or subcontract from a federal, state or local government entity, the private sector, or an institution of higher education, whereby the university agrees to perform a certain scope of work, in accordance with terms and conditions set by the sponsor, for specific, budgeted monetary compensation.

(6) "Allocable Costs" refers to costs incurred to benefit a sponsored program and charged based on the proportional benefit of that cost to the sponsored program. If a cost benefits multiple sponsored programs and/or other university activities, then the costs must be allocated accordingly.

(a) If a cost benefits two or more projects or activities, it must be charged in accordance with its benefits to each project respectively. Charges split between more than one grant must be split on the basis of proportional benefit or other reasonable method. The division of the expenditure cannot be split based on available funding or any other type of synonymous methodology. An expenditure that benefited two or more projects cannot be charged solely to one project because of funding constraints on another project.

(b) Any costs allocable to a particular project may not be shifted to other sponsored programs in order to meet deficiencies caused by overruns (deficits) or other fund considerations. Costs cannot be shifted to avoid restrictions imposed by law, by terms of the sponsored program, or for other reasons of convenience.



(7) "Consistent Treatment" means that each item of cost incurred for the same purpose must be treated consistently in like circumstances either as a direct or an indirect "F&A" cost in order to avoid possible double-charging of federal awards.

(8) "Reasonable Costs" refers to costs incurred that reflect the judgment a prudent person would have used under the circumstances prevailing at the time of the decision. Costs must be reasonable relative to the nature or type of cost incurred and the price paid for the items in relation to the benefit received.

(D) Body of the rule

Costs to sponsored programs must meet the following criteria:

(1) Be adequately documented.

(2) Must be charged accordingly as either a direct cost or an indirect cost "F&A."

(3) Must be a reasonable costs, allocable costs, allowable costs, be accorded consistent treatment in order to be charged to the grant.

(4) Must not be included as a cost or cost-sharing requirement of any federally-funded sponsored program unless allowed under specific statute and sponsor approval.

(5) May include unlike circumstances where costs that are normally "F&A" types of costs (such as administrative and clerical salaries, computing devices, memberships, office supplies and postage) may be directly charged, when all of the following criteria have been met:

(a) The costs are integral to a project or activity;

(b) The costs can be specifically identified with the project or activity;

(c) The costs are explicitly included in the budget or have the prior written approval of the federal



awarding agency; and

(d) The costs are not also recovered as indirect costs.

(6) May allow a typically unallowable costs in special circumstances with prior written approval from the sponsor.