When to Use “Unallowable Cost” ETs

There are two types of “allowability”:

- What we direct-charge to a sponsored award and
- What the government will reimburse us for through the F&A rate.

When we have an expense that requires charging instructions, we need to ask two questions:

1. Is this expense allowable on my sponsored award? This determines the award that we use – the A of our PTAEO.
   - If allowed on my award, use the sponsored award.
   - If not allowed on my award, must use a non-sponsored award.

2. Is this activity one that the government will reimburse if we use University funds as discussed in Appendix A to 2 CFR Part 220 (formerly OMB Circular A-21)? This determines the expenditure type to use – the E of our PTAEO.
   - If 2 CFR Part 220 Appendix A says “no”, we use the Unallowable ET. [Ex: ET 915200 – Dues & Memberships Unallowable. This might refer to a membership that the University will pay for but the government will not reimburse.]
   - If 2 CFR Part 220 Appendix A says “yes”, we use the regular/allowable ET. [Ex: ET 915100 – Dues & Memberships. This might refer to something like dues for a professional society, if that were allowed by the government.]

Unallowable expenditure types can only be used with a non-sponsored award.

More specific questions on allowability for both direct charging and F&A rate should be directed to GCFA.

University Procedure 1305 PR.04 (Unallowable Costs):
http://www.yale.edu/ppdev/Procedures/gc/1305PR.04UnallowbleCosts.pdf