



## **PCORI Cost Principles**

### **Description of Allowable Direct Costs under a PCORI Award**

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Version 1

Item	Explanation of Allowable and Unallowable Costs
<b>Advertising and Public Relations</b>	<p>The term “advertising” means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television, direct mail, exhibits, electronic or computer transmittals, and the like. The only allowable advertising costs are those that are solely for:</p> <ul style="list-style-type: none"> <li>(1) The recruitment of personnel or the recruitment of study subjects required by the awardee for performance of the Patient-Centered Outcomes Research Institute (PCORI) award.</li> <li>(2) The procurement of goods and services for the performance of the PCORI award.</li> <li>(3) Program outreach and other specific purposes necessary to meet the requirements of the PCORI award.</li> </ul> <p>The term “public relations” includes community relations and means those activities dedicated to maintaining the image of the Awardee Institution or maintaining relations with the community, public at large, or any segment of the public. The only allowable public relations costs are:</p> <ul style="list-style-type: none"> <li>(1) Costs specifically required by the PCORI contract.</li> <li>(2) Costs of communicating with the public and press pertaining to specific activities or accomplishments that result from performance of the PCORI award.</li> </ul>
<b>Alcoholic Beverages</b>	<p>Unallowable as a general expense. Allowable, with prior approval, if scientifically applicable and relevant to the approved project scope of work.</p>
<b>Audiovisual Activities</b>	<p>Allowable for the production of an audiovisual that is required to perform the PCORI award. "Audiovisual" means any product containing visual imagery, sound, or both, such as motion pictures; films; videotapes; live or recorded radio or television programs or public service announcements; slide shows; filmstrips; audio recordings; multimedia presentations; or exhibits where visual imagery, sound, or both are an integral part. "Production" refers to the steps and techniques used to create a finished audiovisual product including, but not limited to, design, layout, scriptwriting, filming or taping, fabrication, sound recording, and editing.</p> <p>An awardee with in-house production capability that chooses an external contractor must demonstrate and justify how it is more efficient and economical to contract such services for producing an audiovisual, rather than to use available in-house capabilities.</p>

<b>Audit Services</b>	Unallowable. Costs associated with an audit (whether conducting, or as a recipient of an audit) are not allowable direct costs to a PCORI award.
<b>Books and Journals</b>	Allowable when there is a demonstrated benefit to the PCORI project. Costs for general books, journals, and periodicals are to be treated as an indirect cost.
<b>Building Acquisition</b>	Unallowable.
<b>Child Care Costs</b>	Allowable if (1) incurred to assist individuals to participate as subjects in research activities or (2) used to support the participation of patient and stakeholder partners in research activities. Unallowable for key and other personnel.
<b>Collection of Improper Payments</b>	Unallowable.
<b>Communications</b>	Allowable when necessary for performing a PCORI award. Such costs include—but are not limited to—dedicated land lines, long-distance telephone calls, express mail, and postage when related directly to the research project. Cellular devices and phone plans are generally treated as indirect costs and will only be considered when justified as necessary costs to the scope of work.
<b>Conference, Symposia, and Seminar Costs</b>	Allowable when budgeted in detail, and when tied to a specific project aim. Costs can include registration fees. Conference costs must be reasonable, and justified as a valuable component to the PCORI research project. Any conference activity must be thoroughly justified in the application.
<b>Consortium Agreements and Contracts</b>	Allowable to carry out a portion of the programmatic effort or for the acquisition of services under the scope of work.
<b>Construction</b>	Unallowable.
<b>Consultant Services</b>	See Professional Services and Salaries and Wages/Intra-IHE Consulting.
<b>Contingency Provisions</b>	Unallowable
<b>Customs and Import Duties</b>	Unallowable.
<b>Data Safety Monitoring Board (DSMB)</b>	Allowable as a direct cost and included in the “Other” budget category. Applicants must obtain prior approval when requesting DSMB funds in excess of 2% of the total direct costs.
<b>Depreciation or Use Allowances</b>	Unallowable
<b>Dues or Membership Fees</b>	Unallowable.
<b>Entertainment and Recognition Costs</b>	Costs of entertainment and social activities are generally unallowable. Exceptions are on a case-by-case basis and are also made when specifically justified as part of the scope of work, and when prior approval has been given by the Program Officer. Such expenses should be stated clearly in the budget with the proper justification. Allowable activities may include small ceremonies to recognize the participation of the patient and stakeholder partners.

	Costs cannot be used for gifts in any form.
<b>Equipment</b>	<p>Allowable when costs conform to written institutional policies and are necessary for the performance of the PCORI award. Equipment costs not included in the approved budget must receive prior approval from the Program Officer.</p> <p>Equipment insurance, if applicable, should be included as an indirect cost.</p>
<b>Fines, Penalties, Damages, and Other Settlements</b>	Fines, penalties, damages, and other settlements are unallowable. These are addressed by PCORI's indemnification clause and the awardee's insurance.
<b>Fringe Benefits</b>	Allowable when the benefit charged is applied consistently to all employees whether funded in part, or in whole, through a PCORI award. Awardees must have a written fringe benefit policy that may be requested by PCORI during the application process, prior to award, or at any time during award management and closeout.
<b>Fringe Benefits and Pension Plan Costs</b>	Unallowable.
<b>Fringe Benefits and Severance Pay</b>	Costs of severance pay are allowable only to the extent that in each case, it is required by (a) law; (b) employer-employee agreement; (c) established policy that constitutes, in effect, an implied agreement on the awardees part; or (d) circumstances of the particular employment. Severance expenses must be charged in proportion to the amount of benefit the project receives. Variables for consideration include number of years worked on the award and percentage of effort expended by the employee during those years.
<b>Fundraising and Investment Management Costs</b>	Unallowable.
<b>Hazardous Waste Disposal</b>	Allowable, if the awardee's institutional indirect costs do not cover the cost of disposal.
<b>Honoraria</b>	Allowable with prior approval and only when used as a speaker's fee for an award that has an approved conference or event. All honoraria costs will be evaluated for reasonableness.
<b>Incentive Costs</b>	Incentives (whether financial or other) to volunteers or patients participating in a contract-supported project or program are allowable. Incentives should be reasonable, and must not include any items that conflict with governing law.

<b>Insurance</b>	<p>Insurance is generally an indirect cost.</p> <p>Under some extraordinary cases, such as an applicant's scope of work requiring insurance coverage not provided under the institution's existing policy, and after receiving PCORI prior approval, premiums for additional coverage may be charged as a direct cost if consistent with the recipient's institutional policy.</p> <p>Medical liability, if not part of the institution's standard policy, can be an allowable direct cost as required by the approved PCORI study. This insurance must be apportioned in a manner consistent with how the risk is generally allocated to the population covered by the insurance.</p> <p>Costs must be defined, reasonable, apportioned to the scope of PCORI's award, and related directly to the approved activities within the PCORI project.</p>
<b>Interest</b>	Unallowable.
<b>Institutional Review Board (IRB) Costs</b>	Allowable as a direct cost when such costs are not covered by the institution's indirect cost rate.
<b>Library Services</b>	Unallowable.
<b>Materials and Supplies Costs, including Costs of Computing Devices</b>	<p>Costs incurred for materials, supplies, and fabricated parts necessary to carry out a PCORI award are allowable.</p> <p>Computing devices, to include project staff computers, are an allowable direct cost when such cost is necessary for performing the PCORI award and is exclusively dedicated to the PCORI project. Awardees will need verify that their institution does not provide computing capabilities (sufficient to carry out the scope of work) through awarded indirect costs. Computing devices, while allowable, are generally restricted in regards to the numbers of allowed purchases.</p>
<b>Meals</b>	<p>Allowable for subjects and patients participating in a study, or where approved as part of the project activity. Charges are not to be duplicated in participants' per diem or subsistence allowances, if any.</p> <p>Allowable when certain meals are an integral and necessary part of a meeting or conference (e.g., a working meal where business is transacted outside normal business hours to accommodate patient and stakeholder participation). Contract funds may be used for such meals only when approved in the award budget.</p>
<b>Membership and Professional Activity Costs</b>	Membership and professional activity costs are only allowable when they are required for the performance and advancement of the research project.
<b>Moving</b>	Unallowable.

<b>Overtime</b>	Allowable in accordance with established institutional policy.
<b>Participant and Volunteer Support Costs</b>	Allowable to volunteers or research participants who contribute blood, urine samples, and other body fluids or tissues that are specifically project-related. Participant payments are not considered a research patient care expense.
<b>Professional Services Costs</b>	<p>Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the Awardee Institution, are allowable. Costs are subject to paragraphs (A) and (B) below when reasonable and consistent in relation to the services rendered and when not contingent upon recovery of the costs from PCORI.</p> <p>(A) In determining the allowability of costs in a particular case, no single factor or any special combination of factors is necessarily determinative. However, the following factors are relevant:</p> <ul style="list-style-type: none"> <li>(1) The nature and scope of the service rendered in relation to the service required.</li> <li>(2) The necessity of contracting for the service, considering the awardee's capability in the particular area.</li> <li>(3) The past pattern of such costs, particularly in the years prior to other awards.</li> <li>(4) Whether the service can be performed more economically by direct employment rather than contracting.</li> <li>(5) The qualifications of the individual or concern rendering the service and the customary fees charged, especially on non-PCORI-funded activities.</li> <li>(6) Adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation, and termination provisions).</li> </ul> <p>(B) Documentation maintained by the Awardee Institution should include the name of the consulting firm or individual consultant; the nature of the services rendered and their relevance to the PCORI contract-supported activities, if not otherwise apparent from the nature of the services; the period of service; the basis for calculating the fee paid (e.g., rate per day or hour worked, or rate per unit of service rendered); and the amount paid. This information may be included in the consultant's invoice, in the report, or in another document.</p>
<b>Profit or Fee</b>	Unallowable.
<b>Proposal Costs</b>	Unallowable.

<b>Publication and Printing Costs</b>	<p>Publication costs for electronic and print media, including distribution, promotion, and general handling are allowable when reasonable and associated with a specific program objective.</p> <p>Page charges for professional journal publications are allowable where:</p> <ul style="list-style-type: none"> <li>(1) The publications report work supported by PCORI.</li> <li>(2) The charges are on all items published by the journal, whether or not under a PCORI award.</li> </ul> <p>The charges may be allocated after the end of the project's period of performance, but before final closeout in anticipation of publication or sharing of the project's research results.</p>
<b>Recruitment Costs</b>	Costs associated with recruiting study personnel and study subjects/participants are allowable as a direct costs.
<b>Registration Fees (for Symposiums and Seminars)</b>	Allowable if necessary to accomplish project objectives as detailed in the scope of work and approved budget.
<b>Relocation Costs of Employees</b>	Unallowable.
<b>Rental or Lease of Facilities and Equipment</b>	<p>Although potentially allowable, prior approvals for these costs are limited, and justifications must be detailed and thorough.</p> <p>Furthermore, these costs are allowable only when the facilities and equipment (including office furniture) are not readily available at the Awardee Institution and are necessary to conduct the PCORI-funded project. Indirect costs are generally unallowable on the rental fees.</p>
<b>Research Patient Care and Clinical Intervention Costs</b>	<p>PCORI will not cover costs for study interventions that constitute the procedures, treatments, interventions, or other standard clinical care ("patient care") that is being proposed for comparison in the research project ("patient care costs"). The host healthcare delivery system, third-party payer, product manufacturer, intervention developer, or other interested party must cover the patient care costs.</p> <p>Except for specific permission in exceptional circumstances, PCORI will not cover patient care costs.</p> <p>PCORI may consider coverage of the copayment or coinsurance costs of participating study subjects when necessary to preserve blinding in a study or to ensure access to the study for vulnerable populations.</p> <p>PCORI will cover costs for ancillary tasks necessary to implement or monitor patient care as part of conducting the research project.</p>

	<p>Examples include costs for obtaining informed consent to participate in the research project; collecting data pursuant to the research protocol; or collecting and monitoring study subject data that would not normally be performed in the course of patients receiving the patient care evaluated in the research project.</p>
<b>Salaries and Wages</b>	<p>Allowable. Compensation for personnel services covers all amounts, including fringe benefits, paid currently or accrued by the institution for employee services rendered to the grant-supported project. Compensation costs are allowable to the extent that they are reasonable, conform to the established institution policy consistently applied regardless of the source of funds, and reasonably reflect the percentage of time devoted to the PCORI-funded project. Direct salary is exclusive of fringe benefits and indirect costs. This salary guidance does not apply to consultant payments or to contracts for routine goods and services, but it does apply to consortium participants.</p> <p>Salary and wage amounts charged to contract-supported projects for personal services must be based on an adequate payroll distribution system that documents such distribution and consistently applied institutional policy and practices.</p>
<b>Service Charges and Recharge Center Charges</b>	<p>Allowable. The costs to a user of institutional services and central facilities owned by the Awardee Institution, such as a central laboratory, technology infrastructure fees, computer services, and next-generation computing and communication costs, are allowable provided that they are not covered by indirect costs. They must be based on institutional fee schedules that are consistently applied regardless of the source of funds.</p>
<b>Stipends</b>	<p>Allowable as a form of compensation to patient and stakeholder partners. Awardees should include a description of how the rate and frequency was determined. Stipends will be evaluated for reasonableness. Stipend payments for students (undergraduate or graduate) are an unallowable cost.</p>
<b>Termination or Suspension Costs</b>	<p>Unallowable, except in the following instance: If the contract is terminated or suspended, the recipient may not incur new obligations after the effective date of the termination or suspension and must cancel as many outstanding obligations as possible.</p> <p>PCORI will allow full credit to the recipient for PCORI's share of otherwise allowable costs if the obligations were properly incurred by the recipient before suspension or termination—and not in anticipation of it—and, in the case of termination, are not cancelable. The PCORI Contract Administrator may authorize other costs in, or subsequent to, the notice of termination or suspension.</p>



<b>Training and Certification Costs</b>	Unallowable.
<b>Transportation Costs Related to the Conduct of the Study</b>	Allowable if directly related to and required for conducting the study. Transportation related to employee travel is addressed separately.
<b>Travel</b>	Allowable as a direct cost where such travel will directly benefit the project. Applicants must delineate costs for scientific travel (e.g., conferences) vs. programmatic travel (e.g., team meetings). Refer to the Application Guidelines and PCORI Funding Announcement (PFA) for restrictions.
<b>Travel/Employees</b>	<p>Allowable if consistent with the institution's established travel policy. The costs for employees working on the project may include associated per diem or subsistence allowances and other travel-related expenses, such as mileage allowances, if travel is by personal automobile.</p> <p>Domestic travel, or travel performed within the recipient's own country, is allowable. For U.S. and Canadian recipients, it includes travel within and between any of the 50 states of the United States and its possessions and territories, as well as travel between the United States and Canada and within Canada.</p> <p>Foreign travel, defined as any travel outside of Canada and the United States and its territories and possessions, is allowable with prior approval. For an institution located outside Canada and the United States and its territories and possessions, foreign travel means travel outside that country, but it is also allowable with prior approval.</p> <p>In all cases, travel costs are limited to those allowed by formally established institutional policy and—in the case of air travel—the lowest reasonable commercial airfares must be used.</p> <p>Recipients are strongly encouraged to take advantage of discount fares for airline travel through advance purchase of tickets if travel schedules can be planned in advance (e.g., for national meetings and other scheduled events).</p> <p>Applicants and recipients should consult application instructions to determine how to budget for travel costs under specific mechanisms and for certain types of travelers, because they are not all required to be budgeted as travel (e.g., research subjects).</p>
<b>Travel/Research Patients and Participants</b>	If research patient care is an approved activity of the PCORI-supported project, the costs of transporting individuals participating in the research protocol to the site where services are being provided—including costs of public transportation—are allowable. When a valid own vs. lease analysis has been performed and accepted by PCORI, the purchase of motor vehicles may be allowable if cost savings are demonstrated clearly.

<b>Tuition/Tuition Remission</b>	Unallowable.
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Allowable Costs			
 PERSONNEL SALARIES & BENEFITS	 TRAVEL COST	 SUBCONTRACTOR DIRECT & INDIRECT	 APPLICANT INDIRECT COSTS
 CONSULTANT FEES	 EQUIPMENT	 SUPPLIES	 OTHER

  

Commonly Disallowed Costs	Unallowable Costs		
 DATA PLANS (TABLETS AND OTHER MOBILE DEVICES)	 ADVERTISING	 DONATIONS	 INTEREST OF BAD DEBTS
 DOCKING STATIONS	 EXCESSIVE AIRFARE	 FUNDRAISING	 ENTERTAINMENT
 DOUBLE MONITORS	 ALCOHOLIC BEVERAGES	 PERSONAL EXPENSES	 LOSSES ON OTHER GRANTS
 ELECTRONICS PROTECTION PLANS	 ALUMNI ACTIVITIES	 STUDENT HOUSING AND STIPENDS	 MEMBERSHIPS
 OFFICE FURNITURE	 BAD DEBTS/LOSSES	 IDLE FACILITIES	 LOBBYING
 REPLACEMENT OF ITEMS PURCHASED ON AN EXISTING PCORI AWARD		 RENT	