

Life Sciences Discovery Fund

Cost and Spending Guidelines

The Life Sciences Discovery Fund (LSDF) has been charged by the state of Washington to support innovative research and development in Washington state to promote life sciences competitiveness, enhance economic vitality, and improve health and health care. As a steward of state funds, LSDF has a responsibility to secure the maximum value and benefit with the funds in which it has been entrusted. The following guidelines have been assembled for that purpose. This list is subject to change, is not intended to be all-inclusive, and offers budgeting and spending guidance. If there is a question regarding cost allowability, contact the LSDF grants manager at grantsadmin@lsdfa.org prior to incurring the cost.

Guiding Principles for Spending LSDF Funds

- Reasonableness (including necessity). A cost may be considered reasonable if the nature of the goods or services acquired and the associated cost reflect the action that a prudent person would have taken under the circumstances.
- Allocability. A cost is allocable to a project if the goods or services involved are required to achieve a specific milestone(s) and are proportionate to the amount of benefit received by the LSDF project in relation to other potential beneficiaries.
- Consistency. Awardees must be consistent in assigning costs to budget categories. Costs should be charged as proposed in the approved budget.

Cost Transfers

Cost transfers to LSDF awards by awardees, or their agents are allowable to correct clerical or bookkeeping errors only. Transfers must be made within 3 months of a clerical or bookkeeping error and must be supported by documentation that fully explains how the error occurred and a certification of the correctness of the new charge by the authorized official.

ALLOWABILITY

Item	Explanation
Alcoholic Beverages	Unallowable.
Bad Debts	Unallowable.
Business License	Unallowable.

Item	Explanation
Consultant Services	Allowable. A consultant is an individual retained to provide professional advice or services for a fee and is not an employee of the awardee organization.
Entertainment	Unallowable.
Equipment	Office equipment (copiers, laptops, desktop computers, personal handheld computers, fax machines, scanners, printers, etc.) used for general office purposes (rather than a specific milestone-related purpose) are unallowable. All milestone-related equipment purchases must have LSDF approval prior to expenditure and the unit cost cannot exceed \$5,000. Only by LSDF prior approval can equipment or computer purchases be made in the final year of a multi-year award.
Facilities Construction and Remodeling	Unallowable.
Furniture	Unallowable.
Incentive Costs	Allowable for incentive payments to volunteers or patients participating in an approved milestone activity.
Human Subjects Recruitment	Allowable with prior approval from LSDF.
Liability Insurance	Allowable up to an amount proportionate to the benefit received by the LSDF project in relation to other potential beneficiaries, up to a \$2M general aggregate. Insurance costs should be categorized as an administrative expense.
Invention, Copyright, Patent, Trademark or Licensing Costs	Unallowable. Such costs include licensing or option fees, attorney's fees for preparing or submitting patent applications, patent maintenance, recordation of patent-related information, patentability or freedom to operate analyses, and copyright or trademark registration.

Item	Explanation
Late Payment Fees	Unallowable.
Legal Services	Unallowable.
Market or Competition Analyses	Unallowable.
Meals	Allowable if associated with LSDF approved travel and within the state per diem guidelines.
Pre-Award Costs	Allowable with prior approval from LSDF.
Public Relations Costs	Unallowable.
Regulatory Consultation	Allowable with prior approval from LSDF.
Scientific and Technical Publications	Allowable. Charges for publication in professional journals are allowable if such costs are reasonable to advance the objectives of the award.
Outstanding Debt	Unallowable.
Personnel Recruitment Costs	Allowable with prior approval from LSDF.
Registration Fees (for Symposia and Seminars)	Allowable.
Relocation Costs	Unallowable.

Item	Explanation
Specialized Service Facilities or Service Center	Allowable with prior approval of LSDF.
Research Patient Care	Allowable if necessary to accomplish a project milestone(s) and in proportion to the amount of benefit received by the LSDF project in relation to other potential beneficiaries.
Salaries/ Wages and Fringe Benefits	Allowable. Compensation for personnel includes salary costs and fringe benefits, paid currently or accrued by the organization, for employees necessary to accomplish project milestones. Compensation costs are allowable to the extent that they are reasonable, consistently applied and reflect the amount of time actually devoted to the milestones.
Space Lease/Rental	Allowable up to the amount allocable to the LSDF project and at a monthly rate consistent with the current market value.
Subcontractor/ Service Provider Agreement	Allowable. Once an organization has been classified as Subcontractor or Service Provider, as defined in the grant agreement, they cannot be reclassified. Changes to approved Subcontractors or Service Providers must be approved by LSDF prior to incurring expenses.
Tuition	<p>Tuition costs or stipends paid to students working on an LSDF project are allowable, provided the following conditions are met:</p> <ul style="list-style-type: none"> ▪ The individual is performing activities necessary to accomplish project milestones. ▪ Tuition costs are consistently provided to students performing similar activities on other sponsored or non-sponsored activities. ▪ The student is enrolled in an advanced degree program at the awardee or collaborating institution and the activities of the student are related to the degree program.
Service Charges	Allowable. The costs of services and central facilities provided by the awardee organization, such as central laboratory, technology infrastructure fees, computer services and computing/communication costs, are allowable provided that they are not included in the general administration rate negotiated between LSDF and the awardee organization.

Item	Explanation
Subscriptions (Scientific Journals, etc.)	Unallowable.
Transportation of Property and Postage	Allowable for freight, express, postage, and other transportation services relating to the conveyance of goods directly related to accomplishment of the project milestones. Costs must be in proportion to the amount of benefit received by the LSDF project in relation to other potential beneficiaries.
Travel	Allowable with prior approval only as a direct cost where such travel will provide direct benefit to accomplishing the milestones of the project. Cost must not exceed \$1,800 per domestic trip, including conference registration fees. Travel for conferences to report project outcomes is unallowable. Awardees must have an LSDF-approved travel budget prior to scheduling travel. Travel costs are limited to those allowed by awardee organizational policy and/or by the applicable Washington state travel policies. In the case of air travel, the lowest reasonable commercial airfares must be used. Travel budget requests will be reviewed for reasonableness and reimbursements will be made only for those travel costs approved by LSDF.
Unallocated Costs	Funds for activities whose costs or nature cannot be accurately determined are allowable with prior approval from LSDF. Funds cannot be encumbered for expenditure without the advance written approval from LSDF.