**X-Coding**

*FNG05 Expenditure Guidelines for Costs Not Allowable Under OMB Circular A-21*

The above policy outlines unallowable expenses under federal costing guidelines. X-coded expenses are excluded from the Penn State’s overhead calculation. Due to their purpose, some accounts are 100% x-coded; Development, Alumni Relations, Recruiting and The Student Center.

**When do I need to X-code?**

1. **ONLY X-CODE ON GENERAL FUNDS (10010)**
2. X-coding occurs in the FANS window of an IBIS form... X Excluding Amount ________ (see below). X-code an entire report in ERS by selecting the x-coding indicator on the report header page Or, if a single expense requires x-coding in ERS, select the expense then go to allocations and select (YES) in the drop down box under (x-code allocation) for the expense (see below).
3. An expense that has been resolved can still be x-coded. Contact the Finance Office for assistance.

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**Financial Account Numbers (FANS)**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Account</th>
<th>Object/Sub-Obj</th>
<th>Detail Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018/2019</td>
<td>02-023-01</td>
<td>10010</td>
<td>student recruitment brochures</td>
<td>100.00</td>
</tr>
</tbody>
</table>

`X` Excluding Amt: 100.00
Unless specified, all items below must be x-coded 100%

- Group meeting/group meal expenses with only Penn State employees in attendance (includes paid grad assistants).
  - Hershey Medical Center are non-employees.
  - Hershey College of Medicine are employees.

Group meals charged to general funds held at the establishments below, must be x-coded 100% and may not be charged to federal funds, regardless of who attended the meal. Following conversations with our auditors, the list of restaurants below MAY be allowable but their determination relies upon other factors. If it is a legitimate business dinner and NOT entertainment, it may be allowable IF there is not alcohol on the receipt. Consumption of alcohol leads the auditors to believe that it is not business related; rather, it is entertainment. If you are unsure, please contact Cost Analysis. The list below may not be complete - please go to the Corporate Controller’s Cost Analysis web page for the most current list.

- Ale House
- Duffy’s Tavern
- Happy Valley Brewery
- Otto’s Pub & Brewery
- The Tavern Restaurant
- American Ale House & Grill
- Legend’s Pub/Sports Bar
- Barrel 21 Distillery and Dining
- Champs Sports Bar
- Liberty Craft House
- The Deli & Z Bar

- Tables for a group at a function such as Martin Luther King Day.

- Expenses related to promotional events, marketing, fundraising, public relations, etc. This also includes brochures related to recruitment of students.

- Costs in support of alumni activities or student activities.

- Student activities/student services - such as intramural activities, student clubs, student publications, payments to ASA (Associated Student Activities) in support of student activities.

- Lobbying costs on memberships must be x-coded. Check the Corporate Controller’s Cost Analysis web page for the most current unallowable amounts. If you cannot determine an amount, 50% of the membership should be x-coded.

- Commencement regalia.

- Employee awards and recognition activities, cost of employee awards and all expenditures related to reward and recognition activity MUST be x-coded. Only those reward and recognition activities that are part of an official program are permitted.

- Advertising
  - Ads for undergrad student recruitment 100%.
  - Ads for the recruitment of graduate assistants (50%) and pre-doctoral/post-doctoral fellows (100%).
  - NO x-coding for ads or searches for faculty and staff.

- Student recruitment and retention costs
  - Undergraduate recruiting is x-coded at 100%
  - Graduate assistant recruiting is x-coded at 50% - they are considered 50% student and 50% employee.
  - Recruiting of pre-doctoral/post-doctoral fellows is x-coded at 100%
  - Recruiting for scholars should not be x-coded - they are not considered students.

- Miscellaneous meeting supplies for future meetings coded as a 329 should be x-coded at least 25%.

Updated 11/27/18