

## OMB A-21 Costs for Educational Institutions

### Allowable Expenditures (must be in budget)

**Communication costs** - allowable

**Compensation and personal services**

- Salaries and wages
- Allowable if conform to the established policies of the institution
- Charges for work performed during the academic period are allowable at the base salary rate.
- Charges for work performed during summer will not exceed the base salary divided by the period to which the base salary relates.
- Fringe benefits
- Must be granted in accordance with institution's policies

**Salaries of Deans of faculty and graduate schools** – allowed.

**Depreciation and use allowances** – allowed.

- The use allowance for buildings shall be computed at an annual rate not exceeding 2% of the acquisition cost
- The use allowance for equipment shall be computed at an annual rate not exceeding 6 2/3% of the acquisition cost

**Employee morale, health, welfare costs and credits** – allowable.

**Equipment and other capital expenditures** – generally allowed.

Capital expenditures for general/special purpose equipment are unallowable as direct charges unless approved by the sponsoring agency.

**Insurance and indemnification** - generally allowed.

- Types and extent and cost of coverage must be in accordance with institutional practice.
- Cost of insurance is required or approved pursuant to the sponsored agreement

**Labor relations costs** – allowed.

**Maintenance and repair costs** – generally allowed

- Costs of necessary maintenance, repair and upkeep which neither add to the permanent value of the property nor prolong its intended life are eligible.

**Material costs** – generally allowed.

**Memberships, subscriptions, and professional activity costs** – allowed.

**Patent costs** – allowed.

**Plant security costs** – allowed.

**Professional services costs** – allowed.

**Reconvention costs** – allowable.

**Recruiting costs**

- Costs of help wanted advertisements, operating costs of an employment office, and travel costs of applicants for interviews are allowable.

**Rental cost of buildings and equipment** - allowable

**Royalties and other costs for use of patents** – allowable.

**Sabbatical leave costs** – allowable.

**Scholarships and student aid costs** – allowable when the purpose of the sponsored agreement is to provide training and the charge is approved by the sponsoring agency.

**Severance pay** – allowable to the extent that such payments are required by:

- Law
- Employer-employee agreement
- Established policy
- Circumstances of particular employment.

**Specialized service facilities** – allowable. Must be allocated between direct costs and F&A.

**Taxes** – allowable.

**Transportation costs** – allowable.

**Travel costs** – allowable.

**Termination costs applicable to sponsored agreement** – generally allowable.

- Rental costs under unexpired leases are allowable provided that the institution makes reasonable efforts to terminate/reduce the cost of lease.
- Allowable settlement expenses – legal, accounting, clerical costs.

**Trustees** – travel and subsistence costs of trustees are allowable.

### Unallowable Expenditures

**Advertising and public relations costs** – generally not allowed.

Exceptions:

- Recruitment of personnel
- Specific purposes necessary to meet requirements of contract
- Public relations activities necessary to keep public informed (notices of grant awards, financial matters).

**Alcoholic beverage costs** – not allowed.

**Alumni/ae activities** – not allowed.

**Bad debts** – not allowed.

**Capital Expenditures** – improvement to buildings, land, or equipment, which materially increase their value.

**Civil defense costs** – generally not allowed.

Exception: Only allowable when undertaken on the institution's premises.

**Commencement and convocation costs** – not allowed.

**Contingency provisions** – not allowed

**Defense and prosecution of criminal and civil proceedings, claims, appeals and parent infringement** – generally not allowed.

**Donations and contributions** – not allowed.

**Entertainment costs** – food, tickets to productions, sports activities, not allowed.

**Executive lobbying costs** – not allowed.

**Fines and penalties** – not allowed.

**Food** – generally unallowable unless included in budget and necessary to meet objectives of award.

**General Purpose Equipment** – furniture, air conditioners, printers, motor vehicles

**Goods/services for personal use** – not allowed.

**Housing and personal living expenses** – not allowed.

**Interest, fund raising, and investment management costs** – not allowed.

**Lobbying costs** – generally not allowed.

Exception:

- Technical and factual presentations directly related to the performance of the grant (through hearing testimony, statements or letters) or in response to a documented request made by the legislative body. Costs for travel, meals, and lodging are allowable in certain circumstances.

**Losses on other sponsored agreements or contracts** – not allowed.

**Preagreement costs** – not allowed unless approved by the sponsoring agency.

**Profits and losses on disposition of plant equipment and other capital assets**

- Gains or losses arising from the sale or exchange of property shall be excluded in computing Federal award costs.

**Proposal costs** - should be treated as F&A costs

**Rearrangement and alteration costs** – special rearrangement costs must be approved by the sponsoring agency.

**Secretarial Costs** – Secretarial and administrative is generally an indirect cost.

**Selling and marketing** – not allowed.

**Student activity costs** – not allowed unless specifically provided for in the sponsored agreements.

Note: some unallowable expenditures are allowable under certain circumstances, and only when approved in advance by the funding agency.