

**Allowable and Unallowable Costs Under OMB A-87**

Item of Cost	OMB A-87 (Governmental Entities)	
	Unallowable	Allowable
Accounting		✓
Advertising		✓*
Advisory councils		✓***
Alcoholic beverages	✓	
Audit services		✓*
Automated electronic data processing		✓
Bad debts	✓****	
Bonding		✓
Budgeting		✓
Communication		✓
Compensation, personnel services		✓*
Contingency provisions/reserves	✓	
Contributions (to others)	✓	
Defense & prosecution of criminal & civil proceedings and claims		✓*
Depreciation, use allowance		✓
Disbursing services		✓
Donations (from others)		N/A
Employee morale, health, welfare		✓
Entertainment	✓	
Equipment		✓*
Fines, penalties		✓**
Fringe benefits		See compensation
Fund raising	✓	
Investment management		✓*
Goods or services for personal use		N/A
Housing and personal living expenses		N/A
Gains and losses on disposition of property		✓
General government expenses	✓	
Idle facility, idle capacity		✓*
Insurance & indemnification		✓*
Interest		✓*
Labor relations		N/A
Lobbying	✓	
Losses on other awards		N/A
Maintenance, operations & repair		✓
Materials, supplies		✓
Memberships, meetings and conferences subscriptions, professional activities		✓
Motor pools		✓
Organization costs		N/A
Overtime, shift premiums		See compensation

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Item of Cost	OMB A-87 (Governmental Entities)	
	Unallowable	Allowable
Page charges in professional journals (research)		N/A
Participant support costs		N/A
Patent costs		N/A
Pension plans		See compensation
Plant security		N/A
Pre-award costs		✓**
Professional services		✓
Proposal costs		✓
Profits, losses on asset disposition		N/A
Publication and printing costs		✓
Rearrangement, facility alteration		✓
Reconversion costs		✓
Recruiting		N/A
Relocation		N/A
Rental		✓*
Royalties, use of patents, copyrights		N/A
Selling and marketing		N/A
Severance pay		N/A
Specialized service facilities		N/A
Taxes		✓*
Termination-related costs		N/A
Training, education		✓
Transportation		N/A
Travel		✓*
Trustees		N/A
Under recovery of costs under federal agreements	✓	

N/A – not applicable (not specifically addressed in the circular)

\* - Allowable under limited circumstances

\*\* - Allowable only with prior permission from the grantee

\*\*\* - Allowable only as a direct cost with permission from the grantee

\*\*\*\* - Unallowable unless provide for in federal program award regulations

Scenario – Is it Allowable or Unallowable?		Allowable	Unallowable
1	As a result of your receiving your grant you now have a vacant position within your organization and you want to place an ad in several papers and on-line for the job vacancy.		
2	You are hosting a reception at your office to launch the new Grant program within your municipality and you would like to serve champagne.		
3	A person working on your grant took out a credit card for the Program and charged several thousand dollars before being caught and dismissed.		
4	The fiscal person charged to the grant needs to be bonded.		
5	You have a guest speaker coming for an event sponsored by your program. The speaker does not want an honorarium – they would like you to donate \$100 instead to a local non-profit.		
6	A local health-care organization is offering a Personal Wellness Profile Evaluation for your staff/members. The cost to you will be \$50 per staff participating in the Evaluation.		
7	At the reception launching your new Grant program you would like to hire a harpist to play.		
8a.	The server at your organization needs to be replaced and you buy a new one and include it as an expense under the grant.		
8b.	Part of your Grant Budget included a line item for a new server to handle the hosting of your Grant Website and programmatic portions of your grant (an outreach feature that will be hosted on the web).		
9	You would like to have your members work on a committee to host a major event to raise funds to support their program.		
10	Your member is forced to move because lead paint and high radon levels causes her building to be condemned.		
11	You would like to support a firm that is working to have a bill passed in Congress to increase funding to the program.		
12a.	6 months into your grant you decide to print calendars to hand out at a local school.		
12b.	You print a report that is to be distributed within a county. The report and its distribution were included as a line item in your Grant Budget.		

Scenario – Is it Allowable or Unallowable?	
1	<p>As a result of your receiving your grant you now have a vacant position within your organization and you want to place an ad in several papers and on-line for the job vacancy.</p> <p><b>Answer:</b> this is an allowable cost because it is required for the performance of obligations arising under the grant. OMB A-21 – Attachment B - 1. c. (1)</p>
2	<p>You are hosting a reception at your office to launch the new Grant program within your municipality and you would like to serve champagne.</p> <p><b>Answer:</b> not allowable as alcoholic beverages are specifically excluded in the circular. OMB A-21– Attachment B – 2.</p>
3	<p>A person working on your grant took out a credit card for the Program and charged several thousand dollars before being caught and dismissed.</p> <p><b>Answer:</b> this is considered a bad debt under the circular and is therefore not allowed. OMB A-21 – Attachment B – 3.</p>
4	<p>The fiscal person charged to the grant needs to be bonded.</p> <p><b>Answer:</b> having the fiscal person bonded within your organization can be considered to be a sound business practice and is therefore allowable under the circular. OMB A-21 – Attachment B – 3. c.</p>
5	<p>You have a guest speaker coming for an event sponsored by your program. The speaker does not want an honorarium – they would like you to donate \$100 instead to a local non-profit.</p> <p><b>Answer:</b> contributions and donations to others are specifically unallowable under the circular. OMB A-21 – Attachment B – 9.</p>
6	<p>A local health-care organization is offering a Personal Wellness Profile Evaluation for your staff/members. The cost to you will be \$50 per staff participating in the Evaluation.</p> <p><b>Answer:</b> this type of activity if part of your standard operating practices for improving employee health, morale and well being is allowed under the circulars as long as the expenses is allocated in the correct proportions. OMB A-21 – Attachment B – 13.</p>
7	<p>At the reception launching your new Grant program you would like to hire a harpist to play.</p> <p><b>Answer:</b> entertainment costs are not allowable under the circular. OMB A-21 – Attachment B – 14.</p>
8a.	<p>The server at your organization needs to be replaced and you by a new one and include it as an expense under the grant.</p> <p><b>Answer:</b> this type of expense is allowable only with prior approval from the grantee. If you sought their approval before the purchase, and it was given, then this is an allowable expense. If you simply charged it after the fact, then it is unallowable. OMB A-21 – Attachment B – 15. b.</p>
8b.	<p>Part of your Grant Budget included a line item for a new server to handle the hosting of your Grant Website and programmatic portions of your grant (an outreach feature that will be hosted on the web).</p> <p><b>Answer:</b> since it was included in your proposal you have prior approval for this purchase so it is an allowable expense. OMB A-21 – Attachment B – 15. b.</p>
9	<p>You would like to have your members work on a committee to host a major event to raise funds to support their program.</p> <p><b>Answer:</b> fund raising costs are specifically excluded under the terms of the Guidelines.</p>
10	<p>Your member is forced to move because lead paint and high radon levels causes her building to be condemned.</p> <p><b>Answer:</b> housing costs are generally not allowable under the circulars. OMB A-11 – Attachment B – 19. Relocation costs are allowed on a limited basis but must be the result of a change of duty assignment and not of personal circumstances. Since this is not the result of a change in assignment or job duty this an unallowable cost. OMB A-21 – Attachment B – 45. a.</p>
11	<p>You would like to support a firm that is working to have a bill passed in Congress to increase funding to the program.</p> <p><b>Answer:</b> Lobbying is a specifically unallowable cost under the circulars. OMB A-21 – Attachment B – 25. a.</p>
12a.	<p>6 months into your grant you decide to print calendars to hand out at a local school.</p> <p><b>Answer:</b> Prior approval is needed for printing/publication costs such as this to be allowable under the circulars. If you have contacted your funding source and they have approved the printing of the calendars then it is allowable. If you did not, then it is unallowable. OMB A-21 – Attachment B – 41.</p>
12b.	<p>You print a report that is to be distributed within a county. The report and its distribution were included as a line item in your Grant Budget.</p> <p><b>Answer:</b> Since this was included in your Program and Budget you have obtained prior approval so no further approval by your funding source is needed and this is an allowable expense. OMB A-21 – Attachment B – 41.</p>