

FEDERAL COST PRINCIPLES

SIDE BY SIDE

OMB Circular A-87
OMB Circular A-122
OMB Circular A-21

FOR GENERAL INFORMATION PURPOSES ONLY

REFER TO SPECIFIC APPLICABLE SET OF FEDERAL COST PRINCIPLES FOR ENTIRE TEXT

Developed by the

Texas Education Agency
Division of Discretionary Grants
For Grants Administered by the Texas Education Agency

The following summary is provided for your convenience and as a "guide" only. TEA accepts no responsibility for the interpretation of the cost principles as outlined below. Grantees should consult the complete set of applicable cost principles to determine allowability and unallowability of costs prior to expending funds. All costs must be budgeted and approved in the Budget Summary in the applicable grant application prior to expenditure. Some costs require specific prior approval in the application, in which case the line item must be specifically budgeted and approved by TEA prior to expenditure.

COST PRINCIPLES			
Items of Cost	<u>OMB Circular A-87</u> State and Local Governments (i.e., school districts, ESCs, and open enrollment charter schools operated by a governmental entity)	<u>OMB Circular A-122</u> Non-Profit Organizations (i.e., includes open enrollment charter schools operated by a non-profit organization)	<u>OMB Circular A-21</u> Educational Institutions (i.e., institutions of higher education—includes open enrollment charter schools operated by a college/university)
Accounting	<u>Not Addressed</u>	<u>Not Addressed</u>	<u>Not Addressed</u>
Advertising (See __ Public relations)	<p><u>Allowable</u> Recruitment of grant personnel; procurement of goods and services; and disposal of surplus materials except when disposal cost is reimbursed. (OMB A-87, Attachment B, section 1c)</p> <p><u>Unallowable</u> Other advertising costs not specified in section 1c, 1d., 1e.; cost of meetings and related activities including, displays, demonstrations, exhibits; cost of space rental; salaries/wages for employees doing set up, demonstrations, and briefings; cost for promotional material and gifts; costs for solely promoting the governmental unit.</p>	<p><u>Allowable</u> Recruitment of grant personnel; procurement of goods and services; and disposal of surplus materials except when disposal cost is reimbursed. (OMB A-122, Attachment B, section 1c)</p> <p><u>Unallowable</u> 1. Other advertising costs not specified in section 1c, 1d., 1e.; cost of meetings and related activities including, displays, demonstrations, exhibits; cost of space rental; salaries/wages for employees doing set up, demonstrations, and briefings; cost for promotional material and gifts; costs for solely promoting grant 2. Costs of help wanted advertising that includes color, advertising material for other than recruitment purposes, or is excessive in size (OMB A-122, section 44b).</p>	<p><u>Allowable</u> Recruitment of grant personnel; procurement of goods and services; and disposal of surplus materials except when non-Federal entities are reimbursed for disposal costs. (OMB A-21, section 1c)</p> <p><u>Unallowable</u> 1. Other advertising costs not specified in section 1c, 1d., 1e.; cost of meetings and related activities including, displays, demonstrations, exhibits; cost of space rental; salaries/wages for employees doing set up, demonstrations, and briefings; cost for promotional material and gifts; costs for solely promoting the institution 2. Costs of help wanted advertising that includes color, advertising material for other than recruitment purposes, or is excessive in size (OMB A-21, section 42b).</p>

Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
Advertising cont.		3. Costs of help wanted advertising, special emoluments, fringe benefits, and salary allowances that are not reasonable and do not conform with established practices of the organization (OMB A-122, section 44c).	3. Costs of help wanted advertising, special emoluments, fringe benefits, and salary allowances that are not reasonable and do not conform with established practices of the organization (OMB A-21, section 42c).
Advisory Councils or Committees	Allowable with prior specific approval from TEA NOTE: <u>Ed-Flex</u> programs do not require specific approval from TEA. <u>For all other grant programs</u> , these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.	<u>Not Addressed</u>	Allowable as a direct cost with specific approval by TEA or as an indirect cost
Alcoholic Beverages	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Alumni/ae Activities	<u>Not Addressed</u>	<u>Not Addressed</u>	<u>Unallowable</u>
Audit Costs and Related Services	<u>Allowable</u> : audits required by and conducted in accordance with the Single Audit Act (OMB Circular A-133). Other audit costs are allowable if included in a cost allocation plan or indirect cost proposal; or with prior specific approval of TEA as a direct cost.	<u>Not Addressed</u> , but allowable for audits required by and conducted in accordance with the Single Audit Act (OMB Circular A-133). Other audit costs require prior specific approval of TEA.	<u>Allowable</u> : audits required by and conducted in accordance with the Single Audit Act (OMB Circular A-133). Other audit costs are allowable if included in an indirect cost proposal or with prior specific approval of TEA as a direct cost.
Automatic Electronic Data Processing	<u>Not Addressed</u>	<u>Not Addressed</u>	<u>Not Addressed</u>
Awards for Recognition or Incentives for Participation	Although not specifically addressed in OMB A-87, allowable when reasonable in cost and when necessary to accomplish program objectives. Acceptable awards and incentives include certificates, plaques, ribbons, and small trophies nominal in cost, or	Although not specifically addressed in OMB A-122, allowable when reasonable in cost and when necessary to accomplish program objectives. Acceptable awards and incentives include certificates, plaques, ribbons, and small trophies nominal in cost, or	Although not specifically addressed in OMB A-21, allowable when reasonable in cost and when necessary to accomplish program objectives. Acceptable awards and incentives include certificates, plaques, ribbons, and small trophies nominal in cost, or

Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
Awards for Recognition or Incentives for Participation cont.	inexpensive instructionally related items such as pens/pencils to be used in the classroom.	inexpensive instructionally related items such as pens/pencils to be used in the classroom.	inexpensive instructionally related items such as pens/pencils to be used in the classroom.
Award Ceremonies	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Bad Debts	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Bonding Costs	<u>Allowable</u> : costs required by terms of the award; costs required by the agency to conduct business in accordance with sound business practice and rates/premiums are reasonable.	<u>Allowable</u> : costs required by terms of the award; costs required by the agency to conduct business in accordance with sound business practice and rates/premiums are reasonable.	<u>Allowable</u> : costs required by terms of the award; costs required by the agency to conduct business in accordance with sound business practice and rates/premiums are reasonable.
Budgeting	<u>Not Addressed</u>	<u>Not Addressed</u>	<u>Not Addressed</u>
Building Purchase	<u>Allowable</u> only with prior specific approval from TEA	<u>Allowable</u> only with prior specific approval from TEA	<u>Allowable</u> only with prior specific approval from TEA
Capital Outlay	All capital outlay except for library books and media requires prior specific approval from TEA	All capital outlay except for library books and media requires prior specific approval from TEA	All capital outlay except for library books and media requires prior specific approval from TEA
Civil Defense	<u>Not Addressed</u>	<u>Not Addressed</u>	<u>Not Addressed</u>
Commencement & Convocation Costs	<u>Unallowable</u> : see section 1f(2)	<u>Not Addressed</u>	<u>Unallowable</u> except as specified in OMB A-21, section F9.
Communication Costs (includes telephone services, local and long distance telephone calls, telegrams, postage, messenger, electronic or computer transmittal services, etc.)	<u>Allowable</u> Cellular phones or cellular phone calls for personal use are not allowable.	<u>Allowable</u> Cellular phones or cellular phone calls for personal use are not allowable.	<u>Allowable</u> Cellular phones or cellular phone calls for personal use are not allowable.
Compensation for Personnel Services (includes salaries, wages, and fringe benefits) (Refer to Instructions to Schedule 3B to "Documentation Required for Charges to Payroll for additional information.)	<u>Allowable</u> if costs are reasonable, comparable for similar work, and charges are supported with time distribution records or other documentation as stipulated in OMB A-87.	<u>Allowable</u> if costs are reasonable, comparable for similar work, and charges are supported with time distribution records or other documentation as stipulated in OMB A-122.	<u>Allowable</u> if total compensation to employees conforms to the established policies of the institution, are consistently applied, and work performed directly on sponsored agreements are determined and supported. See OMB A-21, section 10a for specifics.

Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
Compensation for Personnel Services cont.	<u>Unallowable</u> costs which are unallowable under other paragraphs of this attachment shall not be allowable under this paragraph solely on the basis that they constitute personal compensation.	<u>Unallowable</u> costs which are unallowable under other paragraphs of this attachment shall not be allowable under this paragraph solely on the basis that they constitute personal compensation.	
Conferences and Meetings	<u>Allowable</u> Cost of meetings and conferences including transportation, room rental charges, speakers' fees, and items incidental to these meetings/conferences. (section 27) See Attachment B, section 14, Entertainment costs, which are not allowable. Also see "Food Costs" with regard to <u>meals</u> for conferences and meetings.	<u>Allowable</u> Cost of meetings and conferences including transportation, room rental charges, speakers' fees, and items incidental to these meetings/conferences. (section 29) See section 14, Entertainment costs, which are not allowable, and section 34 Participant support costs) Also see "Food Costs" with regard to <u>meals</u> for conferences and meetings.	<u>Allowable</u> Cost of meetings and conferences including transportation, room rental charges, speakers' fees, and items incidental to these meetings/conferences. (section 32) See section J.17, Entertainment costs, which are not allowable. Also see "Food Costs" with regard to <u>meals</u> for conferences and meetings.
Construction, Remodeling, or Alterations	<u>Allowable</u> only with prior specific approval from TEA and only if permitted under the authorizing statute.	<u>Allowable</u> only with prior specific approval from TEA and only if permitted under the authorizing statute.	<u>Allowable</u> only with prior specific approval from TEA and only if permitted under the authorizing statute.
Contingencies	<u>Unallowable</u> Exclusion: self-insurance reserves, pension plan reserves, post-retirement health and other benefit reserves (section 9)	<u>Unallowable</u> Exclusion: self-insurance reserves, pension plan reserves, post-retirement health and other benefit reserves (section 8)	<u>Unallowable</u> Exclusion: self-insurance reserves, pension plan reserves, post-retirement health and other benefit reserves (section 11)
Contributions and Donations (See Donations and Contributions)	<u>Unallowable</u> (section 12)	<u>Unallowable</u> (section 9)	<u>Unallowable</u> (section 15)
Deans of Faculty and Graduate Schools	<u>Not Addressed</u>	<u>Not Addressed</u>	<u>Allowable</u> Salaries and expenses of deans of faculty and graduate schools, or their equivalents, and their staffs
Debt Service	<u>Unallowable</u> for TEA discretionary grants	<u>Unallowable</u> for TEA discretionary grants	<u>Unallowable</u> for TEA discretionary grants

Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
Defense and Prosecution of Criminal and Civil Proceedings, and Claims	<p><u>Allowable</u> Legal expenses required in the administration of Federal programs</p> <p><u>Unallowable</u> In defense of any civil or criminal fraud proceeding where the contractor is found liable or has pleaded nolo contendere to fraud; by a contractor in connection with any criminal, civil or administrative proceedings; prosecution of claims against the federal government</p>	<p><u>Generally Unallowable</u>; unallowable in defense of antitrust suit or prosecution of claims against federal/state government.</p> <p>Other costs allowable or unallowable as stipulated in OMB A-122, section 10.</p>	<p><u>Generally Unallowable</u></p> <p>For costs allowable and unallowable see OMB A-21, section 10</p>
Depreciation and Use Allowances of Building Space	<u>Allowable</u> at 2% of original acquisition cost as stipulated in OMB A-87.	<u>Allowable</u> at 2% of original acquisition cost as stipulated in OMB A-122.	<u>Allowable</u> at 2% of original acquisition cost as stipulated in OMB A-21, section 11
Depreciation and Use Allowances of Equipment	<u>Allowable</u> at 6 2/3% of original acquisition cost	<u>Allowable</u> at 6 2/3% of original acquisition cost	<u>Allowable</u> at 6 2/3% of original acquisition cost
Disbursing Service	<u>Not Addressed</u>	<u>Not Addressed</u>	<u>Not Addressed</u>
Displays, Demonstrations, and Exhibits	<u>Unallowable</u> : section 1f(2)(a)	<u>Unallowable</u> section 1f(2)(i)	<u>Unallowable</u> section 1f(2)(i)
Donations and Contributions	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Employee Morale, Health, and Welfare	<u>Allowable</u> as stipulated in OMB A-87, section 13	<u>Allowable</u> as stipulated in OMB A-122, section 13	<u>Allowable</u> as stipulated in OMB A-21, section 13
Employee Service Awards	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Entertainment (including amusement, diversion, social activities, and related costs)	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Equipment and Other Capital Expenditures (May include ancillary charges such as taxes, duty, protective in transit insurance, freight, and installation)	<u>Allowable</u> : All capitalized furniture and equipment requires prior specific approval from TEA regardless of the cost.	<u>Allowable</u> : All capitalized furniture and equipment requires prior specific approval from TEA regardless of the cost.	<u>Allowable</u> : All capitalized furniture and equipment requires prior specific approval from TEA regardless of the cost.

Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
<p>Equipment and Other Capital Expenditures cont.</p> <p>Equipment is defined as an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the governmental unit, or \$5,000.</p>	<p><u>Unallowable</u></p> <ol style="list-style-type: none"> Improvements to land, buildings, or equipment which materially increase their value or useful life EXCEPT with prior specific approval from TEA. Equipment and other capital expenditures are unallowable as indirect costs. <p>See section 11, Depreciation and use allowance, and section 37, Rental costs, for rules of allowability for depreciation and rental costs.</p> <p>Items requiring specific approval from TEA must be specifically budgeted and approved in the applicable grant application prior to expending funds</p>	<p><u>Unallowable</u></p> <ol style="list-style-type: none"> Capital expenditures for general purpose equipment, land or buildings, improvement to land, buildings, or equipment are unallowable as a direct cost except with prior specific approval from TEA. Equipment and other capital expenditures are unallowable as indirect costs. <p>See section 11 for allowability of use allowances or depreciation on buildings, capital improvements, and equipment. Also see section 46 for allowability of rental costs for land, buildings, and equipment.</p> <p>Items requiring specific approval from TEA must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p>	<p><u>Unallowable</u></p> <ol style="list-style-type: none"> Capital expenditures for general purpose equipment, land or buildings, improvement to land, buildings, or equipment are unallowable as a direct cost except with prior specific approval from TEA. Equipment and other capital expenditures are unallowable as indirect costs. <p>See section 11 for allowability of use allowances or depreciation on buildings, capital improvements, and equipment. Also see section 46 for allowability of rental costs for land, buildings, and equipment.</p> <p>Items requiring specific approval from TEA must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p>
Executive Lobbying Costs	<u>Unallowable</u>	<u>Unallowable</u> (Not specifically addressed in OMB A-122—closest was section 25(3)(II))	<u>Unallowable</u>
Field Trips	<p>Although not specifically addressed in OMB A-87, TEA, in general, does not allow field trips to be paid from grant funds. Any field trips requested by the grantee must be specifically approved in the applicable discretionary grant application.</p> <p><u>Unallowable</u>: Field trips for <u>social, entertainment</u> or <u>recreational purposes</u></p>	<p>Although not specifically addressed in OMB A-122, TEA, in general, does not allow field trips to be paid from grant funds. Any field trips requested by the grantee must be specifically approved in the applicable discretionary grant application.</p> <p><u>Unallowable</u>: Field trips for <u>social, entertainment</u> or <u>recreational purposes</u></p>	<p>Although not specifically addressed in OMB A-122, TEA, in general, does not allow field trips to be paid from grant funds. Any field trips requested by the grantee must be specifically approved in the applicable discretionary grant application.</p> <p><u>Unallowable</u>: Field trips for <u>social, entertainment</u> or <u>recreational purposes</u></p>
Fines and Penalties	<u>Unallowable</u> , except when incurred as a result of compliance with specific federal award provisions	<u>Unallowable</u> , except when incurred as a result of compliance with specific federal award provisions	<u>Unallowable</u> , except when incurred as a result of compliance with specific federal award provisions or with prior specific approval of TEA

Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
Food Costs	<p><u>Allowable (specific to TEA grants)</u></p> <ol style="list-style-type: none"> 1. Light lunch during an all-day meeting or training session: Light lunch for participants who are cloistered in an all-day (i.e., at least six-hour) meeting or training session. The grantee must document that it was impractical for participants to obtain lunch on their own (e.g., due to isolated location and/or distance to eateries) and that their attendance at the meeting/training session was essential to accomplishing the objectives of the grant. The grantee must maintain an agenda that clearly identifies the topics discussed during the meeting/training session and the time allotted to each topic, including the lunch period. Only a nominal amount of grant funds may be used per participant. 2. Working lunch during an all-day meeting or training session: Light meals during a "working lunch." A working lunch is defined as an activity in which staff or participants are engaged in exercises/activities during the normal meal time as stated on an agenda and in which no other opportunity for a meal is provided. The grantee must maintain an agenda that clearly identifies the exercise or activity that the participants are engaged in and should retain a representative sample of the work product, if any, that was generated as a result of the working session. Only a nominal amount of grant funds may be used per staff/participant. 	<p><u>Allowable (specific to TEA grants)</u></p> <ol style="list-style-type: none"> 1. Light lunch during an all-day meeting or training session: Light lunch for participants who are cloistered in an all-day (i.e., at least six-hour) meeting or training session. The grantee must document that it was impractical for participants to obtain lunch on their own (e.g., due to isolated location and/or distance to eateries) and that their attendance at the meeting/training session was essential to accomplishing the objectives of the grant. The grantee must maintain an agenda that clearly identifies the topics discussed during the meeting/training session and the time allotted to each topic, including the lunch period. Only a nominal amount of grant funds may be used per participant. 2. Working lunch during an all-day meeting or training session: Light meals during a "working lunch." A working lunch is defined as an activity in which staff or participants are engaged in exercises/activities during the normal meal time as stated on an agenda and in which no other opportunity for a meal is provided. The grantee must maintain an agenda that clearly identifies the exercise or activity that the participants are engaged in and should retain a representative sample of the work product, if any, that was generated as a result of the working session. Only a nominal amount of grant funds may be used 	<p><u>Allowable (specific to TEA grants)</u></p> <ol style="list-style-type: none"> 1. Light lunch during an all-day meeting or training session: Light lunch for participants who are cloistered in an all-day (i.e., at least six-hour) meeting or training session. The grantee must document that it was impractical for participants to obtain lunch on their own (e.g., due to isolated location and/or distance to eateries) and that their attendance at the meeting/training session was essential to accomplishing the objectives of the grant. The grantee must maintain an agenda that clearly identifies the topics discussed during the meeting/training session and the time allotted to each topic, including the lunch period. Only a nominal amount of grant funds may be used per participant. 2. Working lunch during an all-day meeting or training session: Light meals during a "working lunch." A working lunch is defined as an activity in which staff or participants are engaged in exercises/activities during the normal meal time as stated on an agenda and in which no other opportunity for a meal is provided. The grantee must maintain an agenda that clearly identifies the exercise or activity that the participants are engaged in and should retain a representative sample of the work product, if any, that was generated as a result of the working session. Only a nominal amount of grant funds may be used per staff/participant.

Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
Food Costs cont.	<p>3. Nutritional snacks for students in extended day (i.e., after-school) programs.</p> <p>4. Nutritional snacks for children in child care while parents are participating in grant activities.</p> <p>5. Food necessary to conduct <u>nutrition education</u> programs for parents.</p> <p>6. Parent involvement activities where refreshments are necessary to encourage participation/attendance by parents, such as in low-income areas, and thus meet program activities.</p> <p>Full meals for parents and/or students are not allowable for these purposes under any circumstances. Expenditures must be <u>reasonable</u>, in cost, <u>necessary</u> to accomplish program objectives, <u>and an integral part of the instructional program</u>.</p> <p>No other food costs, including beverages and other refreshments, breaks, or snacks, are permitted.</p> <p><u>Unallowable</u></p> <ol style="list-style-type: none"> Refreshments of any kind, including beverages, breaks, and snack foods, for staff meetings/staff training Refreshments or meals at an awards banquet/function Any food costs not necessary to accomplish the objectives of the grant program Any event in which a "guest speaker" or other individual conducts a presentation Breakfast 	<p>per staff/participant.</p> <p>3. Nutritional snacks for students in extended day (i.e., after-school) programs.</p> <p>4. Nutritional snacks for children in child care while parents are participating in grant activities.</p> <p>5. Food necessary to conduct <u>nutrition education</u> programs for parents.</p> <p>6. Parent involvement activities where refreshments are necessary to encourage participation/attendance by parents, such as in low-income areas, and thus meet program activities.</p> <p>Full meals for parents and/or students are not allowable for these purposes under any circumstances. Expenditures must be <u>reasonable</u>, in cost, <u>necessary</u> to accomplish program objectives, <u>and an integral part of the instructional program</u>.</p> <p>No other food costs, including beverages and other refreshments, breaks, or snacks, are permitted.</p> <p><u>Unallowable</u></p> <ol style="list-style-type: none"> Refreshments of any kind, including beverages, breaks, and snack foods, for staff meetings/staff training Refreshments or meals at an awards banquet/function Any food costs not necessary to accomplish the objectives of the grant program Any event in which a "guest speaker" or other individual conducts a presentation Breakfast 	<p>3. Nutritional snacks for students in extended day (i.e., after-school) programs.</p> <p>4. Nutritional snacks for children in child care while parents are participating in grant activities.</p> <p>5. Food necessary to conduct <u>nutrition education</u> programs for parents.</p> <p>6. Parent involvement activities where refreshments are necessary to encourage participation/attendance by parents, such as in low-income areas, and thus meet program activities.</p> <p>Full meals for parents and/or students are not allowable for these purposes under any circumstances. Expenditures must be <u>reasonable</u>, in cost, <u>necessary</u> to accomplish program objectives, <u>and an integral part of the instructional program</u>.</p> <p>No other food costs, including beverages and other refreshments, breaks, or snacks, are permitted.</p> <p><u>Unallowable</u></p> <ol style="list-style-type: none"> Refreshments of any kind, including beverages, breaks, and snack foods, for staff meetings/staff training Refreshments or meals at an awards banquet/function Any food costs not necessary to accomplish the objectives of the grant program Any event in which a "guest speaker" or other individual conducts a presentation Breakfast

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Food Costs cont.	TEA reserves the right to restrict a grantee from expending any funds on food costs or to disallow expenditures on food costs should the TEA determine that the grantee expended grant funds on food costs that are not reasonable or necessary to meet the intent and objective(s) of the grant.	TEA reserves the right to restrict a grantee from expending any funds on food costs or to disallow expenditures on food costs should the TEA determine that the grantee expended grant funds on food costs that are not reasonable or necessary to meet the intent and objective(s) of the grant.	TEA reserves the right to restrict a grantee from expending any funds on food costs or to disallow expenditures on food costs should the TEA determine that the grantee expended grant funds on food costs that are not reasonable or necessary to meet the intent and objective(s) of the grant.
Fringe Benefits	<u>Allowable</u>	<u>Allowable</u> <u>Unallowable</u> Costs of insurance when the organization is named as the beneficiary	<u>Allowable</u> <u>Unallowable</u> Tuition benefits for family members other than the employee are unallowable for fiscal years beginning after September 30, 1998.
Fundraising and Investment Management Costs (Including financial campaigns and solicitation of gifts, donations, contributions, etc.)	<u>Allowable</u> Costs associated with investments covering pension, self insurance, or other funds which include Federal participation <u>Unallowable</u> Costs of organized fund raising and similar expenses incurred to raise capital or obtain contributions	<u>Unallowable</u>	<u>Allowable</u> Costs related to the physical custody and control of monies and securities <u>Unallowable</u> 1. Costs of organized fund raising and similar expenses incurred solely to raise capital or obtain contributions 2. Costs of investment counsel and staff and expenses incurred to enhance income
Gains and Losses on Disposition of Depreciable Property and Other Capital Assets and Substantial Relocation of Federal Programs	<u>Allowable</u> as stipulated in OMB A-87, section 18	<u>Allowable</u> as stipulated in OMB A-122, section 40	<u>Allowable</u> as stipulated in OMB A-21, section 21
General Government Expenses	<u>Unallowable</u>	<u>Not Addressed</u>	<u>Not Addressed</u>
Gifts or Items that appear to be Gifts	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Goods or Services for Personal Use	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>

Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
Gratuities or Tips	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Honorariums	Not allowable in Texas. The term “fee” must be used in lieu of honorarium in all accounting records and consultant agreements.	Not allowable in Texas. The term “fee” must be used in lieu of honorarium in all accounting records and consultant agreements.	Not allowable in Texas. The term “fee” must be used in lieu of honorarium in all accounting records and consultant agreements.
Hospitality Rooms	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Housing and Personal Living Expenses	<u>Unallowable</u>	<u>Allowable</u> as direct costs for organization's officers when necessary for performance of grant award with specific approval by TEA. <u>Unallowable</u> as fringe benefit or indirect costs regardless of whether the cost is reported as taxable income to employees.	<u>Unallowable</u>
Idle Facilities and Capacity	<u>Unallowable</u> except to the extent that they are normal costs of doing business and are a factor in the normal fluctuations of usage and indirect cost rates, are for a reasonable period of time, are necessary because of changes in program requirements; and capacity is reasonably anticipated to be necessary. (See section 21)	<u>Unallowable</u> except to the extent that they are normal costs of doing business and are a factor in the normal fluctuations of usage and indirect cost rates, are for a reasonable period of time, are necessary because of changes in program requirements; and capacity is reasonably anticipated to be necessary. (See section 20)	<u>Unallowable</u> except to the extent that they are normal costs of doing business and are a factor in the normal fluctuations of usage and indirect cost rates, are for a reasonable period of time, are necessary because of changes in program requirements; and capacity is reasonably anticipated to be necessary. (See section 24)
Insurance and Indemnity	Insurance Allowable: 1. Insurance required or approved and maintained pursuant to the Federal award. 2. Insurance in connection with general conduct of activities (type, extent and cost of coverage are in accordance with policy and sound business practice) 3. Costs incurred because of losses not covered under nominal deductible insurance and minor	Insurance Allowable: 1. Insurance required or approved and maintained pursuant to the Federal award. 2. Insurance in connection with general conduct of activities (type, extent and cost of coverage are in accordance with policy and sound business practice; business interruption or other similar insurance limited to exclude coverage of management fees)	Insurance Allowable: 1. Insurance required or approved and maintained pursuant to the Federal award. 2. Insurance in connection with general conduct of activities (type, extent and cost of coverage are in accordance with policy and sound business practice) 3. Contributions to a reserve for self-insurance are allowable as specified in OMB A-21, section 25.

Items of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
Insurance and Indemnity cont.	<p>losses not covered by insurance</p> <p>4. Contributions to a reserve for certain self-insurance programs</p> <p>5. Actual claims paid for workers' compensation, unemployment compensation, severance pay, and similar employee benefits</p> <p>NOTE: <u>Ed-Flex</u> programs do not require prior approval from TEA. <u>For all other grant programs</u>, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p> <p><u>Unallowable</u></p> <p>1. Actual losses which could have been covered by permissible insurance unless provided for in OMB A-87 (See section 22) except with specific approval or requirement from TEA.</p> <p>2. Commercial insurance protecting against the contractor for correction of contractor's own defects in materials or workmanship.</p> <p>NOTE: <u>Ed-Flex</u> programs do not require prior approval from TEA. <u>For all other grant programs</u>, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p> <p>Indemnification Includes securing the LEA against liabilities to third persons and other losses not compensated by insurance or otherwise. The federal government is obligated to indemnify the LEA only to the extent expressly provided for in the</p>	<p>3. Costs for insurance or other reserve covering the risk of loss or damage to Federal property only to the extent the organization is liable for such loss or damage.</p> <p>4. Provisions for a reserve under a self-insurance program to the extent that types of coverage, extent of coverage, rates, and premiums would have been allowed.</p> <p>5. Losses not covered under nominal deductible insurance coverage</p> <p>6. Minor losses not covered by insurance, which occur in the ordinary course of operations</p> <p>NOTE: <u>Ed-Flex</u> programs do not require prior approval from TEA. <u>For all other grant programs</u>, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p> <p><u>Unallowable</u></p> <p>1. Insurance when the organization is identified as the beneficiary</p> <p>2. Insurance against defects</p> <p>3. Actual losses which could have been covered by permissible insurance except with specific approval or requirement from TEA.</p> <p>Indemnification Includes securing the LEA against liabilities to third persons and other losses not compensated by insurance or otherwise. The federal government is obligated to indemnify the LEA only to the extent expressly provided for in the award, except as provided in the award.</p>	<p>4. Losses not covered under nominal deductible insurance coverage</p> <p>5. Medical liability (malpractice) insurance is an allowable cost of research programs only to the extent that research involves human subjects.</p> <p>NOTE: <u>Ed-Flex</u> programs do not require prior approval from TEA. <u>For all other grant programs</u>, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p> <p><u>Unallowable</u></p> <p>1. Actual losses which could have been covered by permissible insurance except with specific approval or requirement from TEA.</p> <p>2. Insurance against defects.</p> <p>Indemnification The Federal Government is obligated to indemnify the institution only to the extent expressly provided for in the sponsored agreement, except as provided in section 25d.</p>

Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
Insurance and Indemnity cont.	award, except as provided in section 22d. NOTE: <u>Ed-Flex</u> programs do not require prior approval from TEA. <u>For all other grant programs</u> , these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.		
Interest	<p><u>Allowable</u></p> <ol style="list-style-type: none"> 1. Financing costs (including interest) paid or incurred which are associated with the allowable costs of building purchase, construction, or remodeling completed on or after October 1, 1980, as specifically outlined in OMB A-87, section 23b(1)-(4). 2. Financing costs (including interest) paid or incurred on or after September 1, 1995, for land or associated with otherwise allowable costs of equipment, as specifically outlined in OMB A-87, section 23b(1)-(4). <p><u>Unallowable</u></p> <ol style="list-style-type: none"> 1. Costs incurred for interest on borrowed capital or the use of the governmental unit's own funds, except as specifically provided for in OMB A-87, section 23b. 2. Interest attributable to fully depreciated assets. 	<p><u>Allowable</u></p> <ol style="list-style-type: none"> 1. Interest on debt incurred to acquire or replace capital assets (including renovations, alterations, equipment, land, and capital assets acquired through capital leases) as specified in OMB A-122, section 23. 2. Nor non-profit organizations subject to full coverage under the Cost Accounting Standards, the interest allowability provisions in OMB A-122, section 23(a) do not apply but are subject to CAS 414 (48 CFR 9903.414) and CAS 417 (48 CFR 9903.417). <p><u>Unallowable</u></p> <p>Costs incurred for interest on borrowed capital or temporary use of endowment funds, however represented.</p>	<p><u>Allowable</u></p> <p>Interest on debt incurred after July 1, 1982 to acquire buildings, major reconstruction and remodeling, or the acquisition or fabrication of capital equipment costing \$10,000 or more, is allowable.</p> <p><u>Unallowable</u></p> <ol style="list-style-type: none"> 1. Costs incurred for interest on borrowed capital or temporary use of endowment funds, however represented. 2. Interest on debt incurred to finance or refinance assets re-acquired after the applicable effective dates stipulated in section 26b. 3. Interest attributable to fully depreciated assets
Investment Management Costs	<p><u>Allowable</u> if for pensions and self-insurance funds.</p> <p><u>Unallowable</u> if solely to enhance income.</p>	<p><u>Allowable</u> if for pensions or self-insurance funds.</p> <p><u>Unallowable</u></p> <p>Costs of investment counsel and staff and similar expenses incurred solely to enhance income from investments</p>	<p><u>Allowable</u></p> <p>Costs related to the physical custody and control of monies and securities</p> <p><u>Unallowable</u></p> <p>Costs of investment counsel and staff and similar expenses incurred solely to enhance income from investments</p>

Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
Labor Relations	<u>Not Addressed</u>	<u>Allowable</u> as specified in OMB A-122, section 24.	<u>Allowable</u> s specified in OMB A-21, section 27.
Lease-Purchases	<u>Unallowable</u> for TEA discretionary grants	<u>Unallowable</u> for TEA discretionary grants	<u>Unallowable</u> for TEA discretionary grants
Legal Expenses	<u>Allowable</u> when required for the administration of the grant program. <u>Unallowable</u> for legal expenses for claims against the federal or state government.	<u>Allowable</u> when required for the administration of the grant program. <u>Unallowable</u> for legal expenses for claims against the federal or state government.	<u>Allowable</u> when required for the administration of the grant program. <u>Unallowable</u> for legal expenses for claims against the federal or state government.
Legislative Expenses and expenses for similar governmental bodies (such as school boards)	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Lobbying	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u> For exceptions see section 28b.
Losses on Other Awards	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Losses which could have been covered by permissible insurance	<u>Allowable</u> only with prior specific approval from TEA	<u>Allowable</u> only with prior specific approval from TEA	<u>Allowable</u> only with prior specific approval from TEA
Maintenance, Operations, and Repairs	<u>Allowable</u> Unless prohibited by law, utilities, insurance, security, janitorial services, elevator service, upkeep of grounds, necessary maintenance, normal repairs and alterations, and the like to the extent that: property is kept in efficient operating condition; do not add to the permanent value of the property and are not included in rental or other charges for space. Costs which add to the permanent value of property or appreciably prolong its intended life shall be treated as capital expenditures. (OMB A-87, Sections 11 and 15)	<u>Allowable</u> Costs incurred for necessary maintenance, repair, or upkeep of buildings and equipment which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition. Costs for improvements which add to the permanent value of buildings or equipment appreciably prolong its intended life shall be treated as capital expenditures. (OMB A-122, Section 15)	<u>Allowable</u> Costs incurred for necessary maintenance, repair, or upkeep of buildings and equipment which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition. Costs for improvements which add to the permanent value of buildings or equipment appreciably prolong its intended life shall be treated as capital expenditures. (OMB A-21, Section 30)

Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
Materials and Supplies	<u>Allowable</u>	<u>Allowable</u>	<u>Allowable</u>
Meetings and conferences (Includes rental of meeting space and equipment; supplies/materials/ consultant fees, etc.) See "Conferences and Meetings"	<u>Allowable</u> Costs for the dissemination of technical information, including costs of meals, transportation, rental of facilities, speakers' fees, and other items incidental to such meetings or conferences. <u>Unallowable</u> Grant funds may not be used to pay for souvenirs, memorabilia, promotional items, (i.e., give-aways) or gifts	<u>Allowable</u> 1. Costs associated with the conduct of meetings and conferences, including renting facilities, meals, speakers' fees, and the like. 2. Meetings and conferences held to conduct the general administration of the organization. <u>Unallowable</u> Grant funds may not be used to pay for souvenirs, memorabilia, promotional items, (i.e., give-aways) or gifts	<u>Allowable</u> Costs for the dissemination of technical information, including costs of meals, transportation, rental of facilities, speakers' fees, and other items incidental to such meetings or conferences. <u>Unallowable</u> Grant funds may not be used to pay for souvenirs, memorabilia, promotional items, (i.e., give-aways) or gifts
Memberships	<u>Allowable</u> 1. Membership in business, technical, and professional organizations related to the grant program. Membership must be in the name of the grantee organization and not in the name of an individual. 2. Membership in civic and community organizations are allowable with prior specific approval from TEA. NOTE: <u>Ed-Flex</u> programs do not require prior approval from TEA. <u>For all other grant programs</u> , these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds. <u>Unallowable</u> Membership in any social organization or organizations substantially engaged in lobbying	<u>Allowable</u> 1. Membership in business, technical, and professional organizations related to the grant program. Membership must be in the name of the grantee organization and not in the name of an individual. 2. Membership in civic and community organizations are allowable with prior specific approval from TEA. NOTE: <u>Ed-Flex</u> programs do not require prior approval from TEA. <u>For all other grant programs</u> , these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds. <u>Unallowable</u> Membership in any country club or social or dining club or organization.	<u>Allowable</u> 1. Membership in business, technical, and professional organizations related to the grant program. Membership must be in the name of the grantee organization and not in the name of an individual. <u>Unallowable</u> Membership in any civic or community organization, country club or social or dining club or organization.
Memorabilia	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>

Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
Motor Pools	<u>Not Addressed</u>	<u>Not Addressed</u>	<u>Not Addressed</u>
Organization Costs (Related to the establishment or reorganization of an organization such as management consultants, accountants, attorneys, or investment consultants)	<u>Not Addressed</u>	<p><u>Unallowable EXCEPT</u> with prior specific approval of TEA to establish or reorganize the organization.</p> <p>These costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p>	<u>Not Addressed</u>
Participant Support Costs (such as stipends, travel, registration fees, etc.)	<u>Not addressed</u> in OMB A-87. TEA allows participant support costs which are reasonable and necessary to accomplish the objectives of the project.	<p><u>Allowable</u> with prior specific approval from TEA.</p> <p>NOTE: <u>Ed-Flex</u> programs do not require prior approval from TEA. <u>For all other grant programs</u>, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p>	<u>Not Addressed</u> in OMB A-217. TEA allows participant support costs which are reasonable and necessary to accomplish the objectives of the project.
Patents	<p><u>Allowable</u></p> <ol style="list-style-type: none"> 1. Preparation of disclosures, reports, and other documents required by the grant. 2. Preparation of documents and other patent costs in connection with filing and prosecution of the U.S. patent application where title and royalty-free license is required by the federal government to be conveyed to the federal government. 3. General counseling related to patent and copyright matters, such as advice on patent and copyright laws, regulation clauses, and employee agreements. <p><u>Unallowable</u></p> <ol style="list-style-type: none"> 1. Preparation of disclosures, reports, and other documents not required by the grant. 	<p><u>Allowable</u></p> <ol style="list-style-type: none"> 1. Preparation of disclosures, reports, and other documents required by the grant. 2. Preparation of documents and other patent costs in connection with filing and prosecution of the U.S. patent application where title and royalty-free license is required by the federal government to be conveyed to the federal government. 3. General counseling related to patent and copyright matters, such as advice on patent and copyright laws, regulation clauses, and employee agreements. <p><u>Unallowable</u></p> <ol style="list-style-type: none"> 1. Preparation of disclosures, reports, and other documents not required by the grant. 	<p><u>Allowable</u></p> <ol style="list-style-type: none"> 1. Preparation of disclosures, reports, and other documents required by the grant. 2. Preparation of documents and other patent costs in connection with filing and prosecution of the U.S. patent application where title and royalty-free license is required by the federal government to be conveyed to the federal government. 3. General counseling related to patent and copyright matters, such as advice on patent and copyright laws, regulation clauses, and employee agreements. <p><u>Unallowable</u></p> <ol style="list-style-type: none"> 1. Preparation of disclosures, reports, and other documents not required by the grant.

Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
Patents cont.	2. Costs associated with filing and prosecuting foreign patent applications or any U.S. patent application where conveyance of title or royalty-free license is not required by the award.	2. Costs associated with filing and prosecuting foreign patent applications or any U.S. patent application where conveyance of title or royalty-free license is not required by the award.	2. Costs associated with filing and prosecuting foreign patent applications or any U.S. patent application where conveyance of title or royalty-free license is not required by the award.
Plant and Homeland Security Costs	<u>Allowable</u> Necessary and reasonable expenses incurred for routine and homeland security to protect facilities, personnel, and work products.	<u>Allowable</u> Necessary expenses incurred to comply with Federal security requirements or for facilities protection.	<u>Allowable</u> Necessary expenses incurred to comply with Federal security requirements or for facilities protection
Pre-Award (pre-agreement) costs	<u>Allowable</u> only to the extent that they would have been allowable if incurred after the effective date of the award. Any pre-award costs must be specifically approved by TEA. NOTE: <u>Ed-Flex</u> programs do not require specific approval from TEA. <u>For all other grant programs</u> , these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds. <u>Unallowable</u> unless specific approval is given by TEA.	<u>Allowable</u> only to the extent that they would have been allowable if incurred after the effective date of the award. Any pre-award costs must be specifically approved by TEA. NOTE: <u>Ed-Flex</u> programs do not require specific approval from TEA. <u>For all other grant programs</u> , these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds. <u>Unallowable</u> unless specific approval is given by TEA.	<u>Allowable</u> only to the extent that they would have been allowable if incurred after the effective date of the award. Any pre-award costs must be specifically approved by TEA. NOTE: <u>Ed-Flex</u> programs do not require specific approval from TEA. <u>For all other grant programs</u> , these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds. <u>Unallowable</u> unless specific approval is given by TEA.
Professional and Consultant Services Professional/consulting services are delivered by an independent contractor (individual, entity, or firm) on a fee basis for specialized services that are usually considered to be temporary or short-term in nature, normally in areas that supplement the expertise of the grantee. Includes evaluation, professional development/training, management services, legal services, etc.	<u>Allowable</u> with prior specific approval from TEA when provided by non-employees and when the grantee organization does not possess the expertise. See OMB A-87, section 32b for specifications of allowability. "Honorariums" are not allowable costs in Texas. The term "fee" must be used in lieu of honorarium in all accounting records and consultant agreements.	<u>Allowable</u> with prior specific approval from TEA when provided by non-employees and when the grantee organization does not possess the expertise. See OMB A-122, section 39b for specifications of allowability. "Honorariums" are not allowable costs in Texas. The term "fee" must be used in lieu of honorarium in all accounting records and consultant agreements.	<u>Allowable</u> with specific approval from TEA when provided by non-employees and when the grantee organization does not possess the expertise. See OMB A-21, section 37b for specifications of allowability. "Honorariums" are not allowable costs in Texas. The term "fee" must be used in lieu of honorarium in all accounting records and consultant agreements.

Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
Promotional Items, such as T-shirts, caps, tote bags, key chains, etc.	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Proposal Costs (i.e., preparing grant applications/proposals)	<p><u>Allowable</u> Cost for preparation of grant applications for <u>continuing formula entitlement grant programs</u> is allowable as a pre-award cost requiring prior specific approval by TEA.</p> <p>NOTE: <u>Ed-Flex</u> programs do not require prior approval from TEA. <u>For all other grant programs</u>, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p> <p><u>Unallowable</u></p> <ol style="list-style-type: none"> 1. TEA does not allow costs for preparation of grant applications/proposals for competitive discretionary grants. 2. Costs for preparation of applications/proposals to obtain OTHER grant monies. 	<p><u>Not Addressed</u></p> <p>NOTE: <u>Ed-Flex</u> programs do not require prior approval from TEA. <u>For all other grant programs</u>, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p> <p><u>Unallowable</u></p> <ol style="list-style-type: none"> 1. TEA does not allow costs for preparation of grant applications/proposals for competitive discretionary grants. 2. Costs for preparation of applications/proposals to obtain OTHER grant monies. 	<p>NOTE: <u>Ed-Flex</u> programs do not require prior approval from TEA. <u>For all other grant programs</u>, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p> <p><u>Unallowable</u></p> <ol style="list-style-type: none"> 1. TEA does not allow costs for preparation of grant applications/proposals for competitive discretionary grants. 2. Costs for preparation of applications/proposals to obtain OTHER grant monies.
Public Relations	<p><u>Allowable</u></p> <ol style="list-style-type: none"> 1. Costs specifically required by the award 2. Costs of communicating with the public and press regarding specific activities 3. Costs related to keeping the public informed on matters of public concern and as specified in OMB A-87, Attachment B, section 1d. 4. Costs identified in OMB A-87, Attachment B, sections c. and d. incurred for more than one award or for both sponsored work and other work of the LEA to the extent that 	<p><u>Allowable</u></p> <ol style="list-style-type: none"> 1. Costs specifically required by the award 2. Costs of communicating with the public and press regarding specific activities 3. Costs related to keeping the public informed on matters of public concern and as specified in OMB A-122, Attachment B, section 1d. 4. Costs identified in OMB A-122, Attachment B, sections c. and d. incurred for more than one award or for both sponsored work and other work of the LEA to the extent that 	<p><u>Allowable</u></p> <ol style="list-style-type: none"> 1. Costs specifically required by the award 2. Costs of communicating with the public and press regarding specific activities 3. Costs related to keeping the public informed on matters of public concern and as specified in OMB A-21, section 1d. 4. Costs identified in OMB A-21, sections c and d incurred for more than one award or for both sponsored work and other work of the LEA to the extent that the

Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
Public Relations cont.	<p>the principles in Attachment A, sections E and F are observed.</p> <p><u>Unallowable</u> Costs of public relations designed solely to promote the grantee.</p>	<p>the principles in Attachment A, sections E and C are observed.</p> <p><u>Unallowable</u> Costs of public relations designed solely to promote the grantee.</p>	<p>principles in sections D and E are observed.</p> <p><u>Unallowable</u> Costs of public relations designed solely to promote the grantee.</p>
Publication and Printing Costs (includes distribution and mailing of publications)	<p><u>Allowable</u></p>	<p><u>Allowable</u> as indirect costs</p> <p>NOTE: <u>Ed-Flex</u> programs do not require specific approval from TEA. <u>For all other grant programs</u>, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p> <p><u>Unallowable</u> as direct costs EXCEPT with prior specific approval from TEA.</p>	<p><u>Allowable</u> For specifics with regard to professional journal publications, see section 39c(1) and (2).</p>
Rearrangements and Alterations	<p><u>Allowable</u> only with prior specific approval from TEA</p>	<p><u>Allowable</u> only with prior specific approval from TEA</p>	<p><u>Allowable</u> only with prior specific approval from TEA</p>
Reconversion Costs	<p><u>Allowable</u> to restore facility to condition existing immediately prior to the grant award (less costs related to normal wear and tear).</p>	<p><u>Allowable</u> to restore or rehabilitate a facility to approximately the same condition existing immediately prior to the grant award (less costs related to fair wear and tear).</p>	<p><u>Allowable</u> to restore or rehabilitate a facility to approximately the same condition existing immediately prior to the grant award (less costs related to fair wear and tear).</p>
Recruiting and Relocation Costs	<p><u>Not Addressed</u></p>	<p><u>Allowable</u> as specified in OMB A-122, sections 44 and 45.</p> <p><u>Unallowable</u></p> <ol style="list-style-type: none"> 1. Costs of help wanted advertising that includes color, advertising material for other than recruitment purposes, or is excessive in size 2. Costs of help wanted advertising, special emoluments, fringe benefits, and salary allowances that are not reasonable and do not conform with established practices of the organization 	<p><u>Allowable</u> as specified in section 42.</p> <p><u>Unallowable</u></p> <ol style="list-style-type: none"> 1. Costs of help wanted advertising that includes color, advertising material for other than recruitment purposes, or is excessive in size 2. Costs of help wanted advertising, special emoluments, fringe benefits, and salary allowances that are not reasonable and do not conform with established practices of the organization.

Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
Recruiting and Relocation Costs cont.		3. Fees and other costs associated with acquiring a new home. 4. Loss on a sale of a former home. 5. Continuing mortgage principal and interest payments on a home being sold. 6. Income taxes paid by the employee related to reimbursed relocation costs.	
Reference Materials	<u>Not specifically addressed</u> , but allowable when related to the grant program	<u>Not specifically addressed</u> , but allowable when related to the grant program	<u>Not specifically addressed</u> , but allowable when related to the grant program
Refreshments See "Food Costs"	<u>Unallowable</u> except for parent involvement activities to encourage parents in low-income areas to attend	<u>Unallowable</u> except for parent involvement activities to encourage parents in low-income areas to attend	<u>Unallowable</u> except for parent involvement activities to encourage parents in low-income areas to attend
Remodeling or Renovation	<u>Allowable</u> only with prior specific approval	<u>Allowable</u> only with prior specific approval	<u>Allowable</u> only with prior specific approval
Rental Costs of Buildings and Equipment	Allowable to the extent that the rates are comparable to that of other rental property in the locale and as specified in OMB A-87, section 37.	Allowable to the extent that the rates are comparable to that of other rental property in the locale and as specified in OMB A-122, section 46.	Allowable to the extent that the rates are comparable to that of other rental property in the locale and as specified in OMB A-21, section 43.
	<u>Unallowable</u> Amounts paid for profit, management fees, and taxes that would not have been incurred had the LEA purchased the facility.	<u>Unallowable</u> Amounts paid for profit, management fees, and taxes that would not have been incurred had the organization purchased the facility.	<u>Unallowable</u> Costs include amounts paid for profit, management fees, and taxes that would not have been incurred had the institution purchased the facility.
Royalties and Other Costs for the Use of Patents	<u>Allowable</u> as specified in OMB A-87, section 38	<u>Allowable</u> as specified in OMB A-122, section 47.	<u>Allowable</u> as specified in OMB A-21, section 44
Sabbatical Leave	<u>Not Addressed</u>	<u>Not Addressed</u>	<u>Allowable</u> provided the institution has uniform policy
Scholarships, Fellowships, and Other Student Aid Costs	<u>Not Addressed</u>	<u>Unallowable</u>	<u>Allowable</u> only when the purpose of the grant is to provide training to selected participants and with prior specific approval from TEA as specified in OMB A-21, section 45

Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
Selling and Marketing	<u>Unallowable</u> unless allowed under Attachment B, section 1 as allowable public relations costs or under Attachment B, section 33, as allowable proposal costs.	<u>Unallowable</u> unless allowed under section 1, as allowable public relations costs or allowable as direct costs with prior specific approval from TEA when they are necessary for the performance of Federal programs.	<u>Unallowable</u> unless allowed under J.1 as allowable public relations costs or under J 38 as allowable proposal costs.
Severance Pay	<u>Allowable</u> <ol style="list-style-type: none"> 1. If required by law, employer-employee agreement, or established written policy 2. Associated with normal turnover 3. Abnormal or mass severance pay considered on a case-by-case basis and ONLY if approved by TEA. 	<u>Allowable</u> <ol style="list-style-type: none"> 1. If required by law, employer-employee agreement, or established written policy 2. Associated with normal turnover 3. Abnormal or mass severance pay considered on a case-by-case basis and ONLY if approved by TEA. <u>Unallowable</u> <ol style="list-style-type: none"> 1. Severance packages in excess of normal payment paid to the employee contingent on change in management control over or ownership of the organization's assets. 2. Payments to foreign nationals employed by the organization outside the U.S. to the extent the amount exceeds customary practices for the organization unless necessary for the performance of Federal programs and approved by TEA. 3. Payments made to foreign nationals employed by the organization outside the US because of termination is a result of the closure or curtailment of activities unless they are necessary for the performance 	<u>Allowable</u> <ol style="list-style-type: none"> 1. If required by law, employer-employee agreement, or established written policy 2. Associated with normal turnover 3. Abnormal or mass severance pay considered on a case-by-case basis and ONLY if approved by TEA. <u>Unallowable</u> <p>Costs incurred in excess of the institution's normal severance pay policy applicable to all persons employed by the institution upon termination of employment.</p>
Social Activities	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>

Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
Souvenirs	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Specialized Service Facilities	<u>Not Addressed</u>	Allowable as specified in OMB A-122, section 50	Allowable as specified in OMB A-21, section 47.
Stipends for Non-Employees (i.e., participant support costs)	<u>Allowable</u>	Allowable with prior specific approval from TEA	<u>Allowable</u>
Student Activity Cost	<u>Not Addressed</u>	<u>Not Addressed</u>	<u>Unallowable</u> unless specifically approved by TEA as part of the grant agreement. These costs must be specifically budgeted and approved in the applicable application prior to expenditures.
Subscriptions	<u>Allowable</u> Costs of business, professional, and technical periodicals when related to the grant program. Subscriptions must be in the name of the grantee organization and not in the name of an individual.	<u>Allowable</u> for business, professional, and technical periodicals when related to the grant program. Subscriptions must be in the name of the grantee organization and not in the name of an individual.	<u>Allowable</u> for business, professional, and technical periodicals when related to the grant program. Subscriptions must be in the name of the grantee organization and not in the name of an individual.
Superintendent Salaries	<u>Unallowable</u>	<u>Unallowable</u>	<u>Not Applicable</u>
Taxes	<u>Allowable</u> except for self-assessed taxes.	Allowable as specified in OMB A-122, section 51.	Allowable as specified in OMB A-21, section 49.
Termination of Grant Award	<u>Generally Allowable</u> 1. If, despite all reasonable efforts by the LEA, certain costs cannot be discontinued immediately after the effective date of termination, such costs are generally allowable within the limitations in OMB A-87 2. Loss of useful value of special tooling, machinery, and equipment. (OMB A-87, section 41c.) 3. Rental costs under unexpired leases where clearly shown to have been reasonably necessary for the performance of the award. (OMB A-87, section 41d.)	<u>Generally Allowable</u> 1. If, despite all reasonable efforts by the LEA, certain costs cannot be discontinued immediately after the effective date of termination, such costs are generally allowable within the limitations in OMB A-122, section 52. 2. Loss of useful value of special tooling, machinery, and equipment. 3. Rental costs under unexpired leases where clearly shown to have been reasonably necessary for the performance of the award 4. Settlement expenses (OMB A- 122,	<u>Generally Allowable</u> 1. If, despite all reasonable efforts by the LEA, certain costs cannot be discontinued immediately after the effective date of termination, such costs are generally allowable within the limitations in OMB A-21, section 50. 2. Loss of useful value of special tooling, machinery, and equipment. 3. Rental costs under unexpired leases where clearly shown to have been reasonably necessary for the performance of the award 4. Settlement expenses (OMB A- 21,

Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
	4. Settlement expenses (OMB A-87, section 41e for specifics) 5. Claims under subawards, including allocable portion of claims which are common to the grant and other work of the LEA <u>Unallowable</u> Costs continuing after the termination de to the negligent or willful failure of the LEA.	section 52 for specifics 5. Claims under subawards, including allocable portion of claims which are common to the grant and other work of the LEA <u>Unallowable</u> Items reasonably usable on the organization's other work unless the organization submits evidence that it would not retain such items at cost without sustaining a loss.	section 50 for specifics) 5. Claims under subawards, including allocable portion of claims which are common to the grant and other work of the LEA <u>Unallowable</u> Items reasonably usable on the organization's other work unless the organization submits evidence that it would not retain such items at cost without sustaining a loss.
Tips or Gratuities	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Training and Education	<u>Allowable</u> Training for employee development is allowable. Although college courses are not specifically addressed in OMB A-87, TEA allows college level courses only when the course is directly related to the purposes of the grant program.	<u>Allowable</u> 1. Training for employee development (See OMB A-122, section 53 for specifics) 2. Although college level courses are allowable under the federal cost principles when the courses are relative to the field in which the employee is now working or may reasonably be expected to work, TEA allows college level courses only when the course is directly related to the purposes of the grant program. See 53b (1)-(6) and 53c for limitations. 3. Attendance for specialized programs to enhance effectiveness of executives or managers or to prepare employees for such positions. See 53d for limitations 4. Training and education costs in excess may be allowed with prior specific approval of TEA <u>Unallowable:</u> Contributions or donations to educational or training institutions	<u>Allowable</u> Training for employee development is allowable (section 51).

Items of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
Transportation of goods	<u>Allowable</u> for transporting goods purchased with grant funds.	<u>Allowable</u> for transporting goods purchased with grant funds.	<u>Allowable</u> for transporting goods purchased with grant funds.
Travel Costs (employees)	<p><u>Allowable</u></p> <p>1. Employees traveling on official business incident to the grant program. Costs may not exceed local policy or maximum allowable rates for in-state or out-of-state travel, whichever is <u>less</u>.</p> <p><u>In-State Travel:</u> Mileage not to exceed 44.5 cents per mile (effective 1/1/06). Airfare at lowest available airfare. Car rental (allowable only where rental car is more cost effective than other transportation such as taxi or shuttle). Actual cost of lodging not to exceed \$85 per night (effective 9/1/05). Actual cost of meals not to exceed \$36 per day (effective 9/1/05). Registration fees to attend conferences/seminars.</p> <p><u>Out-of-State Travel:</u> Mileage not to exceed 44.5 cents per mile (effective 1/1/06). Airfare at lowest available airfare. Car rental (allowable only where rental car is more cost effective than other transportation such as taxi or shuttle.) Actual cost of lodging and meals not to exceed federal government rates for the locale. For all travel, if local policy is less, reimbursement may not exceed local policy. If local policy is more, any</p>	<p><u>Allowable</u></p> <p>1. Employees traveling on official business incident to the grant program. Costs may not exceed local policy or maximum allowable rates for in-state or out-of-state travel, whichever is <u>less</u>.</p> <p><u>In-State Travel:</u> Mileage not to exceed 44.5 cents per mile (effective 1/1/06). Airfare at lowest available airfare. Car rental (allowable only where rental car is more cost effective than other transportation such as taxi or shuttle). Actual cost of lodging not to exceed \$85 per night (effective 9/1/05). Actual cost of meals not to exceed \$36 per day (effective 9/1/05). Registration fees to attend conferences/seminars.</p> <p><u>Out-of-State Travel:</u> Mileage not to exceed 44.5 cents per mile (effective 1/1/06). Airfare at lowest available airfare. Car rental (allowable only where rental car is more cost effective than other transportation such as taxi or shuttle.) Actual cost of lodging and meals not to exceed federal government rates for the locale. For all travel, if local policy is less, reimbursement may not exceed local policy. If local policy is more, any</p>	<p><u>Allowable</u></p> <p>1. Employees traveling on official business incident to the grant program. Costs may not exceed local policy or maximum allowable rates for in-state or out-of-state travel, whichever is <u>less</u>.</p> <p><u>In-State Travel:</u> Mileage not to exceed 44.5 cents per mile (effective 1/1/06). Airfare at lowest available airfare. Car rental (allowable only where rental car is more cost effective than other transportation such as taxi or shuttle). Actual cost of lodging not to exceed \$85 per night (effective 9/1/05). Actual cost of meals not to exceed \$36 per day (effective 9/1/05). Registration fees to attend conferences/seminars.</p> <p><u>Out-of-State Travel:</u> Mileage not to exceed 44.5 cents per mile (effective 1/1/06). Airfare at lowest available airfare. Car rental (allowable only where rental car is more cost effective than other transportation such as taxi or shuttle.) Actual cost of lodging and meals not to exceed federal government rates for the locale. For all travel, if local policy is less, reimbursement may not exceed local policy. If local policy is more, any</p>

Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
	<p>amount above the maximum allowable state rates must be paid from state or local sources.</p> <p>2. Specific approval required for travel of <u>officials</u> (i.e., Supt., Exec. Dir., etc.). For all other programs except for Ed-Flex programs, such costs must be budgeted in the applicable application and approved by TEA prior to expenditure of funds. NOTE: Ed-Flex programs do not require specific approval.</p> <p>3. Foreign travel. Foreign travel is generally not permitted by TEA. However, direct charges are allowable only when the travel has received prior specific approval of TEA. Each separate foreign trip must receive approval.</p> <p><u>Unallowable</u> The portion of costs for air travel by <u>other than commercial</u> travel that exceeds the cost of allowable commercial air travel is unallowable.</p> <p>Travel <u>allowances</u> are unallowable in Texas.</p>	<p>amount above the maximum allowable state rates must be paid from state or local sources.</p> <p>2. Foreign travel. Foreign travel is generally not permitted by TEA. However, direct charges are allowable only when the travel has received prior specific approval of TEA. Each separate foreign trip must receive approval.</p> <p><u>Unallowable</u> The difference between first-class air accommodations and less than first-class air accommodations are not reasonably available to meet necessary mission requirements. (OMB A-122, section 55c for specifics)</p> <p>Travel <u>allowances</u> are unallowable in Texas.</p>	<p>amount above the maximum allowable state rates must be paid from state or local sources.</p> <p><u>Unallowable</u> The difference between first-class air accommodations and less than first-class air accommodations except when less than first-class air accommodations are not reasonably available to meet necessary mission requirements. (OMB A-21, section 53c for specifics)</p> <p>Foreign travel. Foreign travel is generally not permitted by TEA. However, direct charges are allowable only when the travel has received prior specific approval of TEA. Per TEA guidelines, each separate foreign trip must receive approval.</p> <p>Travel <u>allowances</u> are unallowable in Texas.</p>
Travel (in-state or out-of-state) for Non-Employees or for Students (does not include field trips)	<u>Allowable</u>	<u>Allowable</u> with prior specific approval from TEA	<u>Allowable</u>
Trustees or Board of Directors	<u>Not Addressed</u>	<p><u>Allowable</u> costs for travel and subsistence subject to restrictions regarding lodging, subsistence and air travel costs provided in section 55.</p> <p>See "Travel Costs"</p>	<p><u>Allowable</u> costs for travel and subsistence subject to restrictions regarding lodging, subsistence and air travel costs provided in section 54.</p> <p>See "Travel Costs"</p>

Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
Tuition and Fees related to tuition	<u>Allowable</u> as it pertains specifically to the grant program	<u>Allowable</u> as it pertains specifically to the grant program	<u>Allowable</u> as it pertains to the grant program
Tuition Remission	<u>Not Applicable</u>	<u>Not Applicable</u>	<u>Allowable</u> when specifically approved as part of Payroll Costs as part of benefits for graduate students; must be excluded from indirect cost calculation.
Under-Recovery of Costs under Federal Agreements	<u>Not Addressed</u>	<u>Not Addressed</u>	<u>Not Addressed</u>
Utilities	<u>Allowable</u> for grant activities conducted before or after school, weekends, or during the summer	<u>Not Addressed</u>	<u>Not Addressed</u>