

Allowable and Unallowable Costs in LSTA Grants

Source Documents:

Office of Management and Budget, Circular A-87 Revised, ("Cost Principles for State, Local, and Indian Tribal Governments.")

OMB Circular A-21 ("Cost Principles for Educational Institutions")

OMB Circular A-122 ("Cost Principles for Non Profit Organizations")

Allowable and Unallowable Costs in General

Generally, costs that are necessary and reasonable for the proper and efficient administration of a grant project are allowable costs that may be proposed as budget items in a LSTA grant application. If a cost is not allowable under local or state regulations, it will not be covered by LSTA. Costs need to be consistent with policies and procedures that apply to other activities of the organization, and be in accordance with accepted accounting principles. Note that Circular A-122 and Circular A-87 are extremely similar. For brevity, we have noted one or the other but not both where applicable. The circulars are also incorporated into the Code of Federal Regulations. The absence of an item from this FAQ guide does not imply that a cost is allowable.

| Cost Associated with Grant | Allowable | | | OMB Circular | NOTE |
|--|-----------|----|-------|---|--|
| | Yes | No | Maybe | | |
| General Cost Questions | | | | | |
| Costs incurred before the grant started | | | x | | Depends on preaward cost authorization |
| Fines and penalties | | x | | Circular A-87, Attachment B, Section 20 | |
| Reimbursement for excess costs from a previous grant | | x | | Circular A-87, Attachment B, Section 42 | |
| Grant writing for an additional year of LSTA funding | | | x | 2 CFR 230 Appendix B, Subsection 33 (formerly A-87) | Permissible only for potential federal awards and continuing LSTA grants |
| Fund raising | | x | | | |
| Costs of meetings or events related to fund raising | | x | | Circular A-122, Appendix B, section 1f | |
| Grant writing to foundations, non-federal sources | | x | | 2 CFR 230 Appendix B, Subsection 33 (formerly A-87) | |
| Donations / Charitable contributions | | x | | Circular A-122, Attachment B, Section 9 | |
| Construction costs (planning, wiring, remodeling, architects' fees, land, siting, new furnishings) | | x | | Not allowed in 20 U.S.C. 9109 | |
| Honorariums | | x | | Circular A-87, Attachment B, Section 11(i) | |

Appendix B – Costs in LSTA Grants

| Cost Associated with Grant | Allowable | | | OMB Circular | NOTE |
|--|------------|-----------|--------------|--|--|
| | Yes | No | Maybe | | |
| Costs of Events and Meetings | Yes | No | Maybe | | |
| Costs of meetings and conferences where the primary purpose is the dissemination of technical information | x | | | Circular A-87, Attachment B, Section 30 | Must be in grant application and requires approval of Oregon State Library |
| Entertainment | | x | | Circular A-87, Attachment B, Section 18 | |
| Food | | | x | | Event must be during a meeting and on the agenda as a working meal. Follow fiscal agent per diem limits. |
| Alcoholic beverages | | x | | Circular A-122, Attachment B, Section 2 | |
| Performers | | | x | | If integral to the content of an educational program e.g. summer reading |
| Salary | | | x | | Oregon’s LSTA program will not replace local salary |
| Work time | x | | | | Hours paid by LSTA should only do LSTA projects |
| Travel | | | x | | Use fiscal agent rates and reimbursement practices. Travel related to lobbying not covered. |
| Location rental fees | x | | | | If necessary to carry out grant activities |
| Marketing, Public Relations, Advertising | Yes | No | Maybe | | |
| Advertising in news, TV, radio, etc. to recruit personnel for LSTA grant projects | x | | | Circular A-122, Attachment B, Sections 1 | |
| Advertising in news, TV, radio, etc. for procuring or acquiring goods, equipment, and services for the performance of LSTA grant | x | | | Circular A-122, Attachment B, Sections 1 | |
| Advertising in news, TV, radio, etc. for a specific purpose to fulfill the grant’s activities | x | | | Circular A-122, Attachment B, Section 1 | |
| Advertising or promoting the library in general | | x | | Circular A-122, Attachment B, Sections 1 | |

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| Cost Associated with Grant | Allowable | | | OMB Circular | NOTE |
|---|------------|-----------|--------------|--|---|
| | Yes | No | Maybe | | |
| Marketing, Public Relations, Advertising cont. | | | | | |
| Informing the public or press about a specific LSTA project | x | | | Circular A-122, Attachment B, Sections 1 | |
| Costs of displays, demonstrations, and exhibits | | | x | | Ok if promoting a specific project |
| Prizes for contests or drawings | | x | | | It might be ok if item has no intrinsic value, such as a certificate or plaque. |
| T-shirts, mugs, pens, Frisbees, posters, magnets, and other promotional items with intrinsic value | | x | | | A rare exception would be if the item directly relates to the grant and is more informational than promotional. |
| Bookmarks, rolodex cards, brochures | x | | | | Strictly informational in nature |
| Promotion of the library to Hispanics and other people with diverse cultural, and socioeconomic backgrounds, individuals with disabilities, and to people with limited functional literacy or information skills. | x | | | Relates to LSTA law goal 5 | |
| Promotion of the library to persons having difficulty using a library, underserved urban and rural communities including children from families with incomes below the poverty line | x | | | Relates to LSTA law goal 6 | |
| Gifts | | x | | Circular A-122, Attachment B, Section 9 | |
| Research | Yes | No | Maybe | | |
| Planning, developing or conducting studies or surveys | x | | | | |
| Focus groups | x | | | | |
| Memberships / Community Involvement | Yes | No | Maybe | | |
| Membership in any civic or community organization | | | x | | Must be in grant application and requires approval of Oregon State Library. |
| Membership in business, technical, and professional organizations | x | | | | |

Appendix B – Costs in LSTA Grants

| Cost Associated with Grant | Allowable | | | OMB Circular | NOTE |
|---|-----------|----|-------|---|--|
| | Yes | No | Maybe | | |
| Costs Associated with Districting Grants | | | | | |
| Governmental fees (use fees, ballot filing fees, permits, etc.) | | x | | | |
| Forming a non-profit, 501(c)3 fees | | x | | | |
| Attorney fees for reviewing documents, and legal guidance. | | | x | Circular A-122, Attachment B, Sections 30, 31 | Must be in grant application and requires approval of Oregon State Library. Does not cover ballot review or drafting resolutions for governmental bodies |
| Writing ballot measures | | x | | | |
| Filing election paperwork | | x | | | |
| Providing a technical and factual presentation of information on the process of forming a district | x | | | Circular A-122, Attachment B, Section 25 | Must be in grant application and requires approval of Oregon State Library. |
| Costs of communicating with the public and press pertaining the specific LSTA project | | | x | Circular A-122, Appendix B, section 1d | As long as its informational, not urging a vote |
| Planning to serve unserved and underserved populations | x | | | | |
| Costs of travel, meeting time relating to urging a governing body to pass a resolution or ordinance | | x | | Circular A-122, Attachment B, Section 25 | This falls under lobbying |
| Attempt to “influence the outcomes of any...local election, referendum, initiative or similar procedure..., including introductions of legislation” | | x | | Circular A-122, Attachment B, Section 25 | |
| Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried on in support of or in knowing preparation for an effort to engage in unallowable lobbying | | x | | Circular A-122, Attachment B, Section 25 | |
| Establishing, administering, or paying the expenses of a campaign, political action committee, or other organization established for the purpose of influencing the outcomes of elections | | x | | Circular A-122, Appendix B, section 25 | |