
TEXAS EDUCATION AGENCY

Federal
Cost Principles
Side-by-Side
For OMB Circulars A-87, A-122,
and 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,

Grants Administration Division,

For grants administered by the Texas Education Agency.

TEXAS EDUCATION AGENCY

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Contents

Overview6

Cost Principles Side-by-Side6

- Accounting6
- Advertising6
- Advisory Councils or Committees7
- Alcoholic Beverages7
- Alumni/ae Activities7
- Audit Costs and Related Services7
- Automatic Electronic Data Processing8
- Awards for Recognition or Incentives for Participation8
- Award Ceremonies8
- Bad Debts8
- Bonding Costs8
- Budgeting8
- Building Purchase8
- Capital Outlay8
- Civil Defense8
- Commencement and Convocation Costs8
- Communication Costs9
- Compensation for Personnel Services9
- Conferences and Meetings9
- Construction, Remodeling, or Alterations10
- Contingencies10
- Contributions and Donations10
- Deans of Faculty and Graduate Schools10
- Debt Service10
- Defense and Prosecution of Criminal and Civil Proceedings, and Claims10
- Depreciation and Use Allowances of Building Space11
- Depreciation and Use Allowances of Equipment11
- Disbursing Service11
- Displays, Demonstrations, and Exhibits11
- Donations and Contributions11
- Employee Morale, Health, and Welfare11
- Employee Service Awards11
- Entertainment11
- Equipment and Other Capital Expenditures11
- Executive Lobbying Costs12
- Field Trips12
- Fines and Penalties12
- Food Costs12
- Fringe Benefits15
- Fundraising and Investment Management Costs15
- Gains and Losses on Disposition of Depreciable Property and Other Capital Assets and Substantial Relocation of Federal Programs15

General Government Expenses16

Gifts or Items That Appear to Be Gifts16

Goods or Services for Personal Use16

Gratuities or Tips16

Honorariums16

Hospitality Rooms.....16

Housing and Personal Living Expenses16

Idle Facilities and Capacity16

Insurance and Indemnity17

Interest18

Investment Management Costs19

Labor Relations19

Lease-Purchases19

Legal Expenses19

Legislative Expenses20

Lobbying20

Losses on Other Awards.....20

Losses.....20

Maintenance, Operations, and Repairs.....20

Materials and Supplies.....21

Meetings and Conferences21

Grant funds may not be used to pay for souvenirs, memorabilia, promotional items (i.e., give-aways), or gifts.21

Memberships21

Memorabilia22

Motor Pools22

Organization Costs22

Participant Support Costs22

Patents22

Pre-Award.....23

Professional and Consultant Services24

Promotional Items24

Proposal Costs24

Public Relations.....25

Rearrangements and Alterations.....26

Reconversion Costs26

Recruiting and Relocation Costs26

Reference Materials27

Refreshments27

Remodeling or Renovation27

Rental Costs of Buildings and Equipment27

Royalties and Other Costs for the Use of Patents27

Sabbatical Leave28

Scholarships, Fellowships, and Other Student Aid Costs.....28

Selling and Marketing.....28

Severance Pay29

Social Activities29

Souvenirs29

Specialized Service Facilities29

Stipends for Non-Employees30

Student Activity Cost30

Subscriptions30

Superintendent Salaries30

Taxes30

Termination of Grant Award.....30

Tips or Gratuities 31

Training and Education..... 31

Transportation Costs32

Transportation of Goods32

Travel Costs (Employees).....32

Travel (In-State or Out-of-State) for Non-Employees or for Students35

Trustees or Board of Directors35

Tuition and Fees Related to Tuition35

Tuition Remission35

Under-Recovery of Costs under Federal Agreements36

Utilities.....36

Overview

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 Side-by-Side

This summary of cost principles applies to the following entities:

- OMB Circular A-87: State and local governments (i.e., independent school districts, education service centers [ESCs], and all open-enrollment charter schools)
- OMB Circular A-122: Nonprofit organizations
- OMB Circular A-21: Institutions of higher education

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
Accounting	Not addressed	Not addressed	Not addressed
Advertising (See <i>also</i> Public Relations)	<p>Allowable: 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>Unallowable: 1. Other advertising costs not specified in sections 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</p>	<p>Allowable: 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>Unallowable: 1. Other advertising costs not specified in sections 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</p>	<p>Allowable: 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>Unallowable: 1. Other advertising costs not specified in sections 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</p>

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
	governmental unit.	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). 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).	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). 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: <i>Ed-Flex</i> programs do not require specific approval from TEA. <i>For all other grant programs</i> , these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.	Not Addressed	Allowable: As a direct cost with specific approval by TEA or as an indirect cost.
Alcoholic Beverages	Unallowable	Unallowable	Unallowable
Alumni/ae Activities	Not Addressed	Not Addressed	Unallowable
Audit Costs and Related Services (Audit fees/expenses may not be charged to state-funded grants)	Allowable: 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.	Not Addressed: 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.	Allowable: 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.

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
Automatic Electronic Data Processing	Not Addressed	Not Addressed	Not Addressed
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 inexpensive instructionally related items such as pens/pencils to be used in the classroom.	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 inexpensive instructionally related items such as pens/pencils to be used in the classroom.	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 inexpensive instructionally related items such as pens/pencils to be used in the classroom.
Award Ceremonies	Unallowable	Unallowable	Unallowable
Bad Debts	Unallowable	Unallowable	Unallowable
Bonding Costs	Allowable: 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.	Allowable: 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.	Allowable: 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	Not Addressed	Not Addressed	Not Addressed
Building Purchase	Allowable: Only with prior specific approval from TEA.	Allowable: Only with prior specific approval from TEA.	Allowable: 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	Not Addressed	Not Addressed	Not Addressed
Commencement and Convocation Costs	Unallowable: See section 1f(2).	Not Addressed	Unallowable: Except as specified in OMB A-21, section F9.

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
<p>Communication Costs (includes telephone services, local and long distance telephone calls, telegrams, postage, messenger, electronic or computer transmittal services, personal communication devices, etc.)</p>	<p>Allowable: Unallowable:</p> <ol style="list-style-type: none"> 1. Communication devices such as cellular phones, calendaring systems such as personal digital assistants (PDAs), electronic or software calendars for personal use. 2. Cellular phone calls for personal use are not allowable. 	<p>Allowable: Unallowable:</p> <ol style="list-style-type: none"> 1. Communication devices such as cellular phones, calendaring systems such as personal digital assistants (PDAs), electronic or software calendars. 2. Cellular phone calls for personal use are not allowable. 	<p>Allowable: Unallowable:</p> <ol style="list-style-type: none"> 1. Communication devices such as cellular phones, calendaring systems such as personal digital assistants (PDAs), electronic or software calendars. 2. Cellular phone calls for personal use are not allowable.
<p>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.)</p>	<p>Allowable: 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. Unallowable: Costs that are unallowable under other paragraphs of this attachment shall not be allowable under this paragraph solely on the basis that they constitute personal compensation.</p>	<p>Allowable: 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. Unallowable: Costs that are unallowable under other paragraphs of this attachment shall not be allowable under this paragraph solely on the basis that they constitute personal compensation.</p>	<p>Allowable: 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.</p>
<p>Conferences and Meetings</p>	<p>Allowable: 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 <i>meals</i> for</p>	<p>Allowable: 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"</p>	<p>Allowable: 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 <i>meals</i> for conferences and</p>

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
	conferences and meetings.	with regard to <i>meals</i> for conferences and meetings.	meetings.
Construction, Remodeling, or Alterations	Allowable: Only with prior specific approval from TEA and only if permitted under the authorizing statute.	Allowable: Only with prior specific approval from TEA and only if permitted under the authorizing statute.	Allowable: Only with prior specific approval from TEA and only if permitted under the authorizing statute.
Contingencies	Unallowable: Exclusion: Self-insurance reserves, pension plan reserves, post-retirement health and other benefit reserves (section 9).	Unallowable: Exclusion: Self-insurance reserves, pension plan reserves, post-retirement health and other benefit reserves (section 8).	Unallowable: Exclusion: Self-insurance reserves, pension plan reserves, post-retirement health and other benefit reserves (section 11).
Contributions and Donations (See Donations and Contributions)	Unallowable: (Section 12)	Unallowable: (Section 9)	Unallowable: (Section 15)
Deans of Faculty and Graduate Schools	Not Addressed	Not Addressed	Allowable: Salaries and expenses of deans of faculty and graduate schools, or their equivalents, and their staffs.
Debt Service	Unallowable: For TEA discretionary grants.	Unallowable: For TEA discretionary grants.	Unallowable: For TEA discretionary grants.
Defense and Prosecution of Criminal and Civil Proceedings, and Claims	Allowable: Legal expenses required in the administration of federal programs. Unallowable: 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.	Generally Unallowable: Unallowable in defense of antitrust suit or prosecution of claims against federal/state government. Other costs allowable or unallowable as stipulated in OMB A-122, section 10.	Generally Unallowable: For costs allowable and unallowable see OMB A-21, section 10.

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
Depreciation and Use Allowances of Building Space	Allowable: At 2% of original acquisition cost as stipulated in OMB A-87.	Allowable: At 2% of original acquisition cost as stipulated in OMB A-122.	Allowable: At 2% of original acquisition cost as stipulated in OMB A-21, section 11.
Depreciation and Use Allowances of Equipment	Allowable: At 6 2/3% of original acquisition cost.	Allowable: At 6 2/3% of original acquisition cost.	Allowable: At 6 2/3% of original acquisition cost.
Disbursing Service	Not Addressed	Not Addressed	Not Addressed
Displays, Demonstrations, and Exhibits	Unallowable: Section 1f(2)(a)	Unallowable Section 1f(2)(i)	Unallowable Section 1f(2)(i)
Donations and Contributions	Unallowable	Unallowable	Unallowable
Employee Morale, Health, and Welfare	Allowable: As stipulated in OMB A-87, section 13.	Allowable: As stipulated in OMB A-122, section 13.	Allowable: As stipulated in OMB A-21, section 13.
Employee Service Awards	Unallowable	Unallowable	Unallowable
Entertainment (including amusement, diversion, social activities, and related costs)	Unallowable	Unallowable	Unallowable
Equipment and Other Capital Expenditures (May include ancillary charges such as taxes, duty, protective in transit insurance, freight, and installation) Equipment is defined as an article of nonexpendable, tangible personal	Allowable: All capitalized furniture and equipment requires prior specific approval from TEA regardless of the cost. Unallowable 1. Improvements to land, buildings, or equipment which materially increase their value or useful life <i>except with prior specific approval from TEA.</i> 2. Equipment and other capital expenditures are unallowable as indirect costs.	Allowable: All capitalized furniture and equipment requires prior specific approval from TEA regardless of the cost. Unallowable 1. Capital expenditures for general purpose equipment, land or buildings, improvement to land, buildings, or equipment are unallowable as a direct cost <i>except with prior specific approval from TEA.</i> 2. Equipment and other capital expenditures are	Allowable: All capitalized furniture and equipment requires prior specific approval from TEA regardless of the cost. Unallowable 1. Capital expenditures for general purpose equipment, land or buildings, improvement to land, buildings, or equipment are unallowable as a direct cost <i>except with prior specific approval from TEA.</i> 2. Equipment and other capital expenditures are

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
<p>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>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>unallowable as indirect costs.</p> <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>unallowable as indirect costs.</p> <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>Executive Lobbying Costs</p>	<p>Unallowable</p>	<p>Unallowable: (Not specifically addressed in OMB A-122—closest is section 25(3)(II)).</p>	<p>Unallowable</p>
<p>Field Trips</p>	<p>Not specifically addressed in OMB A-87. See <i>TEA Guidelines Related to Specific Costs</i> for clarification of allowable field trips.</p> <p>Unallowable: Field trips for social, entertainment, or recreational purposes.</p>	<p>Not specifically addressed in OMB A-122. See <i>TEA Guidelines Related to Specific Costs</i> for clarification of allowable field trips.</p> <p>Unallowable: Field trips for social, entertainment, or recreational purposes.</p>	<p>Not specifically addressed in OMB A-21. See <i>TEA Guidelines Related to Specific Costs</i> for clarification of allowable field trips.</p> <p>Unallowable: Field trips for social, entertainment, or recreational purposes.</p>
<p>Fines and Penalties</p>	<p>Unallowable: Except when incurred as a result of compliance with specific federal award provisions.</p>	<p>Unallowable: Except when incurred as a result of compliance with specific federal award provisions.</p>	<p>Unallowable: Except when incurred as a result of compliance with specific federal award provisions or with prior specific approval of TEA.</p>
<p>Food Costs</p>	<p>Allowable: (Specific to TEA grants) 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</p>	<p>Allowable: (Specific to TEA grants) 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</p>	<p>Allowable: (Specific to TEA grants) 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</p>

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
	<p>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.</p> <p>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> <p>3. Nutritional snacks for</p>	<p>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.</p> <p>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> <p>3. Nutritional snacks for</p>	<p>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.</p> <p>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> <p>3. Nutritional snacks for</p>

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
	<p>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 <i>nutrition education</i> 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><i>Full meals for parents and/or students are not allowable for these purposes under any circumstances.</i> Expenditures must be <i>reasonable</i> in cost, <i>necessary</i> to accomplish program objectives, <i>and an integral part of the instructional program.</i></p> <p><i>No other food costs, including beverages and other refreshments, breaks, or snacks, are permitted.</i></p> <p>Unallowable:</p> <p>1. Refreshments of any kind, including beverages, breaks, and snack foods except as described above for parent involvement activities and nutritional snacks for children</p> <p>2. Refreshments or meals at an awards banquet/function</p> <p>3. Any food costs not</p>	<p>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 <i>nutrition education</i> 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><i>Full meals for parents and/or students are not allowable for these purposes under any circumstances.</i> Expenditures must be <i>reasonable</i> in cost, <i>necessary</i> to accomplish program objectives, <i>and an integral part of the instructional program.</i></p> <p><i>No other food costs, including beverages and other refreshments, breaks, or snacks, are permitted.</i></p> <p>Unallowable:</p> <p>1. Refreshments of any kind, including beverages, breaks, and snack foods, for staff meetings/staff training</p> <p>2. Refreshments or meals at an awards banquet/function</p> <p>3. Any food costs not necessary to accomplish the objectives of the grant</p>	<p>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 <i>nutrition education</i> 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><i>Full meals for parents and/or students are not allowable for these purposes under any circumstances.</i> Expenditures must be <i>reasonable</i> in cost, <i>necessary</i> to accomplish program objectives, <i>and an integral part of the instructional program.</i></p> <p><i>No other food costs, including beverages and other refreshments, breaks, or snacks, are permitted.</i></p> <p>Unallowable:</p> <p>1. Refreshments of any kind, including beverages, breaks, and snack foods, for staff meetings/staff training</p> <p>2. Refreshments or meals at an awards banquet/function</p> <p>3. Any food costs not necessary to accomplish the objectives of the grant</p>

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
	<p>necessary to accomplish the objectives of the grant program</p> <p>4. Any event in which a "guest speaker" or other individual conducts a presentation</p> <p>5. Breakfast</p> <p>TEA reserves the right to restrict a grantee from expending any funds on food costs or to disallow expenditures on food costs should 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.</p>	<p>program</p> <p>4. Any event in which a "guest speaker" or other individual conducts a presentation</p> <p>5. Breakfast</p> <p>TEA reserves the right to restrict a grantee from expending any funds on food costs or to disallow expenditures on food costs should 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.</p>	<p>program</p> <p>4. Any event in which a "guest speaker" or other individual conducts a presentation</p> <p>5. Breakfast</p> <p>TEA reserves the right to restrict a grantee from expending any funds on food costs or to disallow expenditures on food costs should 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.</p>
Fringe Benefits	<p>Allowable</p>	<p>Allowable</p> <p>Unallowable:</p> <p>Costs of insurance when the organization is named as the beneficiary</p>	<p>Allowable</p> <p>Unallowable:</p> <p>Tuition benefits for family members other than the employee are unallowable for fiscal years beginning after September 30, 1998.</p>
Fundraising and Investment Management Costs (Including financial campaigns and solicitation of gifts, donations, contributions, etc.)	<p>Allowable:</p> <p>Costs associated with investments covering pension, self-insurance, or other funds which include federal participation.</p> <p>Unallowable:</p> <p>1. Costs of organized fundraising and similar expenses incurred to raise capital or obtain contributions.</p> <p>2. Training on fundraising.</p>	<p>Unallowable</p>	<p>Allowable:</p> <p>Costs related to the physical custody and control of monies and securities.</p> <p>Unallowable</p> <p>1. Costs of organized fundraising and similar expenses incurred solely to raise capital or obtain contributions.</p> <p>2. Costs of investment counsel and staff and expenses incurred to enhance income.</p>
Gains and Losses on Disposition of Depreciable Property and	<p>Allowable:</p> <p>As stipulated in OMB A-87, section 18.</p>	<p>Allowable:</p> <p>As stipulated in OMB A-122, section 40.</p>	<p>Allowable:</p> <p>As stipulated in OMB A-21, section 21.</p>

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
Other Capital Assets and Substantial Relocation of Federal Programs			
General Government Expenses	Unallowable	Not Addressed	Not Addressed
Gifts or Items That Appear to Be Gifts	Unallowable	Unallowable	Unallowable
Goods or Services for Personal Use	Unallowable	Unallowable	Unallowable
Gratuities or Tips	Unallowable	Unallowable	Unallowable
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	Unallowable	Unallowable	Unallowable
Housing and Personal Living Expenses	Unallowable	Allowable: As direct costs for organization's officers when necessary for performance of grant award with specific approval by TEA. Unallowable: As fringe benefit or indirect costs regardless of whether the cost is reported as taxable income to employees.	Unallowable
Idle Facilities and Capacity	Unallowable: 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	Unallowable: 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	Unallowable: 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

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
	<p>a reasonable period of time, are necessary because of changes in program requirements; and capacity is reasonably anticipated to be necessary. (See section 21.)</p>	<p>a reasonable period of time, are necessary because of changes in program requirements; and capacity is reasonably anticipated to be necessary. (See section 20.)</p>	<p>a reasonable period of time, are necessary because of changes in program requirements; and capacity is reasonably anticipated to be necessary. (See section 24.)</p>
<p>Insurance and Indemnity</p>	<p>Insurance</p> <p>Allowable:</p> <ol style="list-style-type: none"> 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 losses not covered by insurance 4. Contributions to a reserve for certain self-insurance programs 5. Actual claims paid for workers' compensation, unemployment compensation, severance pay, and similar employee benefits <p>NOTE: <i>Ed-Flex</i> programs do not require prior approval from TEA. For all other grant programs, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p> <p>Unallowable:</p> <ol style="list-style-type: none"> 1. Actual losses that could 	<p>Insurance</p> <p>Allowable:</p> <ol style="list-style-type: none"> 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) 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. 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. 5. Losses not covered under nominal deductible insurance coverage 6. Minor losses not covered by insurance, which occur in the ordinary course of operations <p>NOTE: <i>Ed-Flex</i> programs</p>	<p>Insurance</p> <p>Allowable:</p> <ol style="list-style-type: none"> 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. Losses not covered under nominal deductible insurance coverage 5. Medical liability (malpractice) insurance is an allowable cost of research programs only to the extent that research involves human subjects. <p>NOTE: <i>Ed-Flex</i> programs do not require prior approval from TEA. For all other grant programs, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p> <p>Unallowable</p> <ol style="list-style-type: none"> 1. Actual losses that could

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
	<p>have been covered by permissible insurance unless provided for in OMB A-87 (see section 22) <i>except with specific approval or requirement from TEA.</i></p> <p>2. Commercial insurance protecting against the contractor for correction of contractor's own defects in materials or workmanship.</p> <p>NOTE: <i>Ed-Flex</i> programs do not require prior approval from TEA. <i>For all other grant programs,</i> these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p> <p>Indemnification</p> <p>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 section 22d.</p> <p>NOTE: <i>Ed-Flex</i> programs do not require prior approval from TEA. <i>For all other grant programs,</i> these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p>	<p>do not require prior approval from TEA. <i>For all other grant programs,</i> these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p> <p>Unallowable:</p> <ol style="list-style-type: none"> 1. Insurance when the organization is identified as the beneficiary 2. Insurance against defects 3. Actual losses which could have been covered by permissible insurance except with specific approval or requirement from TEA. <p>Indemnification</p> <p>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>have been covered by permissible insurance <i>except with specific approval or requirement from TEA.</i></p> <p>2. Insurance against defects.</p> <p>Indemnification</p> <p>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>
Interest	<p>Allowable:</p> <ol style="list-style-type: none"> 1. Financing costs (including interest) paid or incurred which are associated with the allowable costs of building 	<p>Allowable:</p> <ol style="list-style-type: none"> 1. Interest on debt incurred to acquire or replace capital assets (including renovations, alterations, equipment, 	<p>Allowable:</p> <p>Interest on debt incurred after July 1, 1982, to acquire buildings, major reconstruction and remodeling, or the</p>

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
	<p>purchase, construction, or remodeling completed on or after October 1, 1980, as specifically outlined in OMB A-87, section 23b(1)-(4).</p> <p>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> <p>Unallowable:</p> <p>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.</p> <p>2. Interest attributable to fully depreciated assets.</p>	<p>land, and capital assets acquired through capital leases) as specified in OMB A-122, section 23.</p> <p>2. For nonprofit 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> <p>Unallowable:</p> <p>Costs incurred for interest on borrowed capital or temporary use of endowment funds, however represented.</p>	<p>acquisition or fabrication of capital equipment costing \$10,000 or more, is allowable.</p> <p>Unallowable:</p> <p>1. Costs incurred for interest on borrowed capital or temporary use of endowment funds, however represented.</p> <p>2. Interest on debt incurred to finance or refinance assets re-acquired after the applicable effective dates stipulated in section 26b.</p> <p>3. Interest attributable to fully depreciated assets.</p>
Investment Management Costs	<p>Allowable:</p> <p>For pensions and self-insurance funds.</p> <p>Unallowable:</p> <p>Solely to enhance income.</p>	<p>Allowable:</p> <p>For pensions or self-insurance funds.</p> <p>Unallowable:</p> <p>Costs of investment counsel and staff and similar expenses incurred solely to enhance income from investments.</p>	<p>Allowable:</p> <p>Costs related to the physical custody and control of monies and securities.</p> <p>Unallowable:</p> <p>Costs of investment counsel and staff and similar expenses incurred solely to enhance income from investments.</p>
Labor Relations	Not Addressed	<p>Allowable:</p> <p>As specified in OMB A-122, section 24.</p>	<p>Allowable:</p> <p>As specified in OMB A-21, section 27.</p>
Lease-Purchases (i.e., debt service)	<p>Unallowable:</p> <p>For TEA discretionary grants.</p>	<p>Unallowable:</p> <p>For TEA discretionary grants.</p>	<p>Unallowable:</p> <p>For TEA discretionary grants.</p>
Legal Expenses	<p>Allowable:</p> <p>When required for the</p>	<p>Allowable:</p> <p>When required for the</p>	<p>Allowable:</p> <p>When required for the</p>

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
	administration of the grant program. Unallowable: For legal expenses for claims against the federal or state government and retainer fees.	administration of the grant program. Unallowable: For legal expenses for claims against the federal or state government.	administration of the grant program. Unallowable: For legal expenses for claims against the federal or state government.
Legislative Expenses (and expenses for similar governmental bodies, such as school boards)	Unallowable	Unallowable	Unallowable
Lobbying	Unallowable	Unallowable	Unallowable: For exceptions, see section 28b.
Losses on Other Awards	Unallowable	Unallowable	Unallowable
Losses (which could have been covered by permissible insurance)	Allowable: Only with prior specific approval from TEA	Allowable: Only with prior specific approval from TEA	Allowable: Only with prior specific approval from TEA
Maintenance, Operations, and Repairs	Allowable: 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,	Allowable: 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)	Allowable: 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)

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
	Sections 11 and 15)		
Materials and Supplies	Allowable	Allowable	Allowable
<p>Meetings and Conferences</p> <p>(Includes rental of meeting space and equipment; supplies/materials/consultant fees, etc.)</p> <p>See also Conferences and Meetings</p>	<p>Allowable:</p> <p>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.</p> <p>Unallowable:</p> <p>Grant funds may not be used to pay for souvenirs, memorabilia, promotional items (i.e., give-aways), or gifts.</p>	<p>Allowable:</p> <p>1. Costs associated with the conduct of meetings and conferences, including meals, speakers' fees, renting facilities, and the like.</p> <p>2. Meetings and conferences held to conduct the general administration of the organization.</p> <p>Unallowable:</p> <p>Grant funds may not be used to pay for souvenirs, memorabilia, promotional items (i.e., give-aways), or gifts.</p>	<p>Allowable:</p> <p>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.</p> <p>Unallowable:</p> <p>Grant funds may not be used to pay for souvenirs, memorabilia, promotional items (i.e., give-aways), or gifts.</p>
Memberships	<p>Allowable:</p> <p>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.</p> <p>2. Membership in civic and community organizations are allowable with prior specific approval from TEA.</p> <p>NOTE: <i>Ed-Flex</i> programs do not require prior approval from TEA. <i>For all other grant programs,</i> these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p> <p>Unallowable:</p>	<p>Allowable:</p> <p>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.</p> <p>2. Membership in civic and community organizations are allowable with prior specific approval from TEA.</p> <p>NOTE: <i>Ed-Flex</i> programs do not require prior approval from TEA. <i>For all other grant programs,</i> these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p> <p>Unallowable:</p>	<p>Allowable:</p> <p>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.</p> <p>Unallowable:</p> <p>Membership in any civic or community organization, country club or social or dining club or organization.</p>

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
	Membership in any social organization or organizations substantially engaged in lobbying.	Membership in any country club or social or dining club or organization.	
Memorabilia	Unallowable	Unallowable	Unallowable
Motor Pools	Not Addressed	Not Addressed	Not Addressed
Organization Costs (Related to the establishment or reorganization of an organization such as management consultants, accountants, attorneys, or investment consultants)	Not Addressed	Unallowable: Except with prior specific approval of TEA to establish or reorganize the organization. These costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.	Not Addressed
Participant Support Costs (such as stipends, travel, registration fees, etc.)	Not addressed: TEA allows participant support costs which are reasonable and necessary to accomplish the objectives of the project.	Allowable: With prior specific approval from TEA. NOTE: <i>Ed-Flex</i> programs do not require prior approval from TEA. <i>For all other grant programs,</i> these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.	Not Addressed: TEA allows participant support costs which are reasonable and necessary to accomplish the objectives of the project.
Patents	Allowable: 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 US patent application where title and royalty-free license is required by the federal government to be conveyed to the federal government.	Allowable: 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 US patent application where title and royalty-free license is required by the federal government to be conveyed to the federal government.	Allowable: 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 US patent application where title and royalty-free license is required by the federal government to be conveyed to the federal government.

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
	<p>3. General counseling related to patent and copyright matters, such as advice on patent and copyright laws, regulation clauses, and employee agreements.</p> <p>Unallowable:</p> <p>1. Preparation of disclosures, reports, and other documents not required by the grant.</p> <p>2. Costs associated with filing and prosecuting foreign patent applications or any US patent application where conveyance of title or royalty-free license is not required by the award.</p>	<p>3. General counseling related to patent and copyright matters, such as advice on patent and copyright laws, regulation clauses, and employee agreements.</p> <p>Unallowable:</p> <p>1. Preparation of disclosures, reports, and other documents not required by the grant.</p> <p>Costs associated with filing and prosecuting foreign patent applications or any US patent application where conveyance of title or royalty-free license is not required by the award.</p>	<p>3. General counseling related to patent and copyright matters, such as advice on patent and copyright laws, regulation clauses, and employee agreements.</p> <p>Unallowable:</p> <p>1. Preparation of disclosures, reports, and other documents not required by the grant.</p> <p>Costs associated with filing and prosecuting foreign patent applications or any US patent application where conveyance of title or royalty-free license is not required by the award.</p>
Plant and Homeland Security Costs	<p>Allowable:</p> <p>Necessary and reasonable expenses incurred for routine and homeland security to protect facilities, personnel, and work products.</p>	<p>Allowable:</p> <p>Necessary expenses incurred to comply with federal security requirements or for facilities protection.</p>	<p>Allowable:</p> <p>Necessary expenses incurred to comply with federal security requirements or for facilities protection.</p>
Pre-Award (pre-agreement) costs	<p>Allowable:</p> <p>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.</p> <p>NOTE: <i>Ed-Flex</i> programs do not require specific approval from TEA. <i>For all other grant programs,</i> these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p> <p>Unallowable:</p> <p>Unless specific approval is</p>	<p>Allowable:</p> <p>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.</p> <p>NOTE: <i>Ed-Flex</i> programs do not require specific approval from TEA. <i>For all other grant programs,</i> these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p> <p>Unallowable:</p> <p>Unless specific approval is</p>	<p>Allowable:</p> <p>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.</p> <p>NOTE: <i>Ed-Flex</i> programs do not require specific approval from TEA. <i>For all other grant programs,</i> these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p> <p>Unallowable:</p> <p>Unless specific approval is</p>

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
	given by TEA.	given by TEA.	given by TEA.
<p>Professional and Consultant Services</p> <p>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.</p>	<p>Allowable:</p> <p>With prior specific approval from TEA. Professional and consultant services are allowable only 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.</p> <p>"Honorariums" are not allowable costs in Texas. The term "fee" must be used in lieu of "honorarium" in all accounting records and consultant agreements.</p>	<p>Allowable:</p> <p>With prior specific approval from TEA. Professional and consultant services are allowable only 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.</p> <p>"Honorariums" are not allowable costs in Texas. The term "fee" must be used in lieu of "honorarium" in all accounting records and consultant agreements.</p>	<p>Allowable:</p> <p>With specific approval from TEA. Professional and consultant services are allowable only 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.</p> <p>"Honorariums" are not allowable costs in Texas. The term "fee" must be used in lieu of "honorarium" in all accounting records and consultant agreements.</p>
<p>Promotional Items</p> <p>(such as T-shirts, caps, tote bags, key chains, imprinted pens, etc.)</p>	<p>Unallowable</p>	<p>Unallowable</p>	<p>Unallowable</p>
<p>Proposal Costs (i.e., preparing grant applications/proposals)</p>	<p>Allowable:</p> <p>Cost for preparation of grant applications for <i>continuing formula entitlement grant programs</i> is allowable as a pre-award cost requiring prior specific approval from</p>	<p>Not Addressed</p> <p>NOTE: <i>Ed-Flex</i> programs do not require prior approval from TEA. <i>For all other grant programs</i>, these costs must be specifically budgeted and approved in the applicable</p>	<p>NOTE: <i>Ed-Flex</i> programs do not require prior approval from TEA. <i>For all other grant programs</i>, these costs must be specifically budgeted and approved in the applicable grant application prior to</p>

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
	<p>TEA.</p> <p>NOTE: <i>Ed-Flex</i> programs do not require prior approval from TEA. <i>For all other grant programs</i>, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p> <p>Unallowable:</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 <i>other</i> grant monies. 	<p>grant application prior to expending funds.</p> <p>Unallowable:</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 <i>other</i> grant monies. 	<p>expending funds.</p> <p>Unallowable:</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 <i>other</i> grant monies.
Public Relations	<p>Allowable:</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 the principles in Attachment A, sections E and F are observed. <p>Unallowable:</p> <p>Costs of public relations designed solely to promote the grantee.</p>	<p>Allowable:</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 the principles in Attachment A, sections E and C are observed. <p>Unallowable:</p> <p>Costs of public relations designed solely to promote the grantee.</p>	<p>Allowable:</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 principles in sections D and E are observed. <p>Unallowable:</p> <p>Costs of public relations designed solely to promote the grantee.</p>

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
Publication and Printing Costs (includes distribution and mailing of publications)	<p>Allowable</p>	<p>Allowable: As indirect costs.</p> <p>Unallowable: As direct costs <i>except</i> with prior specific approval from TEA.</p> <p>NOTE: <i>Ed-Flex</i> programs do not require specific approval from TEA. <i>For all other grant programs,</i> these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p>	<p>Allowable: For specifics with regard to professional journal publications, see sections 39c(1) and (2).</p>
Rearrangements and Alterations	<p>Allowable: Only with prior specific approval from TEA.</p>	<p>Allowable: Only with prior specific approval from TEA.</p>	<p>Allowable: Only with prior specific approval from TEA.</p>
Reconversion Costs	<p>Allowable: To restore facility to condition existing immediately prior to the grant award (less costs related to normal wear and tear).</p>	<p>Allowable: 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>Allowable: 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>Not Addressed</p>	<p>Allowable: As specified in OMB A-122, sections 44 and 45.</p> <p>Unallowable:</p> <ol style="list-style-type: none"> Costs of help wanted advertising that includes color, advertising material for other than recruitment purposes, or is excessive in size. 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. Fees and other costs 	<p>Allowable: As specified in section 42.</p> <p>Unallowable:</p> <ol style="list-style-type: none"> Costs of help wanted advertising that includes color, advertising material for other than recruitment purposes, or is excessive in size. 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.

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
		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	Not specifically addressed: But allowable when related to the grant program.	Not specifically addressed: But allowable when related to the grant program.	Not specifically addressed: But allowable when related to the grant program.
Refreshments <i>See also Food Costs</i>	Unallowable: Except for parent involvement activities to encourage parents in low-income areas to attend	Unallowable: Except for parent involvement activities to encourage parents in low-income areas to attend	Unallowable: Except for parent involvement activities to encourage parents in low-income areas to attend
Remodeling or Renovation	Allowable: Only with prior specific approval.	Allowable: Only with prior specific approval.	Allowable: 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. Unallowable: Amounts paid for profit, management fees, and taxes that would not have been incurred had the LEA purchased the facility.	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. Unallowable: Amounts paid for profit, management fees, and taxes that would not have been incurred had the organization purchased the facility.	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. Unallowable: 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	Allowable: As specified in OMB A-87, section 38.	Allowable: As specified in OMB A-122, section 47.	Allowable: As specified in OMB A-21, section 44.

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
Sabbatical Leave	Not Addressed	Not Addressed	Allowable: Provided the institution has a uniform policy.
Scholarships, Fellowships, and Other Student Aid Costs	Not Addressed	Unallowable	Allowable: 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
Selling and Marketing	Unallowable: Unless allowed under Attachment B, section 1 as allowable public relations costs or under Attachment B, section 33, as allowable proposal costs.	Unallowable: 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.	Unallowable: Unless allowed under J.1 as allowable public relations costs or under J 38 as allowable proposal costs.

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
Severance Pay	<p>Allowable:</p> <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 <i>only</i> if approved by TEA. 	<p>Allowable:</p> <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 <i>only</i> if approved by TEA. <p>Unallowable:</p> <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 US 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 of federal programs and approved by TEA. 	<p>Allowable:</p> <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 <i>only</i> if approved by TEA. <p>Unallowable:</p> <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	Unallowable	Unallowable	Unallowable
Souvenirs	Unallowable	Unallowable	Unallowable
Specialized Service Facilities	Not Addressed	<p>Allowable:</p> <p>As specified in OMB A-122, section 50</p>	<p>Allowable:</p> <p>As specified in OMB A-21, section 47.</p>

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
Stipends for Non-Employees (i.e., participant support costs)	Allowable	Allowable: With prior specific approval from TEA.	Allowable
Student Activity Cost	Not Addressed	Not Addressed	Unallowable: 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	Allowable: 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.	Allowable: 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.	Allowable: 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	Unallowable	Unallowable	Not Applicable
Taxes	Allowable: 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	Generally Allowable: 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	Generally Allowable: 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	Generally Allowable: 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

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
	<p>been reasonably necessary for the performance of the award. (OMB A-87, section 41d.)</p> <p>4. Settlement expenses (OMB A-87, section 41e for specifics).</p> <p>5. Claims under subawards, including allocable portion of claims which are common to the grant and other work of the LEA.</p> <p>Unallowable:</p> <p>Costs continuing after the termination due to the negligent or willful failure of the LEA.</p>	<p>necessary for the performance of the award</p> <p>4. Settlement expenses (OMB A- 122, section 52 for specifics).</p> <p>5. Claims under subawards, including allocable portion of claims which are common to the grant and other work of the LEA.</p> <p>Unallowable:</p> <p>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.</p>	<p>necessary for the performance of the award</p> <p>4. Settlement expenses (OMB A- 21, section 50 for specifics).</p> <p>5. Claims under subawards, including allocable portion of claims which are common to the grant and other work of the LEA.</p> <p>Unallowable:</p> <p>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.</p>
Tips or Gratuities	Unallowable	Unallowable	Unallowable
Training and Education	<p>Allowable:</p> <p>Training for employee development is allowable. Although college courses are not specifically addressed in OMB A-87, <i>TEA allows college-level courses only when the course is directly related to the purposes of the grant program.</i></p>	<p>Allowable:</p> <p>1. Training for employee development (see OMB A-122, section 53 for specifics).</p> <p>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, <i>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.</i></p> <p>3. Attendance for specialized programs to enhance effectiveness of executives or managers or to prepare employees for such positions. See 53d for limitations.</p>	<p>Allowable:</p> <p>Training for employee development is allowable (section 51).</p>

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
		<p>4. Training and education costs in excess may be allowed with prior specific approval of TEA.</p> <p>Unallowable: Contributions or donations to educational or training institutions</p>	
<p>Transportation Costs (See Field Trips in the TEA Guidelines Related to Specific Costs)</p>	<p>Allowable: For transportation costs to or from grant activities.</p> <p>Unallowable: For transportation costs incurred for transporting students to and from the regular school day.</p>	<p>Not addressed</p>	<p>Not addressed</p>
<p>Transportation of Goods</p>	<p>Allowable: For transporting goods purchased with grant funds.</p>	<p>Allowable: For transporting goods purchased with grant funds.</p>	<p>Allowable: For transporting goods purchased with grant funds.</p>
<p>Travel Costs (Employees) (See Travel Costs in the TEA Guidelines Related to Specific Costs for further clarification and guidance related to allowable travel costs and for requirements for travel documentation.)</p>	<p>Allowable: Travel costs are allowable for employees traveling on official business incidental to the grant program. For all travel, if local policy is less than the maximum allowable state rates, reimbursement may not exceed local policy. If local policy is more than the maximum allowable state rates, the difference must be paid from state or local sources.</p> <p>Airfare at lowest available airfare.</p> <p>Car rental (allowable only where rental car is more cost effective than other transportation such as taxi or shuttle).</p> <p>Mileage—In State and Out of State: Not to Exceed:</p>	<p>Allowable: Travel costs are allowable for employees traveling on official business incidental to the grant program. For all travel, if local policy is less than the maximum allowable state rates, reimbursement may not exceed local policy. If local policy is more than the maximum allowable state rates, the difference must be paid from state or local sources.</p> <p>Airfare at lowest available airfare.</p> <p>Car rental (allowable only where rental car is more cost effective than other transportation such as taxi or shuttle).</p> <p>Mileage—In State and Out of State: Not to Exceed:</p>	<p>Allowable: Travel costs are allowable for employees traveling on official business incidental to the grant program. For all travel, if local policy is less than the maximum allowable state rates, reimbursement may not exceed local policy. If local policy is more than the maximum allowable state rates, the difference must be paid from state or local sources.</p> <p>Airfare at lowest available airfare.</p> <p>Car rental (allowable only where rental car is more cost effective than other transportation such as taxi or shuttle).</p> <p>Mileage—In State and Out of State: Not to Exceed:</p>

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
	<p>7/1/08-12/31/08: 58.5 cents per mile 1/1/09-12/31/09: 55 cents per mile 1/1/10-12/31/10: 50 cents per mile 1/1/11–06/30/2011: 51 cents per mile As of 07/01/11: 55.5 cents per mile</p> <p>Registration fees to attend conferences/seminars.</p> <p>Meals and Lodging: For day trips (i.e., no overnight stay), travel must be outside designated headquarters and must be more than six consecutive hours. Employee may be reimbursed for actual cost of meals, not to exceed \$36 for day trips.</p> <p><i>In-State Travel and All Out-of-State Travel As of 9/1/2011:</i> For overnight trips (in state and out of state), the employee is reimbursed for the actual cost of lodging and meals, not to exceed the maximum meals and lodging rates based on the federal travel regulations for the locale.</p> <p>(Corporate) Credit Card Charges: TEA will reimburse costs charged to the grant using corporate credit cards only when the accounting ledger reflects each individual charge on the credit card statement by:</p> <ul style="list-style-type: none"> The individual vendor name (not just the credit card company) 	<p>7/1/08-12/31/08: 58.5 cents per mile 1/1/09-12/31/09: 55 cents per mile 1/1/10-12/31/10: 50 cents per mile 1/1/11–06/30/2011: 51 cents per mile As of 07/01/11: 55.5 cents per mile</p> <p>Registration fees to attend conferences/seminars.</p> <p>Meals and Lodging: For day trips (i.e., no overnight stay), travel must be outside designated headquarters and must be more than six consecutive hours. Employee may be reimbursed for actual cost of meals, not to exceed \$36 for day trips.</p> <p><i>In-State Travel and All Out-of-State Travel As of 9/1/2011:</i> For overnight trips (in state and out of state), the employee is reimbursed for the actual cost of lodging and meals, not to exceed the maximum meals and lodging rates based on the federal travel regulations for the locale.</p> <p>(Corporate) Credit Card Charges: TEA will reimburse costs charged to the grant using corporate credit cards only when the accounting ledger reflects each individual charge on the credit card statement by:</p> <ul style="list-style-type: none"> The individual vendor name (not just the credit card company) 	<p>7/1/08-12/31/08: 58.5 cents per mile 1/1/09-12/31/09: 55 cents per mile 1/1/10-12/31/10: 50 cents per mile 1/1/11–06/30/2011: 51 cents per mile As of 07/01/11: 55.5 cents per mile</p> <p>Registration fees to attend conferences/seminars.</p> <p>Meals and Lodging: For day trips (i.e., no overnight stay), travel must be outside designated headquarters and must be more than six consecutive hours. Employee may be reimbursed for actual cost of meals, not to exceed \$36 for day trips.</p> <p><i>In-State Travel and All Out-of-State Travel As of 9/1/2011:</i> For overnight trips (in state and out of state), the employee is reimbursed for the actual cost of lodging and meals, not to exceed the maximum meals and lodging rates based on the federal travel regulations for the locale.</p> <p>(Corporate) Credit Card Charges: TEA will reimburse costs charged to the grant using corporate credit cards only when the accounting ledger reflects each individual charge on the credit card statement by:</p> <ul style="list-style-type: none"> The individual vendor name (not just the credit card company)

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
	<p>name)</p> <ul style="list-style-type: none"> • The grant funding source/code • The expense category (i.e., supplies, instructional materials, equipment, travel, etc.) • The actual date of the charge (as opposed to the billing statement or the date the credit card bill was paid) • The grantee must maintain the original itemized receipt that identifies each item purchased (and not just the credit card receipt). The grantee must also maintain all other appropriate internal accounting records, such as travel vouchers, expense reimbursement vouchers, purchase orders, etc. <p>Travel of Officials: Specific approval is required for travel of officials (i.e., superintendent, executive director, etc.). For all programs except 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>Foreign Travel: Foreign travel is any travel outside Canada, Mexico, the US, and any US territories and possessions. Foreign travel is generally not permitted by TEA.</p>	<p>name)</p> <ul style="list-style-type: none"> • The grant funding source/code • The expense category (i.e., supplies, instructional materials, equipment, travel, etc.) • The actual date of the charge (as opposed to the billing statement or the date the credit card bill was paid) • The grantee must maintain the original itemized receipt that identifies each item purchased (and not just the credit card receipt). The grantee must also maintain all other appropriate internal accounting records, such as travel vouchers, expense reimbursement vouchers, purchase orders, etc. <p>Foreign Travel: Foreign travel is any travel outside Canada, Mexico, the United States, and any United States territories and possessions. Foreign travel is generally not permitted by TEA. However, direct charges are allowable only when foreign travel has received prior specific approval of TEA in the grant application. Each separate foreign trip must receive approval. Prior specific approval is applicable to Ed-Flex programs for foreign travel.</p> <p>Unallowable: The difference between first-class air accommodations and less than first-class air</p>	<p>name)</p> <ul style="list-style-type: none"> • The grant funding source/code • The expense category (i.e., supplies, instructional materials, equipment, travel, etc.) • The actual date of the charge (as opposed to the billing statement or the date the credit card bill was paid) • The grantee must maintain the original itemized receipt that identifies each item purchased (and not just the credit card receipt). The grantee must also maintain all other appropriate internal accounting records, such as travel vouchers, expense reimbursement vouchers, purchase orders, etc. <p>Foreign Travel: Foreign travel is any travel outside Canada, Mexico, the United States, and any United States territories and possessions. Foreign travel is generally not permitted by TEA. However, direct charges are allowable only when foreign travel has received prior specific approval of TEA in the grant application. Each separate foreign trip must receive approval. Prior specific approval is applicable to Ed-Flex programs for foreign travel.</p> <p>Unallowable: The difference between first-class air accommodations and less than first-class air</p>

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
	<p>However, direct charges are allowable only when foreign travel has received prior specific approval of TEA in the grant application. Each separate foreign trip must receive approval. Prior specific approval is applicable to all programs, including Ed-Flex programs, for foreign travel.</p> <p>Unallowable: The portion of costs for air travel by other than commercial travel that exceeds the cost of allowable commercial air travel is unallowable. Travel allowances, where the employee receives the per diem regardless of actual expenses, are unallowable in Texas.</p>	<p>accommodations except when less than first-class air accommodations are not reasonably available to meet necessary mission requirements. (See OMB A-122, section 55c for specifics.) Travel allowances, where the employee receives the per diem regardless of actual expenses, are unallowable in Texas.</p>	<p>accommodations except when less than first-class air accommodations are not reasonably available to meet necessary mission requirements. (See OMB A-21, section 53c for specifics.) Travel allowances, where the employee receives the per diem regardless of actual expenses, are unallowable in Texas.</p>
<p>Travel (In-State or Out-of-State) for Non-Employees or for Students (does not include field trips)</p>	<p>Allowable</p>	<p>Allowable: With prior specific approval from TEA.</p>	<p>Allowable</p>
<p>Trustees or Board of Directors</p>	<p>Not Addressed</p>	<p>Allowable: Costs for travel and subsistence subject to restrictions regarding lodging, subsistence, and air travel costs provided in section 55. See Travel Costs.</p>	<p>Allowable: Costs for travel and subsistence subject to restrictions regarding lodging, subsistence, and air travel costs provided in section 54. See Travel Costs.</p>
<p>Tuition and Fees Related to Tuition</p>	<p>Allowable: As it pertains specifically to the grant program.</p>	<p>Allowable: As it pertains specifically to the grant program.</p>	<p>Allowable: As it pertains to the grant program.</p>
<p>Tuition Remission</p>	<p>Not Applicable</p>	<p>Not Applicable</p>	<p>Allowable: When specifically approved as part of Payroll Costs as part of benefits</p>

Item of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
			for graduate students; must be excluded from indirect cost calculation.
Under-Recovery of Costs under Federal Agreements	Not Addressed	Not Addressed	Not Addressed
Utilities	Allowable: For grant activities conducted before or after school, weekends, or during the summer.	Not Addressed	Not Addressed