

## Allowable and Unallowable Costs

### Common GEAR UP Costs

(Sources: GEAR UP Statute, EDGAR, and OMB cost principals in 2 CFR 200).

The following list may help you determine whether your program expenses are allowable or not. It includes costs that are commonly incurred in GEAR UP, or are the subject of frequent questions, or discussions about their permissibility

**NOTE:** Just because a cost is interpreted as being allowable under the OMB cost principles, it is not guaranteed that you will be able to make that expenditure. This may happen when, for example, a cost identified as allowable under the circular may be disallowed in program regulations or statute, or fail to pass the USDOE2s judgment that it is justified, allowable, or reasonable.

Type of Cost	Allowability	Notes
Advertising and Public Relations Costs	Generally unallowable	The OMB cost principles define advertising costs as the expenses associated with the costs of advertising media (magazines, newspapers, radio and television, direct mail, exhibits, electronic or computer communication) and associated administrative costs.
Advisory Council	Unallowable	Effective 9/1/19: Expenses for this activity are not allowable.
Alcoholic Beverages	Unallowable	
Commencement and Convocation Costs	Unallowable	For educational institutions, costs associated with commencement and convocations are disallowed, but costs associated with GEAR UP activities that take place during commencement events may be allowable under student activity costs if approved as part of your grant agreement.

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Telecommunication Costs	Allowable	Costs incurred for telephone services, local and long-distance telephone calls, postage, messenger, electronic or computer transmittal services and the like are allowable. However, you will need to check if these expenses are captured in your indirect costs.
Compensation (Salaries, Wages & Fringe Benefits)	Allowable	Personnel costs such as salaries, wages and fringe benefits are allowable to the extent that the total compensation to individual employees conforms to the established policies of the institution, are consistently applied, and provided that the charges are for work performed directly on GEAR UP activities as outlined in the sub-recipient workplan.  Fringe benefits costs should be in line with institutional policies regarding: annual leave, sick leave, military leave, and employer contributions or expenses for social security, employee insurance, workmen's compensation insurance, and tuition or remission of tuition for individual employees.
Consultants & Contracts	Allowable	EDGAR states that costs associated with consultants are allowable if there is a need in the project for the services and the grantee cannot meet that need by using an employee rather than a consultant.
Entertainment Costs	Unallowable	Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such activities (such as tickets to shows or sports events, recreational activities such as swimming, meals, lodging, rentals, transportation, and gratuities) are <b>unallowable</b> . Costs that might be otherwise considered entertainment which have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the Federal awarding agency may be allowable.

Type of Cost	Allowability	Notes
		<p>Be sure to distinguish these unallowable expenses from similarly worded and allowable student activities, meetings, and conferences that are approved as part of your grant agreement.</p> <p>Examples:            A school group visits four postsecondary campuses north West Virginia. The trip is paid for out of district GEAR UP funds-- transportation, meals and lodging for one night. On the way home, the group decides to attend the Appalachian Life Festival. This is an allowable cost since the focus of this event is on the Appalachian culture, including a re-enactment of the first coal camp, traditional supper, and cultural displays.</p> <p>A school group from visits four postsecondary campuses. The trip is paid for out of district GEAR UP funds-- transportation, meals and lodging for one night. On the way home, the group attends a baseball game in Charleston. This is an UNALLOWABLE GEAR UP cost since this is considered entertainment.</p> <p>Equipment means an article of nonexpendable, tangible personal property having a useful life of more than one year and for GEAR UP accounting purposes, has a per-unit cost equal to or greater than \$5,000. Items less than \$5,000 per unit, including computers, are classified as Supplies (see below).</p>
Equipment	Allowable, but not an expected GEAR UP expense	The title (documented ownership) of the equipment vests in the grantee and may be used for other projects if that use does not interfere with the terms of the grant award.

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Fines and Penalties	Unallowable, with exceptions	Costs resulting from violations or failure of the fiscal agent to comply with federal, state, and local or foreign laws and regulations are unallowable, except when incurred because of compliance with specific provisions of the sponsored agreement, or instructions in writing from the authorized official of the sponsoring agency in advance of such payments.
		Late fees, including late fees for registrations, and interest charges on credit cards are unallowable. Student fines are also unallowable.
Fund Raising	Unallowable	Costs of organized fund raising are not allowed.
Goods or Services for Personal Use	Unallowable	Costs of goods or services for personal use of the governmental unit's employees are unallowable regardless of whether the cost is reported as taxable income to the employees.
Lobbying	Generally unallowable, with exceptions	<p>Federal funds cannot be used to:</p> <ul style="list-style-type: none"> <li>• Influence the outcome of referendum, initiative, or similar procedure, through in-kind or cash contributions, endorsements, publicity, or similar activity.</li> <li>• Support a political party, campaign, or political action committee.</li> <li>• Influence the introduction, enactment or modification of state or federal legislation through direct or grassroots lobbying.</li> </ul> <p><b>However, there are a few exceptions, including:</b></p> <ul style="list-style-type: none"> <li>• Technical and factual presentations on topics directly related to the performance of a grant, contract, or other agreement.</li> <li>• Efforts to influence state legislation to directly reduce the cost, or to avoid material impairment of the institution's authority to perform the grant, contract, or other agreement.</li> </ul>

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Meetings and Conferences	Allowable, with exceptions	<ul style="list-style-type: none"> <li>Any activity specifically authorized by statute to be undertaken with funds from the grant, contract, or other agreement.</li> </ul> <p>Costs of meetings and conferences approved by the GEAR UP Program Officer, the primary purposes of which are the dissemination of technical information, are allowable. This includes costs of meals, transportation, rental of facilities, speakers' fees, and other items incidental to such meetings or conferences. Be aware of restrictions pertaining to entertainment costs.</p> <p>Examples:</p> <p>A school travels with 30 students to a GEAR UP sponsored college visit from 8am to 2pm. Allowable cost would include a lunch at around \$15 per student.</p> <p>A school group travels with 50 students out of state for a GEAR UP sponsored trip. They leave early in the morning with an overnight stay at a hotel and arrive home at 3pm following day. Allowable costs would include the purchase of all meals on day one and two meals-- breakfast and lunch-- in day two.</p> <p>Three district college access team members attend a conference focused on poverty that is in-state and does not require an overnight stay. This takes place on a regular school day. The conference starts at 9 am and ends at 3 pm. Allowable costs include the cost of the conference registration (if this was in the district college access plan), breakfast and/or lunch if these meals are NOT included in the conference registration, mileage, and the cost of substitutes, if needed. A stipend</p>

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		<p>or per diem to pay the college access team members is NOT allowed if the members are employees who are being paid for their time.</p> <p>Costs associated with memberships in business, technical, and professional organizations are allowable. In addition, subscriptions to business, professional, and technical periodicals are allowable.</p>
<p>Memberships, Subscriptions, &amp; Professional Activity Costs</p>	<p>Allowable, with exceptions</p>	<p>Please note that the Omni Circular makes the following exceptions: State entities can use federal funds for membership in civic, community, and social organizations that are allowable as a direct cost with the approval of the USDOE. State entities cannot use federal funds for membership in organizations substantially engaged in lobbying.</p>
<p>Providing Donations and Contributions</p>	<p>Unallowable</p>	<p>Contributions or donations (including cash, property, and services) are unallowable costs.</p> <p>This should be distinguished from the match. GEAR UP may receive donations, contributions, or services under the GEAR UP match guidelines.</p>
<p>Publications and Printing</p>	<p>Allowable</p>	<p>Publication costs—including the costs of printing, distribution, promotion, mailing, and general handling—are allowable federal costs if they are allocable to project objectives. If not, any publications or printing should be paid for by institutional or indirect funds.</p>
<p>Public Relations Costs for GEAR UP</p>	<p>Potentially allowable under certain circumstances</p>	<p>The activity is part of your approved application. You are communicating with the public and press pertaining to specific activities or accomplishments that result from your grant performance (these costs are considered necessary as part of the outreach effort for the sponsored agreement).</p>

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		<p>You are conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern.</p> <p>Allowable when recruiting and advertising for vacant GEAR UP staff positions in a manner that is acceptable and standard for the hiring entity.</p>
<p>Reasonable Advertising Costs for GEAR UP</p>	<p>Potentially allowable under certain circumstances</p>	<p>The term public relations is defined as activities dedicated to maintaining the image of the institution/governmental agency or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.</p>
<p>Rental Cost of Buildings and Equipment</p>	<p>Allowable</p>	<p>With stipulations, rental costs are allowable to the extent that the rates are reasonable considering such factors as: (1) rental costs of comparable property, if any; (2) market conditions in the area; (3) alternatives available; and, (4) the type, life expectancy, condition, and value of the property leased. Rental arrangements should be reviewed periodically to determine if circumstances have changed and other options are available.</p>
<p>Severance Pay</p>	<p>Allowable</p>	<p>Costs of severance pay, for personnel whose services have been terminated are allowable only to the extent that such payments are required by law, by employer-employee agreement, by established policy that constitutes in effect an implied agreement on the institution's part, or by circumstances of the particular employment.</p>
<p>Student Activity Costs</p>	<p>Generally allowable, with exceptions</p>	<p>Costs incurred for intramural activities, student publications, student clubs, and other student activities, are unallowable, unless specifically provided for in the grant agreement.</p>



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Supplies	Allowable	Costs incurred for supplies to carry out the grant are allowable. Supplies have a per-unit cost of less than \$5,000. Computers, peripherals, etc. are considered supplies.
Travel costs	Allowable	Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the institution. Travel outside of the United States requires prior approval.
Sports Camp	Unallowable	Travel costs also may be incurred in relation to local events for students, parents or professionals participating in programs authorized by the GEAR UP statute. GEAR UP SWV is working on these Guidelines for additional guidance.
Student Stipends	Unallowable	Sports Camps: GEAR UP SWV funds cannot be used to support costs incurred for athletic camps, even when held on a college campus. Students cannot be paid out of GEAR UP SWV funds.

### Eligible budget transfers

Throughout the academic year, school districts may identify priorities and activities aligned with GEAR UP SWV goals and objectives not originally included in the annual GEAR UP SWV workplan and/or budget. In addition, some planned activities may come in under cost, making funds available for additional activities related to the program goals and objectives. As these budget transfer needs are identified, the school district must submit a formal request to the GEAR UP SWV Central Office through e-mail to [kosullivan@concord.edu](mailto:kosullivan@concord.edu). Requests should include specific information regarding the amount of funding, by budget line, requested for transfer to identified budget lines. Budget transfer requests should be infrequent and are reviewed by the GEAR UP SWV Central Office on a case-by-case basis. If approved, the GEAR UP SWV Administrative Team will issue a formal approval via e-mail of the transfer.