

Guidelines Related to Specific Costs:

Funds must be expended for reasonable and necessary costs in conducting grant activities. "Reasonable" means a cost is consistent with prudent business practice and comparable to current market value. "Necessary" means the cost is essential to accomplish the objectives of the project. Grantees must comply with the applicable federal cost principles in expending grant funds. See the last section of this appendix for a list of the federal cost principles.

This document addresses only certain specific costs and is not intended to be all-inclusive.

Advertisement for Recruitment of Grant Personnel

- Advertisements are allowable only for recruitment of grant personnel and when the advertisement is not in color and not excessive in size.

Alcoholic Beverages

- Alcoholic beverages are not allowable under any circumstances.

Audit Fees

- Audit fees and expenses may not be charged to state-funded grants.
- Audit fees/expenses are allowable only when the audit is required by and performed in accordance with [OMB Circular A-133, Audits](#).
- Audit fees/expenses may not be charged as direct cost when such audit services costs are part of the grantee organization's indirect cost pool.

Awards for Recognition and Incentives for Participation

Minimal cost certificates, plaques, ribbons, small trophies, or instructionally-related items to be used in the classroom such as pens/pencils are acceptable incentives for participation in program activities or awards for recognition.

- Gifts or items that appear to be gifts are not allowable.
- Souvenirs, memorabilia, or promotional items, such as T-shirts, caps, tote bags, key chains, etc., are not allowable.
- "Door prizes", movie tickets, gift certificates, passes to amusement parks, etc. may be donated by others but may not be purchased with grant funds.
- Food, snacks, beverages, refreshments, meals, etc. are not allowable incentives/awards.

Calendars and Calendaring Systems

- Expensive calendars and calendaring systems are not allowable. Personal digital assistants (PDAs) are not allowable for maintaining personal calendars.

Cellular Telephones for Personal Use

- A cellular telephone for personal use is not an allowable cost.

Ceremonies or Celebrations

- Costs associated with ceremonies or celebrations are not allowable.

Conflict of Interest

- Any purchase or expenditure which would pose a conflict of interest, real or perceived, is not allowable.

Consultants

- If this application is approved, the applicant shall not use or pay any consultant in the conduct of this application if the services to be rendered by such consultant could have been rendered by applicant's employees. Consultants must be selected based on demonstrated competence, qualifications, and experience and on the reasonableness of the proposed fee.

Construction, Remodeling, Renovation

- These costs are not allowable unless specifically authorized in the authorizing program statute and unless specifically approved by TEA in the applicable grant application.

Employee Service Awards

- Employee service awards are not allowable to be paid from grant funds.

Employer Contributions to Voluntary Retirement Plan

- Employer contributions to an employee's voluntary retirement plan, such as a 401k or 403b, are not allowable.

Entertainment, Recreation, Social Events

- Costs associated with any type of entertainment, recreation, or social events are not allowable.

Field Trips

- Must be paid from other than grant funds unless specifically approved by TEA.

Food and Beverage Costs**Food Costs for Participant Meetings/Training**

Unless otherwise specified by TEA, a limited amount of funds may be expended on meals for participant meetings/training events. The use of grant funds for this purpose is specifically limited to light working lunches for participants where the working lunch is noted on an agenda, is clearly described, and is mandatory. The purpose of a working lunch should be to shorten the overall meeting/training time and to facilitate accomplishing the objectives of the meeting/training and the overall program.

Specifically, grant funds may be expended for the following costs provided that the grantee maintains adequate and sufficient documentation that the costs were necessary and reasonable to further the intent and objectives of the grant.

a) 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 a six-hour) **meeting or training session**. The grantee must document that it was impractical for participants to obtain lunch on their own (e.g., due to isolated location and/or distance to eateries) and that their attendance at the meeting/training session was essential to accomplishing the objectives of the grant. The grantee must maintain an agenda that clearly identifies the topics discussed during the meeting/training session and the time allocated to each topic, including the lunch period. Only a nominal amount of grant funds may be used per participant.

b) 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 will be provided. The grantee must maintain an agenda that clearly identifies the exercise or activity that the participants were 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.

No other food costs, including beverages and other refreshments, breaks, or snacks, are permitted.

Food Costs for Parents and/or Students

- Nutritional snacks for students in extended day (i.e., after-school) programs;
- Nutritional snacks for children in child care while parents are participating in grant activities;
- Food necessary to conduct nutrition education programs for parents; and
- Parent involvement activities where refreshments are necessary to encourage participation/attendance by parents, such as in low-income areas, and thus meet program objectives.

Full meals for parents and/or students are not allowable for these purposes under any circumstances. Expenditures must be reasonable in cost, necessary to accomplish program objectives, and an integral part of the instructional program.

Unallowable Food Costs

- a) Refreshments of any kind, including beverages, breaks, and snack foods, for staff meetings/staff training.
- b) Refreshments or meals at an awards banquet/function.
- c) Any food costs not necessary to accomplish the objectives of the grant program.
- d) Any event in which a "guest speaker" or other individual conducts a presentation.
- e) Breakfast

TEA reserves the right to restrict a grantee from expending any funds on food costs or to disallow expenditures on food costs should the TEA determine that the grantee expended grant funds on food costs that are not reasonable or necessary to meet the intent and objective(s) of the grant.

Gifts

- Gifts or items that appear to be gifts are not allowable.

Interest Paid

- Interest paid in a prior grant period may not be charged retroactively to this grant period.

Land Purchase and Improvements

- Land purchase and improvements to land are not allowable costs, unless specifically authorized in the grant program.

Legal Fees

- Legal fees/expenses are allowable only as necessary for the administration of the grant program. Retainer fees are not allowable costs.

Membership in Civic and Social Organizations or Lobbying Organizations

- Memberships in civic and social organizations, and memberships in organizations that are substantially engaged in lobbying, are not allowable costs.

Personal Calendaring Systems

- Calendaring systems to manage personal calendars—paper calendars, personal digital assistants (PDAs), electronic/software calendars, etc. are not allowable costs.

Printing Costs

- Printing costs are allowable for not more than two-color printing on any item unless specifically approved by TEA. Any printing costs beyond the cost of two-color printing must be paid by the grantee from state or local sources.

Professional or Individual Liability Insurance

- Professional liability insurance for individual employees is not an allowable cost.

Promotional Items, Memorabilia, or Souvenirs

- Promotional items, memorabilia, or souvenirs are not allowable costs.

Renovation, Remodeling, or Construction

- Renovation, remodeling, or construction is unallowable unless specifically designated as allowable in the authorizing statute and specifically approved by TEA in the applicable grant application.

Social Events

- Funds are not allowable for social events of any kind.

Substitute Pay for Private Nonprofit Schools

- Substitute pay for private nonprofit school teachers is not allowable under any circumstances.

Training/Technical Assistance on Grant Writing or obtaining other grant funds is not allowable.

- Funds may not be used for training/technical assistance on grant writing or obtaining grant funds. Funds may not be used for fundraising activities.

Transportation Costs

- Transportation costs to/from grant activities, other than those incurred for the purpose of transporting students to and from the regular school day, are allowable expenditures. Field trips are not allowable from grant funds unless specifically approved by TEA.

Travel costs for Executive Director, Superintendent, or Board Members

- Travel costs for executive directors, superintendents, or board members or directors are allowable only when they are specifically related to carrying out the objectives of the grant project and only with specific approval by TEA. (also see the attached section dealing with Travel Costs in general)

Tuition

- Tuition fees, either paid directly to an institution or on a reimbursement basis, are allowable only for courses directly related to the grant program.

Travel Costs

Amounts authorized for maximum recovery for **travel and per diem** costs against the grant are restricted to those amounts which are approved in the State of Texas Appropriation Bill in effect for the particular funding period. Any amount over this limit must come from local funds. If local policy restricts travel, per diem, and

other travel expenses to a rate less than state law, the applicant must budget and request reimbursement at the lesser rate. **Travel allowances** are not allowable expenditures in Texas.

a. **Allowable Travel Expenses:**

1. Mileage reimbursement is allowable for travel necessary to carry out the objectives of the grant project. Automobile **mileage** while an employee is on travel for the purposes of the grant cannot exceed the rate established by the Texas Comptroller (effective January 1, 2006, the mileage rate is **44.5 cents per mile**). If local organization policy reimburses at a lower rate, the lower rate must be claimed.
2. **Air fare** at the lowest fare available. (Air fare must be documented with receipt.) First-class airfare is not allowable.
3. **Car rental fee** (at destination) is not allowed unless other transportation such as taxi or shuttle is not available for performing official business unless it is documented that it is more cost effective to rent a car than it is to take alternate travel. (Rental car must be documented with receipt.)
4. Airport **parking**.
5. **In-State Per diem (meals and lodging) for overnight travel** is reimbursed at **actual cost** not to exceed the maximum amount allowed by state law or local policy, whichever is less. **Beginning September 1, 2005, the maximum allowable lodging is \$85.00 per night, not including taxes. Meals are allowable at actual cost not to exceed \$36.00 per day.** If local school policy requires reimbursement at a lower rate, the lower rate must be used. (Lodging must be documented with receipt.) **Any amount over the allowable amount must be paid from local funds. Tips for meals cannot be reimbursed.**

Out-Of-State Per diem (meals and lodging) is reimbursed at actual cost not to exceed the maximum amount allowed by the federal government or local policy, whichever is less. All other guidelines apply. Out-of-State Meal and Lodging Rates are available on the Comptroller's website at: <http://www.window.state.tx.us/comptrol/san/fm1.html>. Select "Travel" under the "Topics" heading; select "Out-of-State Meal and Lodging Rates" under the "Publications" heading; select the state to which you will be traveling.

6. **Taxi fares** for official business. **Tips cannot be reimbursed.**
7. Itemized **miscellaneous business expenses**, i.e., business phone calls, printing, materials used in carrying out official business of the meeting/conference/workshop.
8. **Registration fees** to attend workshops/conferences. Social events at a conference where the social event costs an additional amount may not be paid from grant funds.

b. **Unallowable Travel Expenses:**

1. First class Air fare.
2. Per diem (meals and lodging) for persons who live in the same city where the meeting/conference/workshop is held is not allowable. Automobile mileage is allowable.
3. Tips or gratuities (including service charges) of any kind.
4. Alcoholic beverages.
5. Entertainment/recreation or social events.
6. Any expense for other persons.
7. Automobile mileage or taxi fares for purposes other than for official business.
8. Personal Accident Insurance or Personal Effects coverage for rental cars.
9. Rental car for personal use or for purposes not associated with the official business of the meeting/conference/workshop.

Travel Documentation

Actual travel costs must be documented with a "travel voucher" or other comparable documentation completed by the employee. Documentation must include at a minimum:

- The name of the individual claiming travel reimbursement
- The destination and purpose of the trip, including how it was necessary to accomplish the objectives of the grant project
- The dates of travel

- The actual mileage (not to exceed reimbursement at the maximum allowable rate)
- The actual amount expended on lodging per day, with a receipt attached (may not exceed the maximum allowable)
- The actual amount expended on meals per day (may not exceed the maximum allowable; tips/gratuities are not reimbursable)
- The actual amount expended on public transportation, such as taxis, shuttles, etc.
- The actual amount expended on a rental car, with receipt attached and justification for why a rental car was necessary and more cost effective than alternate transportation
- The actual amount expended on incidentals, such as hotel taxes, copying of materials, and other costs associated with the travel
- The total amount reimbursed to the employee

Any travel costs not properly documented are not reimbursable.

Federal Cost Principles

The applicable cost principles as established by the federal Office of Management and Budget (OMB) are as follows:

<i>Type of Entity</i>	<i>Applicable Cost Principles</i>
<ul style="list-style-type: none"> ◆ Public school districts ◆ Regional education service centers (ESCs) ◆ Open enrollment charter schools operated by a governmental entity ◆ Local governments (e.g., cities, counties) 	<p><i>OMB Circular A-87, Cost Principles for State and Local Governments</i> http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html</p>
<ul style="list-style-type: none"> ◆ Open enrollment charter schools operated by a non-profit organization ◆ Non-profit organizations, including community-based organizations and faith-based organizations 	<p><i>OMB Circular A-122, Cost Principles for Non-Profit Organizations</i> http://www.whitehouse.gov/omb/circulars/a122/a122_2004.html</p>
<ul style="list-style-type: none"> ◆ Open enrollment charter schools operated by an institution of higher education (i.e., college or university) ◆ Institutions of higher education (IHEs) 	<p><i>OMB Circular A-21, Cost Principles for Educational Institutions</i> http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html</p>