

## Allowable & Unallowable Costs

The table below lists categories, examples, and conditions of allowable and unallowable costs. In the Notes & Restrictions column,  indicates an allowable cost; , unallowable. The table shows only the most commonly referred to restrictions, and should not be considered a complete list. For more information, refer to circulars published by the Office of Management and Budget (OMB), or contact your local procurement office or State Grant Administrator.

**NOTE:** Allowable costs are allowable only to the extent that they do not exceed the program’s funding limit.

Cost Category	Examples	Notes & Restrictions
Advertising	<input type="checkbox"/> Radio, television, and newspaper ads <input type="checkbox"/> Direct mail campaigns	When incurred for: <input type="checkbox"/> Recruitment of personnel <input type="checkbox"/> Procurement of goods and services <input type="checkbox"/> Promotion of the governmental unit
Alcoholic Beverages		<input type="checkbox"/> Unallowable
Audit Services	<input type="checkbox"/> Case or project reviews <input type="checkbox"/> Project inspections	Provided that the audits: <input type="checkbox"/> Comply with the provisions of the Single Audit Act (see OMB Circular A-133) <p style="text-align: center;"><b>OR</b></p> <input type="checkbox"/> Are otherwise required and/or approved by FEMA
Bad Debts	<input type="checkbox"/> Uncollectible funds	<input type="checkbox"/> Losses arising from uncollectible amounts and other claims and related costs
Bonding Costs	<input type="checkbox"/> Costs associated with attaining surety bonds for employees and officials	<input type="checkbox"/> Provided that bonding is in accordance with sound business practice

## Tool III-1, Allowable & Unallowable Costs

Cost Category	Examples	Notes & Restrictions
Budgeting Costs	<input type="checkbox"/> Development <input type="checkbox"/> Preparation <input type="checkbox"/> Presentation <input type="checkbox"/> Execution	<input type="checkbox"/> Allowable
Communications	<input type="checkbox"/> Telephone <input type="checkbox"/> Mail and messenger service	<input type="checkbox"/> Allowable
Compensation	<input type="checkbox"/> Wages and salaries <input type="checkbox"/> Fringe benefits	<input type="checkbox"/> Provided that compensation is reasonable for the services provided
Disbursing Services	<input type="checkbox"/> Costs associated with the accounts payable function	<input type="checkbox"/> Allowable
Donated Services	Services volunteered by: <input type="checkbox"/> Technical personnel <input type="checkbox"/> Consultants <input type="checkbox"/> Skilled and unskilled labor	<input type="checkbox"/> The values of donated services are unallowable as either direct or indirect costs. However, they may be used to meet cost sharing or matching requirements.
Equipment and Other Capital Expenditures	<input type="checkbox"/> The net invoice price of equipment, including modifications, attachments, or accessories <input type="checkbox"/> Ancillary charges, including taxes and freight	Non-expendable items of equipment having a useful life of more than 1 year and costing \$5,000 or more. (Items of equipment costing less than \$5,000 are considered supplies.)
General Government Expenses	<input type="checkbox"/> Salaries and expenses of the Office of the Governor and/or State legislatures, tribal councils, or other local governmental bodies <input type="checkbox"/> Costs associated with government services normally provided to the general public (e.g. fire and police)	<input type="checkbox"/> Unallowable

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Cost Category	Examples	Notes & Restrictions
Legal Expenses	<input type="checkbox"/> Professional and/or support staff time <input type="checkbox"/> Filing fees	<input type="checkbox"/> Legal expenses required for program administration <input type="checkbox"/> Legal expenses for prosecutions of claims against the Federal Government
Maintenance, Operation, and Repairs	<input type="checkbox"/> Utilities <input type="checkbox"/> Insurance <input type="checkbox"/> Security <input type="checkbox"/> Janitorial services <input type="checkbox"/> Equipment repairs	Allowable if they: <ul style="list-style-type: none"> <li><input type="checkbox"/> Keep property in efficient operating condition</li> <li><input type="checkbox"/> Do not add to the permanent value of the property</li> <li><input type="checkbox"/> Are not included in rental charges for space</li> </ul>
Materials and Supplies	<input type="checkbox"/> Stationery <input type="checkbox"/> General office supplies <input type="checkbox"/> Items of equipment costing less than \$5,000	Allowable after deducting: <ul style="list-style-type: none"> <li><input type="checkbox"/> Cash and/or trade discounts</li> <li><input type="checkbox"/> Rebates</li> <li><input type="checkbox"/> Other allowances</li> </ul>
Motor Pools	<input type="checkbox"/> Maintenance <input type="checkbox"/> Inspection <input type="checkbox"/> Repair services	<input type="checkbox"/> If charged to the program at a mileage or fixed rate
Public Relations	Activities directed toward: <ul style="list-style-type: none"> <li><input type="checkbox"/> Maintaining the image of the governmental unit</li> <li><input type="checkbox"/> Promoting understanding and favorable relations with the public</li> <li><input type="checkbox"/> Legal or Public Notices</li> </ul>	When: <ul style="list-style-type: none"> <li><input type="checkbox"/> Incurred to communicate with the public and press pertaining to the specific program</li> <li><input type="checkbox"/> Necessary to conduct general liaison with the news media and government public affairs officers to keep the public informed</li> <li><input type="checkbox"/> Incurred solely to promote the governmental unit</li> </ul>

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Cost Category	Examples	Notes & Restrictions
Training	<input type="checkbox"/> Employee training	<input type="checkbox"/> To the extent that the training is required for sub-grant related activities
Travel	<input type="checkbox"/> Transportation <input type="checkbox"/> Lodging <input type="checkbox"/> Subsistence	Provided that: <input type="checkbox"/> Employees are traveling on official business <input type="checkbox"/> The costs do not exceed the amount normally allowed by the agency in its regular operations

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