



Revisiting Allowable Costs

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Overview

- Refresher on Legislation and Regulations
 - The IMLS Statute
 - 2 C.F.R. Part 200, Subpart E Cost Principles
 - 2 C.F.R. § 200.403 – Factors affecting allowability of costs
 - Common Unallowable Costs
- Direct vs. Indirect Costs
- Other Cost Considerations

U.S. Constitution

Federal Laws, including:

20 U.S.C. § 9101 *et seq.*
(IMLS Statute, including LSTA)

2 C.F.R. 200, “Uniform Grants Guidance”
(Government-wide grant regs)

State Laws

There is an order of
precedent for laws
governing federal grants.



Federal Legislation and Regulations*

- **Museum and Library Services Act (IMLS Statute), which includes:**
 - Library Services and Technology Act
- **Uniform Grants Guidance**
 - In the Code of Federal Regulations at 2 C.F.R. Part 200

*NOTE: we have more [IMLS grant-related legislation and regulations](#), but we'll focus on these two



LSTA Includes Definitions

- Library
 - Public, school, tribal, academic, research, special
- Library consortium
- State
 - 50 states, DC, 5 territories, 3 freely associated states
- SLAA (you)
 - Charged by law to carry out library services
- State plan



Purposes and Priorities of LSTA

- There are 12 LSTA purposes (20 U.S.C. § 9121)
 - They broadly cover library services through areas such as access, resource sharing, partnerships, library workforce, and preservation
 - They are tied to the Maintenance of Effort (MOE) requirement
- There are also 8 Grants to States priorities within LSTA (20 U.S.C. § 9141)
 - They are similarly broad and also reference underserved audiences
 - They are tied to the Five-Year Plan and incorporate the purposes
- IMLS itemizes both the purposes and priorities on our website:
<https://www.imls.gov/find-funding/funding-opportunities/grants-to-states/purpose-and-priorities-of-lsta>



Other Practical Implications of LSTA

- Everything funded with LSTA must connect back to the five-year plan
- Construction is unallowable:
 - No tearing down walls, laying fiber, pouring concrete, installing permanent things. Ask yourself “Could I move it if I needed to?”
 - You CAN purchase a justified item (e.g., HVAC unit), and if it requires extensive installation, pay for the install separately and not count it as Match
 - And generally yes to: privacy pod installation, bookmobile retrofits, hearing loop wiring, self-serve lockers
- You must comply with the Children’s Internet Protection Act (CIPA) if you use LSTA funds for internet-related things



2 C.F.R. Part 200: Uniform Grant Guidance

- Includes requirements for ALL Federal grants
- Establishes uniform administrative requirements, allowable costs, and audit requirements
- Offers the guiding principle: is the cost reasonable and necessary?
- Applies principles of allowability to both SLAA funds and Match
- Sets out requirements for pass-through entities (SLAAs)
- Will have more updates coming soon



2 C.F.R. Part 200, Subpart E Cost Principles

- Includes:

- General Provisions
- Basic Considerations
- Direct and Indirect Costs
- Special Considerations for States
- General Provisions for Selected Items of Cost
 - Alphabetical listing of common costs
 - eCFR is also searchable: <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200>

▼ Part 200	Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards	200.0 – 200.521
▶ Subpart A	Acronyms and Definitions	200.0 – 200.1
▶ Subpart B	General Provisions	200.100 – 200.113
▶ Subpart C	Pre-Federal Award Requirements and Contents of Federal Awards	200.200 – 200.217
▶ Subpart D	Post Federal Award Requirements	200.300 – 200.346
▶ Subpart E	Cost Principles	200.400 – 200.476
▶ Subpart F	Audit Requirements	200.500 – 200.521



2 C.F.R. § 200.403: Allowability

Under “Basic Considerations,” Costs must be **Necessary** and **Reasonable**, as well as:

- Be consistent with policies for both federally financed and other activities
- Follow generally accepted accounting principles (GAAP)
- Not be used for matching requirements for other federal awards (few exceptions)
- Be adequately documented
- Be incurred during the approved budget period (except closeout costs)



Common Allowable Costs

- Salaries and wages to carry out a funded project
- Supplies and materials related to a funded project
- Hardware and software for a specific project
- Books, and access to electronic collections
- Training, education, and associated travel
- Marketing for an LSTA funded project
- Discussion: What kind of other projects do you do?



Common Unallowable Costs: Entertainment

- No parties or celebrations
- No concerts
- No alcohol
- If it does not have an educational component, it is a NO
- See: [2 C.F.R. § 200.438 Entertainment and prizes](#)



Common Unallowable Costs: General Advertising

- No general advertising or marketing for the library
- You CAN advertise a LSTA-funded service, but it should be reported with related project costs
- See: [2 C.F.R. § 200.421 Advertising and public relations](#)
- See also: [IMLS guidance on Advertising, Public Relations, and Promotional Materials](#)



Common Unallowable Costs: Advocacy

- No lobbying to lawmakers or contributing to political campaigns
- No fundraising activities
- No direct costs toward applying for other grants (indirect costs only)
- General grant writing workshops are ok, as it is considered building capacity
- See: [2 C.F.R. § 200.450 Lobbying](#) and [§ 200.442 Fundraising](#)
- See also: [IMLS guidance on Proposal Writing and Fundraising](#)



Other Common Unallowable Costs

- Costs associated with starting a new organization (2 C.F.R. § 200.455)
- Personal memberships (institutional memberships are allowable) (2 C.F.R. § 200.445 and § 200.454)
- Bad debts/funds for services not rendered (2 C.F.R. § 200.426)
- Video surveillance equipment from certain companies (2 C.F.R. § 200.216)
- Furniture with no programmatic purpose
- Adding to endowments
- Activities unrelated to [LSTA purposes and priorities](#)



Let's take a breather

Discussion:

- What are your thoughts so far?
- What are people confused about?



Direct vs. Indirect Costs

- [Direct costs \(2 C.F.R. § 200.413\)](#) can be identified with a particular cost objective (i.e., project).
 - Examples: staff, equipment, consultant fee, travel expenses
- [Indirect costs \(2 C.F.R. § 200.414\)](#) are for a common or joint purpose benefitting more than one cost objective (i.e., project).
 - Examples: heating, lighting, accounting and personnel administration, office furniture, rent, phone lines



Indirect/Administrative/ Operational Costs

- LSTA has a 4% Administrative cap for SLAAs. Be mindful of:
 - All facilities-related costs incurred at the state level
 - Office or other furniture that doesn't directly relate to a project
 - Phone lines
- THESE ARE UNALLOWABLE AS DIRECT (PROJECT) COSTS



Other Considerations: Project Dates

- Costs dated before the project period start date (October 1) and after the end date (September 30) are unallowable
- Materials and equipment must be ordered and delivered within the grant award period
- Liquidations of costs may occur up to 120 days after the award period is over
- Grant period extensions (especially due to unspent funds) are generally not allowed
- See: [2 C.F.R. § 200.403 Factors affecting allowability of costs.](#)



Other Considerations: Salaries & Benefits

- Hours worked must be pro-rated to the project ([2 C.F.R. § 200.405 Allocable costs](#))
- Generally cannot cover incentives or bonuses
- Volunteer hours can be converted to in-kind match (Match-Other in the SPR)
- See: [2 C.F.R. § 200.430 Compensation](#)



Other Considerations: Program Income

- Does your project charge someone money?
- Earned funds must generally go back into the project and must be pre-approved by your Program Officer
- See [IMLS guidance on Program Income](#)



Other Considerations: Required Certifications

- The certs apply to ALL your LSTA funded projects
- They require adherence to non-discrimination
- They prohibit using your position for personal gain
- Full set of certifications are signed
 - 1) at the time of the new five-year plan, and
 - 2) at the onboarding of a new Authorized Certifying Official
- Annual certifications are signed at the time of the award

Questions?