

Guidance on Allowed Costs

All costs charged to grants awarded by the State Library under LSTA must be “allowed costs.” Allowed costs are defined and discussed in detail in the following Circulars.

If an organization of this type receives an award or sub-award....then these cost principles apply
State, local, or Indian Tribal Government	2 CFR 225 (A-87)
College or University	2 CFR 220 (A-21)
Nonprofit Organization	2 CFR 230 (A-122)
Profit-Making Organization	FAR 31.2
Hospitals	45 CFR 74 Appendix E

The following list is not meant to be all inclusive. It is representative of the most common expenditures requested in LSTA grant applications. Please refer to the above circulars for more detailed information on Federal government allowable expenses.

LSTA funds may not be used to supplement and/or enhance an existing federally funded program.

LSTA funds cannot be used for matching requirement for other federal award.

LSTA funds may not be used towards indirect/administrative costs.

- **Direct Costs** can be identified with a particular cost objective.
- **Indirect Costs** are for joint or common objectives and not readily identified with a particular cost objective.

Examples of Direct Costs	Examples of Indirect Costs
Staff	Heating
Equipment	Lighting
Consultant Fee	Accounting and personnel administration
Travel Expenses	Fund Management Fees

A. Marketing Costs

Allowed costs:

- expenses involved in a project to inform the public or the press about specific LSTA grant projects;
- brochures and bookmarks, charged to an LSTA project to carry out that specific project;

- recruitment of personnel to implement the LSTA grant projects;
- procuring or acquiring goods, equipment, and services for the performance of LSTA grant projects;
- disposal of surplus materials acquired in the performance of LSTA grant projects;
- other specific purposes necessary to fulfill the requirements of the LSTA grant (to promote events being held during the project i.e. story times, ESL classes etc.);
- costs of communicating with the public about an LSTA project; and
- to announce outcomes of the completed LSTA project.

Unallowable costs:

- Costs of advertising and public relations designed solely to promote the organization or library in general.

B. Promotional Materials

Unallowable costs:

- A general guiding question often used is whether a prudent person would determine that the items are directly related to the LSTA grant project, and a factor may be whether the items are more educational and informational in nature than promotional. For example, books may be purchased to give away during a summer reading project.

Unallowable costs:

- Cost of promotional items and memorabilia, including models, gifts, and souvenirs.
- Following is an illustrative list of promotional items that would not be allowed: postcards, T-shirts, mugs, bags, CDs, calculators, banks, jump ropes, ties, scarves, bibs, safety plugs, hats, rubber stamps, sidewalk chalk, jigsaw puzzles, patches, flying disks, paint sheets, plastic bags, trading cards, stretch band watches, gel bracelets, posters, door hangers, magnetic bookmarks, pennants, megaphones, figurines, banners, book packs, mini-pad holders, and message magnets.

C. Continuing Education / Training

Allowed costs:

- Library staff and (where relevant) other library related individuals may need to receive training so that they can develop and deliver services directly related to the LSTA grant project. For example, a library is going to offer early literacy classes to their patrons. LSTA funds may be used for the training of librarians to carry out this service.

D. Salaries and Benefits / Contract Services

Allowed costs:

- LSTA funds may be used to pay for contract services on a conditional basis. Check your specific Circular for any restrictions. The contractor must be working exclusively on the LSTA grant project.
- Documentation must be kept on duties performed when being paid with LSTA funds.

Unallowable costs:

- LSTA funds may not be used to pay the salary and benefits of existing staff working on the project during their scheduled hours.
- LSTA funds may not be used to pay salaries and benefits for individuals not working on the LSTA funded grant project.
- LSTA funds may not be used to pay for contractors that are not offering services for the LSTA grant project.

E. Travel

Allowed costs:

- Most travel costs associated with the grant project may be paid with LSTA funds. Costs will be reimbursed based on the sub-recipients existing travel policies.
- Travel will only be reimbursed for individuals directly working on the LSTA grant project.

Unallowable costs:

- Personal travel expenses (your trip to the Tahitian Islands!)

F. Entertainment

Unallowable costs:

- Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (tickets for shows or sporting events, meals, lodging, rentals, transportation, and gratuities).
- Cost of tickets to shows or sporting events.

G. Supplies, Printing, Postage

Allowed costs:

- Most of these costs are allowed as long as they are used only in the commission of the LSTA grant project. All expenditures must have supporting documentation.

H. Furniture

Allowed costs:

- There are some situations where furniture is an allowed LSTA expense. For example, if you are using LSTA funds to purchase new computers for your patrons you may purchase computer tables to place them on and chairs to sit in while using them.

Unallowable costs:

- Generally speaking furniture including office furniture, lounge furniture, shelving etc. is not an allowable expense. See your specific Circular for details.

I. Misc.

Unallowable costs:

- Indirect or administrative costs
- Building construction or renovation costs
- Activities involving contract labor of the construction trades
- Capital expenditures (costs used to acquire or upgrade physical assets)
- Gifts, honorarium, stipends, or awards
- Incentives, rewards
- Advocacy
- Food and beverages including alcohol
- Rugs, mats
- Toys
- Tents, play tunnels, crawling tubes etc.
- Wall murals
- Meeting room rental
- Parking while not in travel status
- Supplanting of existing funds
- Craft tables and chairs
- Toy storage units and bins
- Book displays
- Pillows
- Reading chairs