

Updated December 2015

Cost Principles Webinar for LSTA Grants to States



What you will learn

- Why there are cost principles and standards
- How to identify appropriate sources for analyzing costs
- How to ensure compliance with regulations

Why these regulations?

- Uniformity in approach
- Promote effective program delivery
- Promote efficiency
- Promote better relations between grantees and the Federal government

Regulations and laws

- 2 CFR 3187 IMLS Grant Regulations
- 2 CFR 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards
- Museum and Library Services Act of 2010 PL 111-340
- LSTA legislation codified – 20 USC Sec. 9101-9176
- IMLS Memos/Guidance on the Internet

What is a cost?

- Cost is an amount as determined on a cash, accrual, or other basis acceptable to IMLS. Transfers to a general or similar fund are not costs.

2 CFR 200.403 - Allowability

Costs must be:

- Necessary
- Reasonable (2 CFR 200.404)
- Allocable (2 CFR 200.405)

2 CFR 200.403 - Allowability

Costs must :

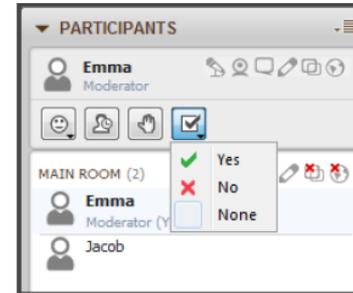
- Be consistent with policies for both federal and non-federal activities
- Be treated consistently as direct or indirect costs
- Follow generally accepted accounting principles (GAAP)
- Not be used for matching requirement for other federal award (few exceptions)
- Be adequately documented

2 CFR 200.413-414 – Direct/Indirect

- **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

Direct or Indirect?

Select direct (A) or indirect (B)

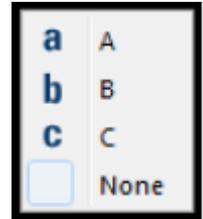
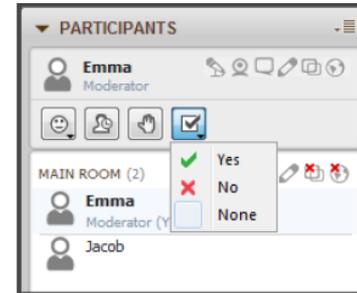


a	A
b	B
c	C
<input type="checkbox"/>	None

- Accounting charges

Direct or Indirect?

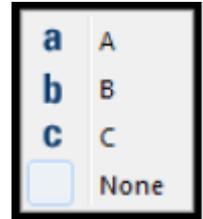
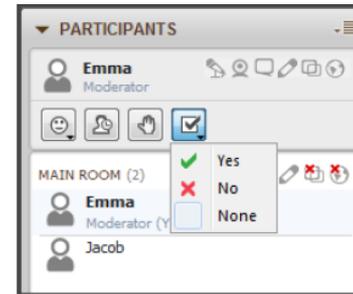
Select direct (A) or indirect (B)



- Health insurance costs for 100% LSTA funded employee

Direct or Indirect?

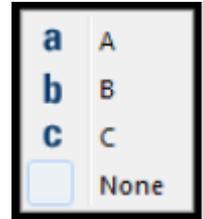
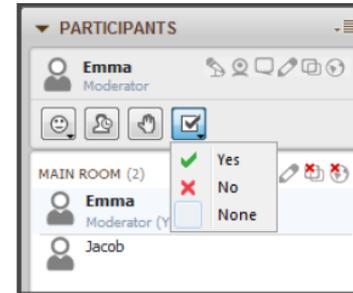
Select direct (A) or indirect (B)



- Consultant services to develop proposal for NEH grant

Direct or Indirect?

Select direct (A) or indirect (B)



- Travel for library development staff to train public librarians

Direct/Indirect

Examples of Direct Costs

- Staff
- Equipment
- Consultant fee
- Travel expenses

Examples of Indirect Costs

- Heating
- Lighting
- Accounting and personnel administration

Selected Items of Cost

Advertising and public relations costs (2 CFR 200.421)

Generally Allowable

- Recruitment of personnel for LSTA projects
- Procurement of goods, equipment, and services for LSTA projects
- Costs of communicating with public about an LSTA project
- Cost of outreach to persons targeted in LSTA legislation

Selected Items of Cost

Advertising and public relations costs (2 CFR 200.421)

Unallowable

- Costs of promotional items and memorabilia, including models, gifts and souvenirs
- Costs related to promoting the SLAA or libraries in general

Advisory councils (2 CFR 200.422)

Generally Allowable

- Costs incurred by advisory councils or committees

Selected Items of Cost

Alcoholic beverages (2 CFR 200.423)

Unallowable

- Costs of alcoholic beverages are unallowable

Audit services (2 CFR 200.425)

Generally Allowable

- Costs required by, and performed in accordance with 2 CFR Subpart F – Audit Requirements

Selected Items of Cost

Compensation—personal services (2 CFR 200.430)

Compensation—fringe benefits (2 CFR 200.431)

Generally Allowable

- Wages, salaries and fringe benefits if reasonable, accord with policy, consistent with pay for non-federally supported personnel
- Must be based on records that accurately reflect the work
- Must be supported by a system of internal control

Selected Items of Cost

Entertainment costs (2 CFR 200.438)

Unallowable

- Costs of entertainment, including amusement, diversion, and social activities and any associated costs

Equipment and other capital expenditures (2 CFR 200.439)

Generally Allowable (with prior approval from IMLS)

- Costs of equipment (\$5,000 or more per unit)

Selected Items of Cost

Fund raising and investment management costs (2 CFR 200.442)

Generally Unallowable

- Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses

Lobbying (2 CFR 200.450)

Unallowable

- Costs of certain influencing activities associated with obtaining grants, contracts, cooperative agreements, or loans

Selected Items of Cost

General costs of government (2 CFR 200.444)

Generally Unallowable

- General costs of government

Insurance and indemnification (2 CFR 200.447)

Generally Allowable

- Costs of insurance required or approved for federal award

Selected Items of Cost

Maintenance and repair costs (2 CFR 200.452)

Generally Allowable

- Costs of utilities, insurance, security, necessary maintenance, janitorial services, repair, or upkeep of buildings and equipment to keep it in efficient operating condition

Conferences (2 CFR 200.432)

Generally Allowable

- Defined as a meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information (includes rental of facilities, speakers' fees, costs of meals and refreshments, local transportation)

Selected Items of Cost

Memberships, subscriptions, and professional activity costs (2 CFR 200.454)

Generally Allowable

- Non-Federal entity's membership in business, technical, and professional organizations
- Non-Federal entity's subscriptions to business, professional, and technical periodicals

Professional service costs (2 CFR 200.459)

Generally Allowable

- Costs of professional and consultant services

Selected Items of Cost

Proposal costs (2 CFR 200.460)

Allowable

- Preparing bids, proposals, or applications on potential Federal and non-Federal awards or projects (normally an indirect cost)

Rental costs of real property and equipment (2 CFR 200.465)

Generally Allowable

- Rental costs for buildings and equipment, provided reasonable compared to comparable property, market conditions, type, conditions, etc.

Selected Items of Cost

Training and education costs (2 CFR 200.472)

Allowable

- Costs of training and education for employee development

Travel costs (2 CFR 200.474)

Generally Allowable

- Costs of transportation, lodging, subsistence and related costs incurred by employees who are in travel status on official business
- Costs must be reasonable, consistent with policy or GSA rates, airfare generally coach or equivalent