Common GEAR UP Costs

The following list may help you determine whether your program expenses are allowable or not. It includes costs that are commonly incurred in GEAR UP, or are the subject of frequent questions or discussions about their permissibility.

Advertising and Public Relations Costs: generally unallowable
The OMB cost principles define advertising costs as the expenses associated with the costs of advertising media (magazines, newspapers, radio and television, direct mail, exhibits, electronic or computer communication) and associated administrative costs.

The term public relations is defined as activities dedicated to maintaining the image of the institution/governmental agency or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public. This is an unallowable expense.

For GEAR UP, reasonable advertising costs are allowable when:
1. Recruiting and advertising for vacant GEAR UP staff positions in a manner that is acceptable and standard for the hiring entity.
2. You are communicating with the public and to promote specific activities or accomplishments of the program and are part of your approved work plan (these costs are considered necessary as part of the outreach effort for the sponsored agreement).
3. You are conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern.

Advisory Councils: allowable
Costs incurred by advisory councils or committees are allowable as a direct cost when authorized by the awarding agency or as an indirect cost where allocable to the GEAR UP award. Washington State GEAR UP limits costs for this activity to light refreshments for meeting attendees, not to exceed $5 per person.

Alcoholic Beverages: unallowable

Commencement and Convocation Costs: unallowable
For education institutions, costs associated with commencement and convocations are disallowed, but costs associated with GEAR UP activities that take place during commencement events may be allowable under student activity costs if approved as part of your grant agreement.

Communication Costs: allowable
Costs incurred for telephone services, local and long distance telephone calls, telegrams, postage, messenger, electronic or computer transmittal services and the like are allowable. However, you will need to check if these expenses are captured in your indirect costs.

Compensation (Salaries, Wages and Fringe Benefits): allowable

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Personnel costs such as salaries, wages and fringe benefits are allowable to the extent that the total compensation to individual employees conforms to the established policies of the institution, consistently applied, and provided that the charges for work performed directly on sponsored agreements.

Fringe benefits costs should be in line with institutional policies regarding: annual leave, sick leave, military leave, and employer contributions or expenses for social security, employee insurance, workmen's compensation insurance, and tuition or remission of tuition for individual employees.

**Consultants and Contracts:** *allowable*
EDGAR states that costs associated with consultants are allowable if there is a need in the project for the services and the grantee cannot meet that need by using an employee rather than a consultant.

**Providing Donations and Contributions:** *unallowable*
Contributions or donations (including cash, property, and services) are unallowable costs.

This should be distinguished from the match. GEAR UP may receive donations, contributions or services under the GEAR UP match guidelines.

**Entertainment Costs:** *unallowable*
Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such activities (such as tickets to shows or sports events, recreational activities such as swimming, meals, lodging, rentals, transportation and gratuities) are unallowable.

Be sure to distinguish these unallowable expenses from similarly worded and allowable student activities, meetings and conferences that are approved as part of your grant agreement.

**Equipment: allowable**
*Note: Washington State GEAR UP does not allow furniture purchases. Schools are expected to provide program staff with necessary furniture.*

Equipment means an article of nonexpendable, tangible personal property having a useful life of more than one year and for GEAR UP accounting purposes, has a per-unit cost equal to or greater than $5,000.

The title (documented ownership) of the equipment vests in the grantee and may be used for other projects as long as that use does not interfere with the terms of the grant award.

**Fines and Penalties:** *unallowable, with exceptions*
Costs resulting from violations or failure of the fiscal agent to comply with, federal, state, and local or foreign laws and regulations are unallowable, except when incurred as a result of compliance with specific provisions of the sponsored agreement, or instructions in writing from the authorized official of the sponsoring agency authorizing in advance of such payments. Late fees, including late fees for registrations, and interest charges on credit cards are unallowable. Student fines are also unallowable.

**Fund Raising:** *unallowable*
Costs of organized fund raising are not allowed.

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**Goods or Services for Personal Use: unallowable**
Costs of goods or services for personal use of the governmental unit’s employees are unallowable regardless of whether the cost is reported as taxable income to the employees.

**Lobbying: generally unallowable, with exceptions**
Federal funds cannot be used to:
- Influence the outcome of referendum, initiative, or similar procedure, through in-kind or cash contributions, endorsements, publicity, or similar activity.
- Support a political party, campaign, political action committee.
- Influence the introduction, enactment or modification of state or federal legislation through direct or grassroots lobbying.

However there are a few exceptions, including:
- Technical and factual presentations on topics directly related to the performance of a grant, contract, or other agreement.
- Efforts to influence state legislation in order to directly reduce the cost, or to avoid material impairment of the institution’s authority to perform the grant, contract, or other agreement.
- Any activity specifically authorized by statute to be undertaken with funds from the grant, contract, or other agreement.

**Memberships, Subscriptions and Professional Activity Costs: allowable, with exceptions**
Costs associated with memberships in business, technical, and professional organizations are allowable. In addition, subscriptions to business, professional, and technical periodicals are allowable.

Please note that the circulars make the following exceptions:
- State entities **can** use federal funds for membership in civic, community, and social organizations which are allowable as a direct cost with the approval of the USDOE.
- State entities **cannot** use federal funds for membership in organizations substantially engaged in lobbying.

**Meetings and Conferences: allowable**
Costs of meetings and conferences, the primary purpose of which is the dissemination of technical information, are allowable. This includes costs of meals, transportation, rental of facilities, speakers’ fees, and other items incidental to such meetings or conferences. Be aware of restrictions pertaining to entertainment costs.

**Publications and Printing: allowable**
Publication costs—including the costs of printing, distribution, promotion, mailing, and general handling—are allowable federal costs if they are allocable to project objectives. If not, any publications or printing should be paid for by institutional or indirect funds.

**Rental Cost of Buildings and Equipment: allowable**
With stipulations, rental costs are allowable to the extent that the rates are reasonable in light of such factors as: (1) rental costs of comparable property, if any; (2) market conditions in the area; (3) alternatives available; and, (4) the type, life expectancy, condition, and value of the property leased. Rental arrangements should be reviewed periodically to determine if circumstances have changed and other options are available.
Severance Pay: *allowable*
Costs of severance pay, for personnel whose services have been terminated are allowable only to the extent that such payments are required by law, by employer-employee agreement, by established policy that constitutes in effect an implied agreement on the institution's part, or by circumstances of the particular employment.

Student Activity Costs: *generally unallowable, with exceptions*
Costs incurred for intramural activities, student publications, student clubs, and other student activities, are unallowable, unless specifically provided for in the grant agreement.

Supplies: *allowable*
Costs incurred for supplies to carry out the grant are allowable. Supplies have a per-unit cost of less than $5,000.

Travel Costs: *allowable*
Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the institution. Travel outside of the United States requires prior approval.

*Note: Travel costs also may be incurred in relation to local events for students, parents or professionals participating in programs authorized by the GEAR UP statute. Please see the Washington State GEAR UP Travel Guidelines for additional guidance.*

**NOTE:** Just because a cost is interpreted as being allowable under the OMB cost principles, it is not guaranteed that you will be able to make that expenditure. The Washington Student Achievement Council is the primary entity that determines if an allowable cost is acceptable. This may happen when, for example, a cost identified as allowable under the circular may be disallowed in program regulations or statute, or fail to pass the USDOE’s judgment that it is justified, allowable, or reasonable.