

Allowable and Unallowable Costs Under OMB A-87 and A-122

Item of Cost	OMB A-87 (Governmental Entities)		OMB A-122 (Subrecipients)	
	Unallowable	Allowable	Unallowable	Allowable
Accounting		✓	N/A	
Advertising		✓*		✓*
Advisory councils		✓***	N/A	
Alcoholic beverages	✓		✓	
Audit services		✓*	N/A	
Automated electronic data processing		✓	N/A	
Bad debts	✓****		✓	
Bonding		✓		✓
Budgeting		✓	N/A	
Communication		✓		✓
Compensation, personnel services		✓*		✓*
Contingency provisions/reserves	✓		✓	
Contributions (to others)	✓		✓	
Defense & prosecution of criminal & civil proceedings & claims		✓*		✓*
Depreciation, use allowance		✓		✓
Disbursing service		✓	N/A	
Donations (from others)	N/A		✓	
Employee morale, health, welfare		✓		✓
Entertainment	✓		✓	
Equipment		✓*		✓**
Fines, penalties		✓**		✓*
Fringe benefits	See Compensation			✓
Fund raising	✓		✓	
Investment management		✓*	✓	
Goods or services for personal use	N/A		✓	
Housing and personal living expense	N/A		✓	
Gains and losses on disposition of property		✓	N/A	
General government expenses	✓		N/A	
Idle facility, idle capacity		✓*		✓*
Insurance & indemnification		✓*		✓*
Interest		✓*		✓*
Labor relations	N/A			✓
Lobbying	✓		✓	
Losses on other awards	N/A		✓	
Maintenance, operations, and repair		✓		✓
Materials, supplies		✓		✓
Memberships, meetings and conferences subscriptions, professional activity		✓		✓
Motor pools		✓	N/A	
Organization costs	N/A			✓**
Overtime, shift premiums	See Compensation			✓*
Page charges in professional journals (research)	N/A			✓
Participant support costs	N/A			✓**

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	OMB A-87 (Governmental Entities)		OMB A-122 (Subrecipients)	
Item of Cost	Unallowable	Allowable	Unallowable	Allowable
Patent costs	N/A			✓*
Pension plans	See compensation			✓
Plant security	N/A			✓
Pre-award costs		✓**		✓**
Professional services		✓		✓*
Proposal costs		✓	N/A	
Profits, losses on asset disposition	N/A			✓*
Publication and printing costs		✓		✓***
Rearrangement, facility alteration		✓		✓**
Reconversion costs		✓		✓
Recruiting	N/A			✓*
Relocation	N/A			✓*
Rental		✓*		✓*
Royalties, use of patents, copyrights	N/A			✓*
Selling and marketing	N/A			✓***
Severance pay	N/A			✓*
Specialized service facilities	N/A			✓
Taxes		✓*		✓*
Termination-related costs	N/A			✓*
Training, education		✓		✓*
Transportation	N/A			✓
Travel		✓*		✓*
Trustees	N/A			✓
Under recovery of costs under federal agreements	✓		N/A	

N/A - not applicable (not specifically addressed in the circular)

* Allowable under limited circumstances.

** Allowable only with prior permission from the grantee.

*** Allowable only as a direct cost with permission from the grantee.

**** Unallowable unless provided for in federal program award regulations.