



Allowable Costs Under OMB Circular A-87

The table below lists categories and examples of allowable and unallowable costs under FEMA's disaster assistance programs. The list of categories and examples that is shown in the table is not a complete list, however. For more information about allowable and unallowable administrative costs, refer to Office of Management and Budget (OMB) Circular A-87, Cost Principles For State, Local And Indian Tribal Governments. Note: These costs are allowable only to the extent that they do not exceed the limit that the program imposes.

COST CATEGORY	EXAMPLES	NOTES/RESTRICTIONS
✓ Advertising	<ul style="list-style-type: none"> ✓ Radio, television, and newspaper ads. ✓ Direct mail campaigns. 	When incurred for: <ul style="list-style-type: none"> ✓ Recruitment of personnel. ✓ Procurement of goods and services. Advertising costs are not allowable if they are incurred solely to promote the governmental unit.
✓ Public Relations	Activities directed toward: <ul style="list-style-type: none"> ✓ Maintaining the image of the governmental unit. ✓ Promoting understanding and favorable relations with the public. 	When: <ul style="list-style-type: none"> ✓ Incurred to communicate with the public and press pertaining to the specific program. ✓ Necessary to conduct general liaison with the news media and government public affairs officers to keep the public informed. Public relations costs are not allowable if they are incurred solely to promote the governmental unit.
✓ Alcoholic Beverages		Costs for alcoholic beverages are not allowable.
✓ Audit Services	<ul style="list-style-type: none"> ✓ Case or project reviews. ✓ Project inspections. 	Provided that the audits: <ul style="list-style-type: none"> ✓ Comply with the provisions of the Single Audit Act (see OMB Circular A-133). <li style="text-align: center;">OR ✓ Have otherwise been required and/or approved by FEMA.
✓ Bad Debts	✓ Uncollectible funds.	Losses arising from uncollectible amounts and other claims, and related costs, are not allowable.

I. Documents Governing the HMGP AND FMAP



**Allowable Costs Under OMB Circular A-87
(Continued)**

COST CATEGORY	EXAMPLES	NOTES/RESTRICTIONS
✓ Bonding Costs	Costs associated with attaining surety bonds for employees and officials.	Provided that bonding is in accordance with sound business practice.
✓ Budgeting	Budget: <ul style="list-style-type: none"> ✓ Development. ✓ Preparation. ✓ Presentation. ✓ Execution. 	Allowable.
✓ Communications	<ul style="list-style-type: none"> ✓ Telephone. ✓ Mail and messenger service. 	Allowable.
✓ Compensation for Personnel	<ul style="list-style-type: none"> ✓ Wages and salaries. ✓ Fringe benefits. 	Provided that compensation is reasonable for the services provided.
✓ Donated Services	Volunteered time by: <ul style="list-style-type: none"> ✓ Technical personnel. ✓ Consultants. ✓ Skilled and unskilled labor. 	<ul style="list-style-type: none"> ✓ The value of donated services is not allowable either as a direct or indirect cost. ✓ The value of donated services may be used to meet cost-sharing or matching requirements.
✓ Legal Expenses	<ul style="list-style-type: none"> ✓ Professional and/or support staff time. ✓ Filing fees. 	<ul style="list-style-type: none"> ✓ Legal expenses required for program administration are allowable. ✓ Legal expenses for prosecution of claims against the Federal Government are not allowable.
✓ Disbursing Services	Costs associated with the accounts payable function.	Allowable.
✓ Equipment and Other Capital Expenditures	<ul style="list-style-type: none"> ✓ The net invoice price of equipment, including modifications, attachments, or accessories. ✓ Ancillary charges, including taxes and freight. 	<p>For nonexpendable items of equipment having:</p> <ul style="list-style-type: none"> ✓ A useful life of more than 1 year. ✓ An acquisition cost of \$5,000 or more. <p>Items of equipment with an acquisition cost of less than \$5,000 are considered supplies.</p>

1. Documents Governing the HMGP and FMAP



Allowable Costs Under OMB Circular A-87
(Continued)

COST CATEGORY	EXAMPLES	NOTES/RESTRICTIONS
<ul style="list-style-type: none"> ✓ General Government Expenses 	<ul style="list-style-type: none"> ✓ Salaries and expenses of the Office of the Governor and/or State legislatures, tribal councils, or other local governmental bodies. ✓ Costs associated with government services normally provided to the general public (e.g., fire and police). 	<p>Normally not allowable.</p>
<ul style="list-style-type: none"> ✓ Maintenance, Operation, and Repairs 	<ul style="list-style-type: none"> ✓ Utilities. ✓ Insurance. ✓ Security. ✓ Janitorial services. ✓ Equipment repairs. 	<p>Allowable if they:</p> <ul style="list-style-type: none"> ✓ Keep property in efficient operating condition. ✓ Do not add to the permanent value of property. ✓ Are not included in rental charges for space.
<ul style="list-style-type: none"> ✓ Materials and Supplies 	<ul style="list-style-type: none"> ✓ Stationery. ✓ General office supplies. ✓ Equipment with an acquisition cost of less than \$5,000. 	<p>Allowable after deducting:</p> <ul style="list-style-type: none"> ✓ Cash and/or trade discounts. ✓ Rebates. ✓ Other allowances.
<ul style="list-style-type: none"> ✓ Motor Pools 	<p>Vehicle:</p> <ul style="list-style-type: none"> ✓ Maintenance. ✓ Inspection. ✓ Repair services. 	<p>Allowable if charged to the program at a mileage or fixed rate.</p>
<ul style="list-style-type: none"> ✓ Training 	<p>Employee training and development.</p>	<p>Allowable to the extent that the training is required for program operation.</p>
<ul style="list-style-type: none"> ✓ Travel 	<ul style="list-style-type: none"> ✓ Transportation. ✓ Lodging. ✓ Subsistence. 	<p>Provided that:</p> <ul style="list-style-type: none"> ✓ Employees are traveling on official business. ✓ The costs do not exceed the amount normally allowed by the agency in its regular operations.