

EDGAR resource on Food Costs

Query – 02.11.2010

Query: I remember our group having the conversation regarding food costs associated with the grants, but I can't find that in EDGAR. Could you point me to that?	
From: Mississippi	
Responses:	
USDOE	Use of grant funds for food costs is not addressed in EDGAR, at least not directly. Sections 80.22(b) and 74.27(a) of EDGAR incorporate by reference the cost principles in OMB Circular A-87 (for State and local governments) and A-21 (for IHEs). Those principles include general provisions that costs must be "reasonable and necessary" for the grant activity. A-87, for example also contains a provision that the costs of meals must be "incidental" to the allowable conference. See the selected items of cost in A-87, attachment B, item 30, paragraph d. Without getting into detail here, consistent with comparable interpretations of Federal appropriations law that apply when a federal agency conducts a meeting with appropriated funds, we generally interpret these provisions to mean that a grantee needs a very good reason why provision of meals is necessary in order for necessary work at the meeting to be accomplished.
Puerto Rico	<p>I remember the brief mention to this issue at Denver's meeting and one of our colleagues explaining that his approach to this meals cost was something like "miscellaneous". On our RFP we do have, expressly identified, the "meals" item as an allowable cost for participants during instructional activities, as well as for faculty and project director for the follow-up visits to schools. Only one meal per day in every case. We have been audited (as I believe we all have) several times and the RFP is one of the documents which is rigorously studied. We have never been found in non-compliance or any kind of finding has been made related to "meals".</p> <p>Neither in OMB Circular A-21 (Cost Principles for Educational Institutions), have I found no specific mention to meals, but curiously, Section J (General Provisions for Selected Items of Costs) mentions "Alcoholic beverages" (item #3) as unallowable,, items #53 and 54 includes "subsistence" as a cost allowable for employees, officers and trustees when representing the institution, and item #17 (Entertainment costs) includes meals as unallowable if associated with entertainment, which would not be the case for professional development projects.</p> <p>I would like to hear from others if they allow the payment of meals and under what "label" in the budget.</p>
Maryland	<p>Maryland allows for the cost of meals in our applications under appropriate circumstances. Many of our programs run intensive summer workshops of 5 to 10 days 8 hours per day – some of which are residential. Food for participants is listed under the line item "subsistence" and reviewers check to make sure such costs are reasonable.</p> <p>You are correct – only the purchase of alcoholic beverage is prohibited.</p>

Washington	<p>I'm not surprised you didn't find a reference in EDGAR. For cost issues like this, EDGAR points you to the OMB cost Circulars. OMB Circular A-21 (Cost Principles for Educational Institutions) section J.32 (Meetings and Conferences), which allows meals incidental to meetings or conferences, gives you a good legal basis regard to paying for breakfast and refreshments. However, I would not allow participants to also claim per diem reimbursement for breakfast on those days.</p> <p>Refreshments should not be extravagant (in Washington we have a state guideline that refreshment costs can't exceed ½ of the allowable lunch per diem). In addition, you always have to keep in mind the overarching federal requirement that costs be reasonable and necessary. For example, it strengthens your "necessary" case if the breakfast is serving a business purpose, such as providing participants an opportunity to discuss project activities or form working relationships they wouldn't have if they breakfasted on their own. For example, US Department of ED usually provides breakfast at the DC meetings, and they may well use a similar rationale.</p> <p>Here is the Circular A-21 rule I referred to above:</p> <p>32. Meetings and Conferences. 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. But see section J.17 of this Appendix, Entertainment costs.</p> <p>Here is a link to OMB Circulars: http://www.whitehouse.gov/omb/circulars/</p>
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