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OMB CIRCULAR A-87 REVISED

Revised 05/10/04

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Cost Principles for State, Local, and Indian Tribal Governments

1. **Purpose.** This Circular establishes principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments and federally recognized Indian tribal governments (governmental units).

2. **Authority.** This Circular is issued under the authority of the Budget and Accounting Act of 1921, as amended; the Budget and Accounting Procedures Act of 1950, as amended; the Chief Financial Officers Act of 1990; Reorganization Plan No. 2 of 1970; and Executive Order No. 11541 ("Prescribing the Duties of the Office of Management and Budget and the Domestic Policy Council in the Executive Office of the President").

3. **Background.** As part of the governmentwide grant streamlining effort under P.L. 106-107, Federal Financial Award Management Improvement Act of 1999, OMB led an interagency workgroup to simplify and make consistent, to the extent feasible, the various rules used to award Federal grants. An interagency task force was established in 2001 to review existing cost principles for Federal awards to State, local, and Indian tribal governments; Colleges and Universities; and Non-Profit organizations. The task force studied Selected Items of Cost in each of the three cost principles to determine which items of costs could be stated consistently and/or more clearly. A proposed revised Circular reflecting the results of those efforts was issued on August 12, 2002 at 67 FR 52558. Extensive comments on the proposed revisions, discussions with interest groups, and related developments were considered in developing this revision.

4. **Rescissions.** This Circular rescinds and supersedes Circular A 87, as amended, issued May 4, 1995.

5. **Policy.** This Circular establishes principles and standards to provide a uniform approach for determining costs and to promote effective program delivery, efficiency, and better relationships between governmental units and the Federal Government. The principles are for determining allowable costs only. They are not intended to identify the circumstances or to dictate the extent of Federal and governmental unit participation in the financing of a particular Federal award. Provision for profit or other increment above cost is outside the scope of this Circular.

6. **Definitions.** Definitions of key terms used in this Circular are contained in Attachment A, Section B.

7. **Required Action.** Agencies responsible for administering programs that involve cost reimbursement contracts, grants, and other agreements with governmental units shall issue regulations to implement the provisions of this Circular and its Attachments.

8. **OMB Responsibilities.** The Office of Management and Budget (OMB) will review agency regulations and implementation of this Circular, and will provide policy interpretations and assistance to insure effective and efficient implementation. Any exceptions will be subject to approval by OMB. Exceptions will only be made in particular cases where adequate justification is presented.

9. **Information Contact.** Further information concerning this Circular may be obtained by contacting the Office of Federal Financial Management, Financial Standards and Reporting Branch, Office of Management and Budget, Washington, DC 20503, telephone 202 395 3993.

10. **Policy Review Date.** OMB Circular A 87 will have a policy review three years from the date of issuance.

11. **Effective Date.** This Circular is effective as follows:

- Except as otherwise provided herein, these rules are effective June 9, 2004.

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OMB Circular A-21, "Cost Principles for Educational Institutions"

OFFICE OF MANAGEMENT AND BUDGET

OMB Circular A-21, "Cost Principles for Educational Institutions."

AGENCY: Office of Management and Budget, Executive Office of the President

ACTION: Final Revision

SUMMARY: The Office of Management and Budget (OMB) is adopting the interim final revision to OMB Circular A-21, "Cost Principles for Educational Institutions," to allow trustees' travel expenses.

DATE: Effective November 27, 1998.

FOR FURTHER INFORMATION CONTACT: Gilbert Tran, Financial Standards and Reporting Branch, Office of Federal Financial Management, Office of Management and Budget, at (202)395-3993. Non-Federal organizations should contact the organization's cognizant Federal agency. The revised Circular is available on the OMB Home Page, as well as from the EOP Publications Office at (202)395-7332.

SUPPLEMENTARY INFORMATION: On June 1, 1998 (63 FR 29786), the Office of Management and Budget (OMB) issued an interim final revision to OMB Circular A-21, "Cost Principles for Educational Institutions," to allow trustees' travel expenses. Only two comments were received in response to the interim final revision; both supported the revision. Accordingly, OMB is adopting in final form, without change, the interim final revision to Circular A-21 which was published at 63 FR 29786 on June 1, 1998.

Jacob J. Lew

Director

OMB hereby revises Section J.50 of OMB Circular A-21 to read as follows:

**PRINCIPLES FOR DETERMINING COSTS APPLICABLE TO GRANTS,
CONTRACTS, AND OTHER AGREEMENTS WITH
EDUCATIONAL INSTITUTIONS**

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Exhibit B - Listing of Institutions that are eligible for the utility cost adjustment

Exhibit C - Examples of "major project" where direct charging of administrative or clerical staff salaries may be appropriate

Appendix A - CASB's Cost Accounting Standards (CAS)

Appendix B - CASB's Disclosure Statement (DS 2)

Appendix C - Documentation Requirements for Facilities and Administrative (F&A) Rate Proposals (21 pages, 39 kb)



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OMB Circular A-110, Final Revision

OFFICE OF MANAGEMENT AND BUDGET

RIN 0348-AB44

OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations."

AGENCY: Office of Management and Budget, Executive Office of the President.

ACTION: Final Revision.

SUMMARY: The Office of Management and Budget (OMB) is adopting final conforming amendments to Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations."

DATES: Effective September 9, 1998.

FOR FURTHER INFORMATION CONTACT: F. James Charney, Policy Analyst, Office of Management and Budget, at (202) 395-3993. The revised Circular is available on the OMB Home Page at /OMB, as well as from the EOP Publications Office at (202) 395-7332.

SUPPLEMENTARY INFORMATION: On August 29, 1997 (62 FR 45933), the Office of Management and Budget (OMB) issued interim final conforming amendments to Circular A-110 to update references to reflect the enactment of the Single Audit Act Amendments of 1996 (Public Law 104-156, 110 Stat. 1396), the rescission of Circular A-128, "Audits of State and Local Governments" (Circular A-128 was consolidated into Circular A-133), and revisions to OMB Circular A-133 (62 FR 35278, June 30, 1997). Only one comment was received in response to the interim final conforming amendments; the commenter stated its general agreement with the substance of the revisions.

Accordingly, OMB is adopting in final form, without change, the interim final conforming amendments to Circular A-110 which were published at 62 FR 45933 on August 29, 1997.

Issued in Washington, D.C., July 31, 1998.

Jacob J. Lew
Acting Director

OMB hereby amends paragraphs (a), (b) and (c) of Section ____26 of OMB Circular A-110 to read as follows:

____26 Non-Federal audits.

(a) Recipients and subrecipients that are institutions of higher education or other non-profit organizations (including hospitals) shall be subject to the audit requirements contained in the Single Audit Act Amendments of 1996 (31 U.S.C. 7501-7507) and revised OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."