

# Archived Information

## *Unallowable Expenses<sup>i</sup>*

Federal money generally cannot, for example, be spent on:

- Construction costs. These are generally not allowable. Similarly, grant funds may not be used for mortgage payments, which like construction costs, are prohibited under 34 C.F.R. § 75.533 of EDGAR. However, some funds may be used for the costs of minor renovations that are reasonable and necessary for the operation of the project. (See 34 C.F.R. § 77.1(c) of EDGAR)
- Food and entertainment. Rarely are these expenses allowed. There are some exceptions. For example, it would be appropriate to spend a small amount of money for food if necessary to encourage low-income parents to attend a school event that is needed to reach the goals of your organization's grant program and is scheduled over the lunch hour.

However, for example, it would not be appropriate to buy balloons and food for a banquet celebrating the opening or anniversary of a full-service community school paid for with grant money. Only in rare instances should grant funds be used to cover the cost of lunches at a conference in which teachers or other professionals are in attendance.

If food and entertainment expenses are planned, the budget narrative must explain your organization's rationale for including them, including information that demonstrates the necessity of such expenses. *Spending grant money on alcoholic beverages is never allowed.*

- Fund-raising. Costs of organized fund-raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions are not allowed. In addition, no portion of a grant may be used to pay anyone for "influencing or attempting to influence" a member of Congress or the Executive Branch to award funds for this project or any other project. Note that this prohibition includes not only paid outside lobbyists but also employees of the recipient organization.
- Religious Activities. In accordance with EDGAR, in 34 C.F.R. § 75.532, no grantee may use its grant funds to pay for any of the following: 1) religious worship, instruction, or proselytization; 2) equipment or supplies to be used for any of these activities; 3) construction, remodeling, repair, operation, or maintenance of any facility to be used for any of these activities; or 4) an activity of a school or department of divinity.

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<sup>i</sup> This document covers some, but not all possible unallowable expenditures of grant funds.