

Allowability of Food Costs under ONC Grants and Cooperative Agreements

NOTE: Grants Management Advisories (GMAs) provide guidance for ONC recipients in selected areas based on ONC's receipt of recurring questions or other factors. Their purpose is to provide a common interpretation for all ONC recipients of how ONC will apply existing policy as reflected in award terms and conditions. They do not replace or modify award terms and conditions.

ISSUES:

Under what circumstances are the costs of food allowable under an ONC grant or cooperative agreement?

Are there limits on the types of food whose costs may be allowable under an ONC grant or cooperative agreement?

DEFINITIONS:

Food costs mean costs directly associated with meals and light refreshments.

Light refreshments include, but are not limited to, "finger foods" such as fresh fruit, vegetables, crackers, bagels, muffins, pretzels, granola bars, chips, or popcorn; and beverages, such as fruit juice, soda, milk, coffee, or tea. They do not include hot food items such as hors d'oeuvres. Light refreshments are not intended to constitute a meal; rather they generally are provided during meeting breaks.

Meals mean food that usually is provided at certain times of the day (i.e., breakfast, lunch, or dinner) that consists of one or multiple courses, e.g., salad, entrée (including sandwiches), dessert, beverage, whether served or self-service or provided hot or cold.

KEY POINTS:

- The allowability of food costs when using appropriated Federal funds has been the subject of multiple Government Accountability Office (GAO) decisions in the context of using such funds to pay for food for Federal employees. These decisions include 47 Comp. Gen. 657 (1968), B-233807, August 27, 1990, and B-159633, May 20, 1974, which address both meals and snacks/refreshments, and, as a general rule, indicate that such costs are not "necessary expenses." Additional decisions explicitly address allowability of food costs for Government employees attending meetings or conferences and conclude that payment of the costs of food is not allowable for routine day-to-day meetings; while payment for food (meals and/or light refreshments) can be made under limited circumstances when an employee is attending a formal conference or formal training (B-154912, August 26, 1964; 68 Comp. Gen. 604, 605 (1989); B-233807, August 27, 1990; and B-288266, January 27, 2003).
- These GAO decisions are not directly applicable to recipients of grants or cooperative agreements; however, because grants and cooperative agreements are made with appropriated funds and, in ONC's case, usually via Recovery Act funds, the appearance of how these funds are used is important. In that context, we must be mindful of the principles GAO has established in addition to allowability considerations under the OMB cost principles and HHS grants policies. Therefore, based on the Office of Management and

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Budget (OMB) cost principles, HHS grants policy, and the general principles laid out in the GAO decisions, the following guidelines apply to the allowability of food costs under ONC grants and cooperative agreements.

Meals

Consistent with Exhibit 4, Selected Items of Cost – Meals, in the HHS Grants Policy Statement (HHS GPS) and given the nature and purpose of ONC grants and cooperative agreements, for ONC grants, the only three circumstances where the cost of meals may be allowable would be if—

- specifically approved as part of the program or project activity. **ONC has not approved the costs of meals under any of its awards** (apart from coverage through compensation arrangements or per diem [see next two bullets]). **However, as discussed below, the cost of light refreshments may be allowable if ONC either requires or encourages a recipient, as a condition of award, to host meetings that directly benefit the program, e.g., regional network meetings, and which involve a group of ONC recipients.**
- an organization customarily provides meals to employees working beyond the normal workday as part of a formal compensation arrangement. **This must be documented in personnel policies and be applied to all of the recipient's activities regardless of the source of funds. However, this circumstance is distinct from the discussion of food costs in this GMA, i. e., costs involved as a result of hosting meetings of ONC recipients, and would affect the host recipient only as all others would be in travel status.**
- as part of a per diem or subsistence allowance provided to individuals in travel status, as defined in a recipient's formal written travel policies consistently applied to both federally supported and other activities, in conjunction with grant- or cooperative agreement-related activities.

Light refreshments

Allowability of the cost of light refreshments is not directly addressed in the HHS GPS. **If, after the issuance date of this GMA, a recipient hosts a meeting(s) that ONC has either required or encouraged as a condition of award, which involves a group of ONC recipients, the following applies to the cost of light refreshments incurred by the host recipient on behalf of meeting participants.** Note that these guidelines pertain to costs borne by Federal funds as well as those used to meet the recipient's matching or cost-sharing requirement.

- The cost of light refreshments is allowable only if the duration of the meeting is at least one working day of 6 hours or more, there is a formal agenda, and the majority of the attendees are in travel status. The cost of the light refreshments is allowable only for those meeting participants who are in travel status and should not exceed \$6.00-8.00 per person/per day but, recognizing that differing market conditions exist, in no case will it be allowed to exceed \$12.00 per person/per day.

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- To calculate allowable costs, the host recipient should document the names and organizational affiliations of all meeting attendees and multiply the actual per person cost of the light refreshments (not to exceed the per person allowance) by the number of individuals in travel status. This documentation does not have to be submitted to ONC, but should be available to the ONC grants management officer (GMO) upon request.
- **The guidelines above do not apply to meetings of stakeholders or other participants that a recipient convenes at its discretion** e.g., staff meetings, staff meetings, planning meetings, community partner meetings, subrecipient/contractor meetings, and strategic planning sessions (which may or not be regularly scheduled). **The cost of light refreshments for such meetings is not allowable under any circumstances.**

RECIPIENT RESPONSIBILITIES:

- Be aware of the appearance of undertaking activities that could be considered wasteful or an abuse of your status as an ONC grant or cooperative agreement recipient.
- Document the number and organizational affiliations of attendees at meetings you host pursuant to your ONC-approved application/Notice of Grant Award.
- Comply with the guidelines outlined above.
- Seek guidance from your project officer or the GMO if in doubt about the allowability of food costs.

REFERENCES:

45 CFR 74.27

45 CFR 92.22

OMB Circulars A-21 (2 CFR part 220), A-87 (2 CFR part 225), and A-122 (2 CFR part 230)

HHS Grants Policy Statement

Principles of Federal Appropriations Law (Red Book)

GAO Decisions