



Richard Woods, Georgia's School Superintendent
"Educating Georgia's Future"

Allowable Costs

Costs must be: necessary, reasonable, allocable, and documented.

Guiding Questions:

- Is the cost reasonable to address a valid need?
- Is the cost necessary for the performance of the grant?
- Do sound business practices support the expenditure?
- Does the expense support the purpose of the grant?
- Is the expense in compliance with laws, regulations, and grant terms?
- Is the cost a fair rate?
- Does the LEA have the capacity to use the purchase?
- Will the expenditure have an educational benefit within the grant period of availability?
- To prove and document allocability, is the amount charged to the grant commensurate with the benefit received?

For costs to be allowed using IDEA funds specifically, they must be for the excess cost of providing special education and related services.

Guiding Questions for Determining Excess Cost:

- In the absence of special education needs, would this cost exist?
 - Yes – the cost is not allowed
 - No – the cost may be allowed
- Is this cost also generated by students without disabilities?
 - Yes – the cost is not allowed
 - No – the cost may be allowed
- If it is a child specific service, is the service documented in the student's IEP?
 - Yes – the cost may be allowed
 - No – the cost may not be allowed

Federal Regulatory Guidance:

2 CFR §200.403 Factors affecting allowability of costs

2 CFR §200.404 Reasonable costs

2 CFR §200.405 Allocable costs

2 CFR §200.313 Equipment

2 CFR §200.317 - §200.326 Procurement Standards