



Thinking Through Allowable Costs in Federal Programs



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Georgia's Systems of Continuous Improvement

GaDOE has adopted the Georgia Systems of Continuous Improvement as a framework for supporting districts and schools.

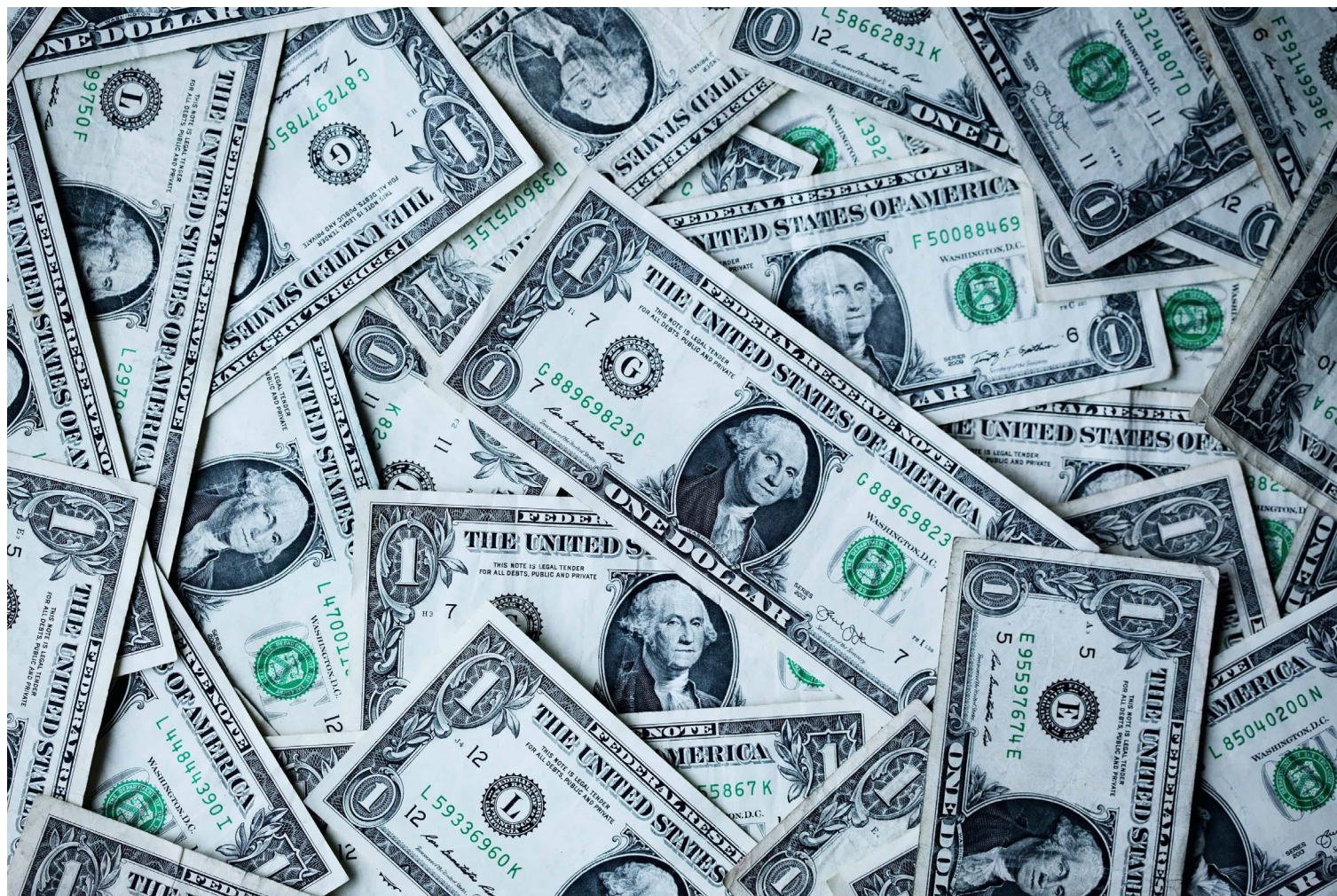
The framework identifies five systems surrounded by an improvement cycle to focus the continuous improvement efforts of educators and leaders in local education agencies (LEAs).



Learning Targets



1. Understand resources for determining allowable use of Federal funds
2. Discover ways to think through allowable use of funds



How do we
spend
Federal
funds?

What resources do I have to determine allowability?

- Please answer in your chat box!



Allowable Costs for all Federal Programs (2 CFR Part 200 or EDGAR)

Subpart E – Cost Principles

- 2 CFR § 200.403 **Factors affecting allowability of costs**

All Costs Must Be:

- ✓ **Necessary, Reasonable and Allocable**
- ✓ Conform with federal law and grant terms
- ✓ Consistent with state and local policies
- ✓ Consistently treated
- ✓ In accordance with generally accepted accounting principles (GAAP)
- ✓ Not included as match
- ✓ **Adequately documented**



Allowable Costs for Federal Programs

Must also be **necessary** and **reasonable** for proper and efficient performance and administration of the grant

Necessary



2 CFR § 200.404

- Consideration must be given to:
 - Whether cost is a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award
- Practical Questions:
 - Is this cost necessary for the performance of the grant?
 - Is the purchase driven by need or data?
 - Does this cost support the purpose of the grant?

Wait, what is the purpose of my grant?

Program	Purpose
Title I, Part A	To improve the entire educational program within the school with the goal being to assist the lowest-achieving students to demonstrate proficiency on academic achievement standards.
Title II, Part A	To increase student achievement, improve the quality and number of effective teachers and school leaders, and provide low-income and minority students greater access to effective teachers and school leaders.
Title III, Part A English Learner	To help English learners (ELs) attain English language proficiency (ELP) and academic proficiency; to assist schools to establish, implement, and sustain effective language instruction educational programs (LIEPs) for ELs and to enhance their capacity to teach ELs; and to promote parental, family, and community participation in LIEPs.
Title III, Part A Immigrant	To support immigrant students' sociocultural adjustment to U.S. schools and help them achieve academically. (See purpose above for immigrants who are also ELs.)
IDEA	To provide for the excess cost of educating children with disabilities

Reasonable

2 CFR § 200.404

- **A cost is reasonable if it does not exceed what a district would normally incur in the absence of federal funds**
- Practical Questions:
 - Does the program really need this?
 - Is the expense targeted to valid programmatic or administrative need?
 - Is it in the program plan?
 - Is it required in a student's IEP?

Reasonable

- Practical Questions Continued:
 - Is this the minimum amount we need to spend to meet my need?
 - Do we have the capacity to use what we are purchasing?
 - Did we pay a fair rate?
 - Is this the same rate the other Federal programs are paying?
 - Is it sustainable?
 - Are there competing initiatives?
 - If we were asked to defend this purchase, would we be able to?

Allocable

2 CFR § 200.405

- **A cost is allocable to a Federal award or cost objective if the goods or services involved are chargeable or assignable in accordance with relative benefits received.**
 - Incurred specifically for the Federal award;
 - Benefits both the Federal award and other work and can be distributed in proportions that may be approximated using reasonable methods; and
 - Is necessary to the overall operation of the non-Federal entity and assignable to the Federal award in accordance with the principles in this subpart.

Allocable

- Practical Questions
 - Is the amount charged to the grant commensurate with the benefit received?
 - Can the benefit received be determined especially if sharing costs with other programs?
- Example: The division of a salary or audit costs



Allowability Documentation

2 CFR § 200.403(g)

To meet allowability requirements... costs must be adequately documented.

Allowability Documentation

34 CFR § 76.730 and 76.731

- A State and subgrantee shall keep records that fully show:
 - The amount of funds;
 - How funds were used;
 - Total cost of the project;
 - Share of the cost provided from other sources; and
 - Other records to facilitate an effective audit.
- Shall keep records to show compliance with program requirements.

Allowability Documentation



2 CFR § 200.333

Retention Requirements For Records

- Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report.
- BUT, need to keep records for 5 years because...

Allowability Documentation

GEPA - Statute of Limitations

34 CFR § 81.31(c)

- No recipient under an applicable program shall be liable to return funds which were expended in a manner not authorized by law more than 5 years before the recipient received written notice of a preliminary departmental decision.
- Case law established that the 5-year statute of limitations period ran from the date of obligation.
 - Appeal of the State of Michigan, Dkt. No. 8(272)88 (Nov. 27, 1987) (“ED and the EAB have consistently held that ‘expended’ as used in the statute means ‘obligated.’”)

Allowability Documentation

Methods for Collection, Transmission and Storage of Information

2 CFR § 200.335

- When original records are electronic and cannot be altered, there is no need to create and retain paper copies.
- When original records are paper, electronic versions may be substituted using duplication or other forms of electronic media provided they:
 - Are subject to periodic quality control reviews;
 - Provide reasonable safeguards against alteration; and
 - Remain readable.

Cost Principles: Select Items of Cost

Sections 2 CFR §200.421 through 200.475 identify the allowability of certain items:

- Allowability applies to direct costs, indirect costs, and matching funds.
- Allowability of any costs not included in the select items should be based on the treatment provided for similar or related items of cost and the principles of allocability, reasonableness, and necessity (§200.420).

Select Items of Cost: Let's Review



- Group Review

TEST Your Knowledge

- Which of the following is **not** an allowable cost for professional activities?
 - A. Subscription to a trade journal or technical periodical.
 - B. Speaker fee for a conference that the local educational agency is hosting.
 - C. Country club membership.
 - D. Online professional class.

TEST Your Knowledge = The Answer is...

Which of the following is **not** an allowable cost for professional activities?

- **The correct answer is: C.** Country club memberships are not allowed. Membership fees to social, dining, and lobbying organization are not allowed. [2 CFR 200.454\(d\) and \(e\)](#).
- **A is incorrect.** Subscriptions to [periodicals](#) with technical information are allowed. [2 CFR 200.454\(a\)](#).
- **B is incorrect.** LEAs can use federal funds for costs related to hosting a professional conference. [2 CFR 200.432](#).
- **D is incorrect.** Online classes are allowed for professional education. [2 CFR 200.472](#).

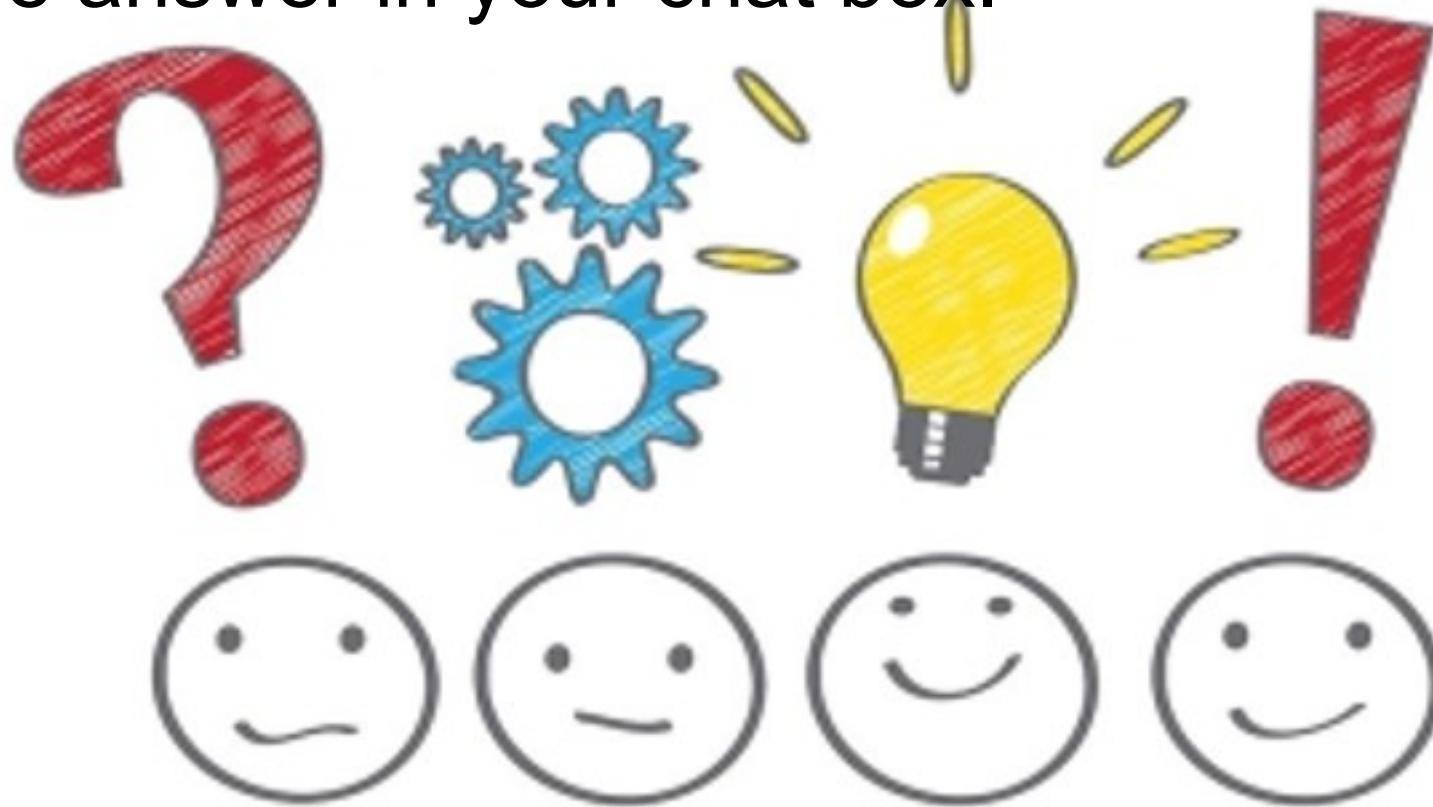
Resources To Guide Decision-making

- Code of Federal Regulations
- US Department of Education Website
- Grant Award Notifications
- Assurances
- Federal Programs Handbook
- Individual Program Handbooks and webpages



Competing Regulatory Guidance: What Should I Do?

- Please answer in your chat box.





Programmatic Overview

Title I, Part A – Allowable Uses of Funds - [HERE](#)

Guiding Questions for Expenses Costs Must Be Reasonable, Necessary and Allocable

Guiding Questions:

- Is the expense aligned with at least one identified need in the Consolidated LEA Improvement Plan (CLIP) and/or School Improvement Plan (SIP)?
- Is the cost reasonable to address a valid need?
- Is the cost necessary for the performance of the grant?
- Is the expense in compliance with laws, regulations, and grant terms (allocable)?
- Is there evidence to support the effectiveness of this activity?
- How will this expense be monitored for implementation and effectiveness?

ESEA: Sections: 1112; 2 CFR Parts: 200.328; 200.402; 200.403; 200.404; 200.405

Possible Expenses (Based on CNA and included in CLIP and/or School Level Plans)			
Instructional (1000)	Professional Learning (2210 or 2213)	Parental Involvement (2100)	Administrative (2300/2230)
Teachers/Paraprofessionals Extended Day/Year Technology Specialist Benefits Tutoring (Employee & Contracted) Saturday School After School Summer School Instructional Materials/Supplies Transportation Technology - Equipment Software Books	Academic Coach Technology Specialist Benefits Consultants Technology - Equipment Software PL Conferences Registration Fees Travel Endorsements Stipends Supplies Books Substitutes	PFE Liaison/Coordinator Benefits Technology Equipment Communications Light Snacks Child Care Supplies Books	2230 Title I Director Clerical Homeless Liaison Benefits Supplies Technology - Equipment 2300 Audit Costs Indirect Costs

ESEA Section: 1112; 2 CFR Part: 200.72

Title II, Part A

Title II, Part A Essential Questions for Determining Allowability of Expenditures

1. Does the activity/strategy meet the purpose of Title II, Part A? [ESSA Sec. 2001]
2. How is the activity/strategy aligned to the District Comprehensive Needs Assessment and District Improvement Plan? [ESSA Sec. 2102]
3. Is the activity/strategy aligned to ESSA Title II, Part A Local Use of Funds? [ESSA Sec. 2103]
4. Is the activity/strategy evidence-based using the Title VIII definition? [ESSA Sec. 8101]
5. If professional development, does the professional development align with the Title VIII definition? [ESSA Sec. 8101]
6. Will the LEA be able to determine and report how the chosen activity/strategy improved teacher, principal or other school leader effectiveness? How will the effectiveness of each activity/ strategy be documented? [ESSA Sec. 2104]
7. Is the activity/strategy supplementing (not supplanting) non-federal funds that would otherwise be used for activities authorized under Title II, Part A? [ESSA Sec. 2301]
8. Does the activity/strategy comply with the Code of Federal Regulations? [2 CFR Part 200, 34 CFR Part 76, and 34 CFR Part 81]

Chart above located in section 4.11 of Title II, Part A LEA Handbook

To ensure that the Title III programs and services meet the “supplement, not supplant” requirement, ask the **A-C-R-E** questions.

*See [State Support Network Title III Module III, Topic 3](#)

A

- **All Students?**
- What is the instructional program/service provided to all students?

C

- **Civil Rights?**
- What does the LEA do to meet civil rights requirements?

R

- **Regulations?**
- What services is the LEA required to provide, according to other Federal, State, and local laws or regulations?

E

- **Existed Previously?**
- Was the program/service previously provided with State, local, or other Federal funds?

Title III, Part A Supplement Not Supplant

#1: Supplanting is assumed if the services are required to be made available under State, Local, or other Federal laws.

State/Local Examples

Costs to develop and implement the OCR-required, state language instructional educational program (ESOL) which includes:

- Identifying, screening, assessing students for EL status
- ESOL teachers
- ESOL classrooms – furniture, equipment, curriculum, and instructional resources
- ESOL teacher training
- ESOL parent meetings

Allowable Under Title IIIA

Funding a supplemental (new) language instruction program that provides:

1. Additional, supplemental language instruction and
2. EL-focused professional learning for all staff, and
3. Parent and community language engagement activities
4. A specialized Immigrant program

#2: Supplanting is assumed if services were provided in the prior year with State, Local, or other Federal laws.

State/Local/Other Federal

- Costs to monitor and evaluate progress of EL students whose parents have opted out of ESOL or support students who have exited EL status
- Costs of schoolwide parent events, parent/teacher conferences, etc.
- Costs of schoolwide translations and interpretation services required under other programs
- Costs required or funded in other Federal or State programs

Allowable under Title IIIA

- Costs of formative language assessments
- Costs to train teachers and school leaders to understand language development instruction, curriculum and assessment practices
- Costs to interpret/translate information to parents about Title IIIA programs
- Costs to coordinate activities with community-based organizations, private sector entities, or other entities with expertise in working with immigrants to provide community services

IDEA Specific Guiding Questions

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

IDEA Budgets and Grants Webpage – [HERE](#)

🏠 → Teaching and Learning → Special Education Services and Supports → Budget, Grants and Consolidated Application

Rules, Manuals & Forms

Special Education Rules
Implementation Manual
Sample Forms
Applications

Eligibility Categories

All Eligibility Categories

Budgets, Grants, Data Collection and Reporting

Budget & Grant Applications

LEA Consolidated Application
Data Collection Conference
Annual Reports
State Performance Plan (SPP), Annual Performance Reports (APR) and Annual Determinations

Continuous Improvement

Georgia's Continuous Improvement Monitoring Process (GCIMP)

Budget, Grants and Consolidated Application

FY 2021 Allocations

- FY 2021 Final Allocations
- FY 2020 Final Allocations
- Indirect Costs Calculator
- Sample District Budget Worksheet
- Budget Pages
- IDEA Allowable Expenditures



FY 2021 Consolidated Application

- IDEA Budget Submission Checklist
- Forms

Maintenance of Effort

- FY21 MOE Eligibility Worksheet
- Exceptions to MOE Compliance Requirement Form
- MOE Adjustment Form
- New Charter MOE Requirement Form

Resources

- FY19 Budget Liaison Map

Questions?



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