ALLOWABLE COSTS ACROSS ALL FEDERAL PROGRAMS

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SCHOOL IMPROVEMENT & DISTRICT EFFECTIVENESS
Allowable Costs Across All Federal Programs

You would like to use your grant funds for something your program needs. You must determine if your expenditure meets the following criteria:

IS it.......
Allowable Costs Across All Federal Programs

Reasonable?

You would be okay if quoted in the newspaper about it.

Necessary?

You must have it for the project to be successful.

Allowable?

You can charge the cost against the grant because it meets the intent & purpose of the grant.
Allowable Costs Across All Federal Programs

Still not sure?????
Allowable Costs Across All Federal Programs

Federal grants provide resources to make great things happen!

But

What can you spend your money on?
Allowable Costs Across All Federal Programs

Everything included in your approved budget.

- If it has been budgeted, justified and approved by your federal Programs Specialist by all means spend it!!!
- Each federal program may have varying rules and regulations they have to follow, but typically federal grant awards breakdown into two categories:

  **Direct Costs**
  Pays for activities or services that benefit the federal award project.

  **Indirect Costs**
  Pays for activities or services that benefit more than one project.
Allowable Costs Across All Federal Programs

**Direct Costs**
- Pays for activities or services that benefit the federal award project.
  - Project staff
  - Travel
  - General office supplies
  - Postage and printing
  - Computers

**Indirect Costs**
- Pays for activities or services that benefit more than one project.
  - Utilities
  - Rent
  - Telephone charges
Allowable Costs Across All Federal Programs

• The following list provides general guidance pertaining to costs in which federal funds awarded through grants are unallowable. Check with the appropriate federal programs specialist before applying any of the following expenses to a federal award. When in doubt, let the GaDOE review the expense, look into it and then advise you and your district on it.

➢ General administrative costs

➢ Advertising and public relations costs: Costs of meetings, conventions, convocations, and other events related to the institution, including costs of displays, meeting rooms, hospitality suites used in conjunction with special events, and salaries and wages of employees engaged in setting up, displaying exhibits, and making demonstrations. Cost of promotional items, memorabilia, and gifts. Costs of advertising and public relations designed solely to promote the district or school that is not part of the federal program.
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  - Alcoholic beverages
  - Alumni activities
  - Bad debt: including losses arising from uncollectible accounts and other claims; related legal costs
  - Commencement and convocation costs
  - Use of institutionally furnished automobiles or other vehicles for personal use
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- Contingency provisions (contingency reserves)
- Defense and prosecution of criminal, civil, or administrative legal proceedings
- Donations and contributions including cash, property, or services
- Entertainment costs (even on business trips)
- Capital expenditures for general purpose equipment including office equipment and furnishings
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- Capital expenditures for general purpose equipment including office equipment and furnishings, telephone networks, IT equipment (computers, tables, etc.), copiers, printers, motor vehicles, buildings, and land unless approved by the GaDOE’s federal program to whom the charges would be incurred. Improvements to equipment, buildings, and land also unallowable.
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*(1) Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the federal awarding agency or pass-through entity.

*(2) Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of $5,000 or more have the prior written approval of the federal awarding agency or pass-through entity.

➢ Fine and penalties (including late fees incurred because a bill was paid late)
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  - **Fund raising and investment costs**
  - **Food costs** (except where the federal program has provided guidelines, e.g. parental involvement and family engagement meetings)
  - **Goods or services for personal use**
  - **Costs of housing** and personal living expenses
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- **Idle facilities** (except when they are necessary to meet fluctuations in workload or were once necessary when acquired and are now idle because of changes in the program requirements, etc. which could not have been reasonably foreseen)

- **Interest** costs incurred for interest on borrowed capital, temporary use of endowment funds or the use of the non-federal entity’s own funds however represented, are unallowable.

- **Lobbying costs** at any level of government
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- Losses on sponsored agreements or contracts (it is not allowable to cover an over expenditure on one grant by using another grant to pay for it)

- Memberships and subscriptions to community civic organizations, country club or social or dining clubs

- Pre-agreement costs incurred before the effective date of the sponsored agreement unless previous approval by the appropriate GaDOE federal program
Allowable Costs Across All Federal Programs

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- **Proposal costs/** costs of preparing bids or writing grants
- **Publication and printing costs** (except when such costs are a part of fulfilling program requirements e.g. parental involvement and family engagement parent notification letters)
- **Costs of selling and marketing products or services of the district/school**
- **Student activity costs** (except in providing the required activities of the federal program)
Allowable Costs Across All Federal Programs

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  - **Student activity costs.** Costs incurred for intramural activities, student publications, student clubs, and other student activities are unallowable, unless specifically provided for in the federal award. E.g. McKinney-Vento Homeless Education Act, N&D..
Allowable Costs Across All Federal Programs

- The following list provides general guidance pertaining to costs in which federal funds awarded through grants allowable. Check with the appropriate federal programs specialist before applying any of the following expenses to a federal award. When in doubt, let the GaDOE review the expense, look into it and then advise you and your district on it. (continued)

- **Audit services** – when required by and performed in accordance with the Single Audit Act (A-133 Single Audit Costs)

- **Bonding costs** – costs of bonding required pursuant to the terms and conditions of the federal award are allowable.

- **Conference** – is defined as a meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information beyond the non-federal entity and is necessary and reasonable for successful performance under the federal award.
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➢ Maintenance and repair costs (janitorial, security, upkeep of equipment to keep it operating efficiently not prolong its intended life) – but remember some federal programs are supplemental in nature and cannot pay for items that the district/school would require anyway even if specific federal program funds were not available.

➢ Recruiting costs - for positions related to the federal grant

➢ Rental costs of real property and equipment. To the extent rates are reasonable.
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  - **Training and education costs** – for employee development.
  - **Travel costs** – associated with the implementation of the federal grant.
  - **Advertising costs** – for recruiting personnel required for the implementation of the grant; disposal of surplus materials/equipment acquired during the grant; other specific purposes to meet the requirement(s) of the grant.
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- **Public relations** – costs specifically required by the grant. Costs associated with communicating with the public pertaining to specific grant activities.

- **Employee morale, health, and welfare costs** (publications, health or first-aid clinics or infirmaries, recreational activities, counseling services)
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  ➢ **Compensation for personal services and fringe benefits** (salaries, wages, fringe benefits, pension plans) that conform to the established policies of the district/school, are consistently applied, and are charged for work performed directly related to the federal awards. Salary rates must match the employee’s regular compensation rate and work on the federal award cannot exceed the base rate.
Allowable Costs Across All Federal Programs

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- **Materials and supplies** used for the performance for a federal grant.

- **Memberships**, subscriptions, and professional activity costs that are associated with the implementation of the federal grant.

- **Professional services and consultants** who possess a special skill and when the work could not be performed more economically by a current employee.
Allowable Costs Across All Federal Programs

Allowable Costs

• Costs must be allowable to federal, state and local guidelines. (Read the intent and purpose of your federal awards AND the district’s or schools’ plans.)

• Be prepared to justify every expenditure.

• Expenses should be charged to a grant in realistic proportion to the benefit provided. NOT dependent on where funds are available.
Allowable Costs Across All Federal Programs

Allocable Costs

• When allocating from among several sources, come up with a justification for a percentage based allocation and be consistent.

• For example, do not direct charge a plane ticket to one grant and the hotel costs to another grant.
Allowable Costs Across All Federal Programs

Reasonable

• Remember the prudent person rule......

• How would it look on the evening news?
Allowable Costs Across All Federal Programs

Use caution in cost transfers:

• Should never be used to “juggle” funds
• Make every effort to classify costs correctly in the first place
• Justify, justify, justify...explain why the cost was not put in correctly in the first place and why the change is being made.
• Avoid the last 90 day period of a grant and the appearance of trying to “spend down” or “stockpile” items
Allowable Costs Across All Federal Programs

Personnel on Grants

• **ALL** personnel on grants need to have their effort certified either by a personal activities schedule or periodic certification. Confirm that efforts charged to a grant are reflective of effort being paid for....

• Grant paid time should not be used for writing proposals.

• Leave benefits paid are allowable expenses of a federal grant. But think ahead so this gets handled appropriately at the end of the grant for any employees who may be terminated or retire.
Allowable Costs Across All Federal Programs

When Do You Need to Request a Budget Amendment and Approval?

- If the scope of work has changed due to a change in budget (you are not buying that academic software after all, you are not going to need that extra academic coach, etc.)
- If one single budget category is changing by more than 25-percent
- The transfer of funds (approval is not required but notice to the appropriate federal programs is necessary)
Allowable Costs

Allowable Costs Specific to IDEA
IDEA Equipment Prior Approval Procedures

All expenditures, except salary and benefits, with a per unit cost of $5,000 or more, must have prior written approval. This includes software purchases. The purchaser must send an email to Amber McCollum amccollum@doe.k12.ga.us containing the detailed expenditure, cost (and quotes if already acquired), and purpose/use of the expense.
IDEA Equipment Prior Approval Procedures

Before sending prior approval requests, LEA’s should be able to answer the following guiding questions:

Guiding Questions:

• Is the cost reasonable and necessary for the program?
• Do sound business practices support the expenditure?
• Does the expense support the purpose of the grant?
IDEA Equipment Prior Approval Procedures

Guiding Questions:

• Is the expense in compliance with laws, regulations and grant terms?
• Is the price comparable to that of similar goods or services in the geographic area?
• Is the purchase for the excess cost of educating students with disabilities?
• Is this cost only generated by students with disabilities or is it also generated by students without disabilities?
Allowable Costs Across All Federal Programs