

# The Land of Allowability

## SELDA

### Department of Special Education Services and Supports

*Nicole Croom, Program Specialist*



# Learning Targets

## Define

Define excess cost and explain its meaning to others

## Identify

Identify criteria for allowable costs

## Provide

Provide three to five examples of allowable and unallowable uses of IDEA funds

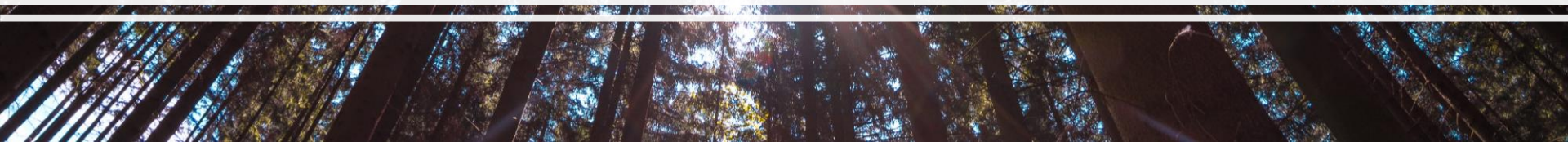
slido

Write down two to three budget expenditures.  
Pick one expenditure to share.

 Start presenting to display the poll results on this slide.




# Navigating the Land of Allowability



# #1 Employ the Excess Cost Principle

- Excess costs: the costs of providing special education and related services to students with disabilities that exceed what is expended for ALL students
- IDEA funds must be used to supplement and not supplant state, local and other federal funds



The excess cost principle is the fundamental guide in determining allowable uses of IDEA funds.

# #1 Employ the Excess Cost Principle (cont.)

- Allowable costs must be an excess cost of providing special education and related services
- Only allowable costs may be charged to the IDEA Flowthrough or IDEA Preschool grants

**When  
determining  
whether a cost is  
an excess cost,  
ask guiding  
questions.**

WHAT  
DO YOU  
MEAN  
?



# #2 Engage in Questioning

When determining whether a cost is an excess cost, ask the following 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.

# #3 Embrace the Rules

- IDEA statute
- IDEA regulations
- EDGAR
  - Education Department of General Administrative Regulations



# #4 Ensure IDEA Costs are Allowable under EDGAR

- Issued by the United States Department of Education
- 2 CFR Part 200
  - Administrative Requirements
  - Cost Principles
  - Audit Requirements

# #4 Ensure IDEA Costs are Allowable under EDGAR (cont.)

## 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 IDEA

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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?
  - Does this cost support the purpose of the grant?

# 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 (cont.)

- Additional Practical Questions:
  - 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 it sustainable?
  - 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 (cont.)

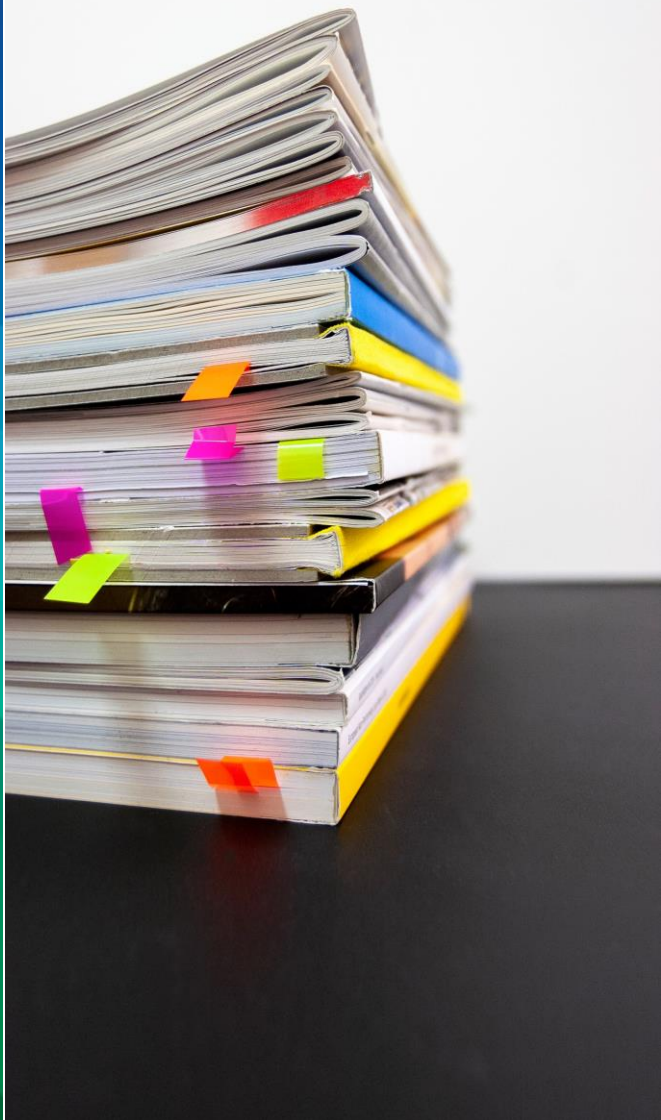
- Practical Questions
  - Is the amount charged to grant commensurate with the benefit received?
  - Can the benefit received be determined especially if sharing costs with other programs?
- Example: The division of a salary or audit costs

# Allowability Documentation

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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 (cont.)

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 (cont.)

## 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 (cont.)

## 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 through the use of duplication or other forms of electronic media provided they:
  - Are subject to periodic quality control reviews;
  - Provide reasonable safeguards against alteration; and
  - Remain readable.

# #5 Expend IDEA Funds on Allowable Costs

Categorized generally into two groups:

1. Direct costs

Pays for activities or services that benefit the federal award project

2. Indirect costs

Pays for activities or services that benefit more than one project



# Direct Costs vs. Indirect Costs

## 1. Direct costs

- Salaries
- Fringe benefits
- Purchased services
- Equipment
- Supplies

## 2. Indirect costs

- Cost of doing business
- Utilities
- Accounting
- Human Resources



# Unallowable Indirect Costs

## 2 CFR § 200.403(d)

- If you charge costs directly to your federal grants, you cannot include the same type of costs in your indirect cost pool (this is what is used to negotiate your rate) as this will result in the double charges of federal grants.

# Indirect Costs and Administrative Staff

2 CFR § 200.413(c)

Salaries of administrative and clerical staff should be treated as indirect unless **ALL** of the following are met:

1. Such services are integral to the activity.
2. Individuals can be specifically identified with the activity.
3. Such costs are explicitly included in the budget.
4. Costs not also recovered as indirect.

# Allowable Expenditures

- Child find activities
- Equitable services
- Comprehensive Coordinated Early Intervening Services (CCEIS) and Voluntary Coordinated Early Intervening Services (CEIS)
- Special education teachers and related services providers
- Professional development for special education personnel
- Instructional materials and supplies for use with students with disabilities



# Allowable Expenditures (cont.)

- Software
- Non-capital equipment
- Specialized desks, tables and chairs
- Assistive technology and assistive technology services
- Transition services



Allowability During COVID-19

# Use of Funds in the COVID-19 Environment

IDEA Part B funds may be used:

- Only to pay the **excess costs** of activities that directly relate to providing, and ensuring the continuity of, **special education and related services to children with disabilities**.
- Engage in activities **necessary to resume** the provision of special education and related services to children with disabilities
- Only if costs are reasonable, necessary, allocable and documented.



# Expenditures Requiring Prior Approval

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- IDEA equipment with a *per unit cost* of \$5,000 or more
- Participant support costs (PSCs) for expenditures exceeding a total cost of *\$5,000 per individual participant or trainee per conference training or event*





# Equipment Prior Approval Procedures

All equipment expenditures, except software licenses, with a **per unit cost** of \$5,000 or more, must have prior written approval.



Must send an email to your Budget Liaison containing the detailed expenditure, cost (and quotes if already acquired), and purpose/use of the expense.

# Equipment Prior Approval Procedures (cont.)

Before sending prior approval requests, LEAs 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?
- Is the expense in compliance with laws, regulations and grant terms?

# Equipment Prior Approval Procedures (cont.)

## Guiding Questions:

- 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?

# Participant Support Costs (PSCs)

## 2 CFR § 200.75

- *Participant support costs* means direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects.
  - Contractors/vendors are not considered employees unless they are defined by the LEA as “contracted employees.”

# Participant Support Costs (PSC) (cont.)

2 CFR § 200.45

Participant support costs as defined in §200.75  
Participant support costs are allowable with the  
prior approval of the Federal awarding agency.

# Participant Support Costs (PSC) - Conferences

## 2 CFR 200.432 Conferences

***A 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.*** Allowable conference costs paid by the non-Federal entity as a sponsor or host of the conference may include rental of facilities, speakers' fees, costs of meals and refreshments, local transportation, and other items incidental to such conferences unless further restricted by the terms and conditions of the Federal award. As needed, the costs of identifying, but not providing, locally available dependent-care resources are allowable. Conference hosts/sponsors must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary and managed in a manner that minimizes costs to the Federal award. The Federal awarding agency may authorize exceptions where appropriate for programs including Indian tribes, children, and the elderly. See also §§200.438 Entertainment costs, **200.456 Participant support costs**, 200.474 Travel costs, and 200.475 Trustees.

# Participant Support Costs Approval

- For participant support cost approvals, send an email to your Budget Liaison containing the detailed expenditure, cost, and purpose/use of the expense as it relates to cost principles.
- All approvals must be within the period of performance, and if known at the beginning of the year, with budget approval.



**We know.  
That's a lot of info.**

**Let's see how  
you're doing!**



# Activity



Let's take an allowability quiz. Be sure to write down your answers and reasons.

## Spending Scenario #1

The technology director is purchasing interactive boards for all classrooms. You are informed that you must pay 15% of the cost from your IDEA, part B funds since 15 % of the classrooms are designated for special education.

Is this allowable?

## Spending Scenario #2

The principal decides the special education program should pay for two swivel cameras and accessories in the amount of \$2,100. The cameras would be used in a co-teaching classroom to record the special education teacher during pull-out. Since she is having difficulty teaching, the cameras would be used to record her. The principal plans to use the videos to build the special education teacher's efficacy.

Is this allowable?

## Spending Scenario #3

Through timely and meaningful consultation, a local education agency (LEA) and private school officials agree to send private school teachers to a two-day special education workshop.

Is this allowable with equitable services funds?

## Spending Scenario #4

Success High School would like to set up a coffee shop to give high school students with disabilities the opportunity to learn critical money, math, and life skills. The special education director wants to use IDEA funds for the initial setup of the coffee shop and to pay for the ongoing maintenance needed to keep it running.

Is this allowable?

## Spending Scenario #5

The special education director of Success School District needs to recruit more special education teachers. The director would like to advertise in the local newspaper for special education teachers. He plans to use IDEA funds to pay for the newspaper advertisement.

Is this allowable?

# #6 Establish Resources

- [IDEA Statute](#)
- [IDEA Regulations](#)
- [Electronic Code of Federal Regulations](#)



# Federal Regulations

Regulation	Description
<a href="#"><u>2 CFR § 200.403</u></a>	Factors affecting allowability of costs
<a href="#"><u>2 CFR § 200.404</u></a>	Reasonable costs
<a href="#"><u>2 CFR § 200.313</u></a>	Equipment
<a href="#"><u>2 CFR §§ 200.318 – 200.326</u></a>	Procurement standards



# Georgia Department of Education (GaDOE) Resources

[Division for 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

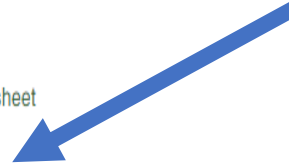
### Continuous Improvement

Georgia's Continuous Improvement  
Monitoring Process (CCIMP)

## Budget, Grants and Consolidated Application

### FY 2020 Allocations

- FY 2020 Final Allocations
- FY 2019 Final Allocations
- Indirect Costs Calculator
- Sample District Budget Worksheet
- Budget Pages
- IDEA Allowable Expenditures



### Resources

- FY19 Budget Liaison Map

### 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



*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**

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**MUST HAVE**



# COVID-19 Resources

- [IDEA COVID-19 Topic Page – Guidance and Resources](#)
- [OSEP Part B Use of Funds in the COVID-19 Environment Q & A Document \(June 25, 2020\)](#)
- [Fact Sheet: Select Questions Related to Use of Department of Education Grant Funds](#)



# #7 Engage in Conversation with Budget Liaison



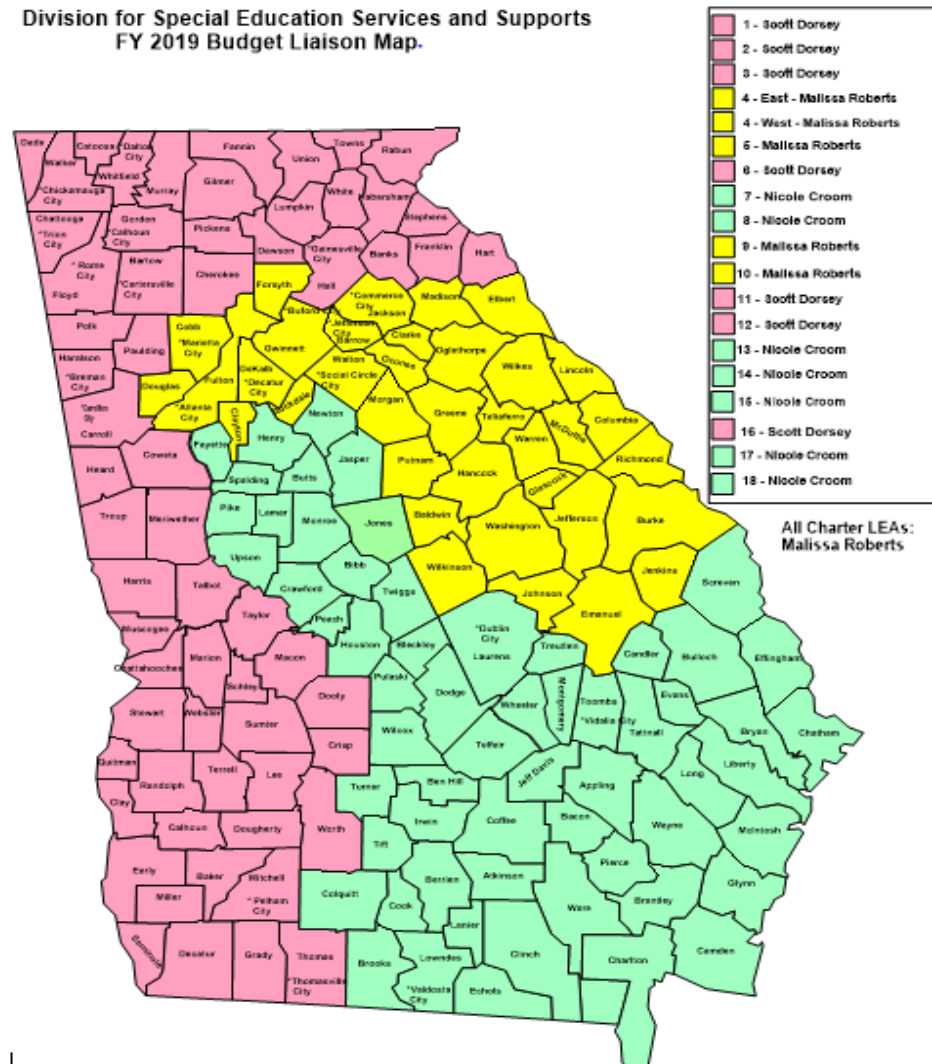
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# Budget Liaison Map

Division for Special Education Services and Supports  
FY 2019 Budget Liaison Map.



Questions?



# Contact Us

*We're Here to Help!*

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GEORGIA'S FUTURE**

