

The Land of Allowability

SELDA
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Georgia Department of Education
Special Education Services and Supports Division
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Learning Targets

- Define the excess cost principle and explain its meaning to others
- Identify criteria for allowable costs
- Provide three to five examples of allowable and unallowable uses of IDEA funds







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Coming Soon



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.

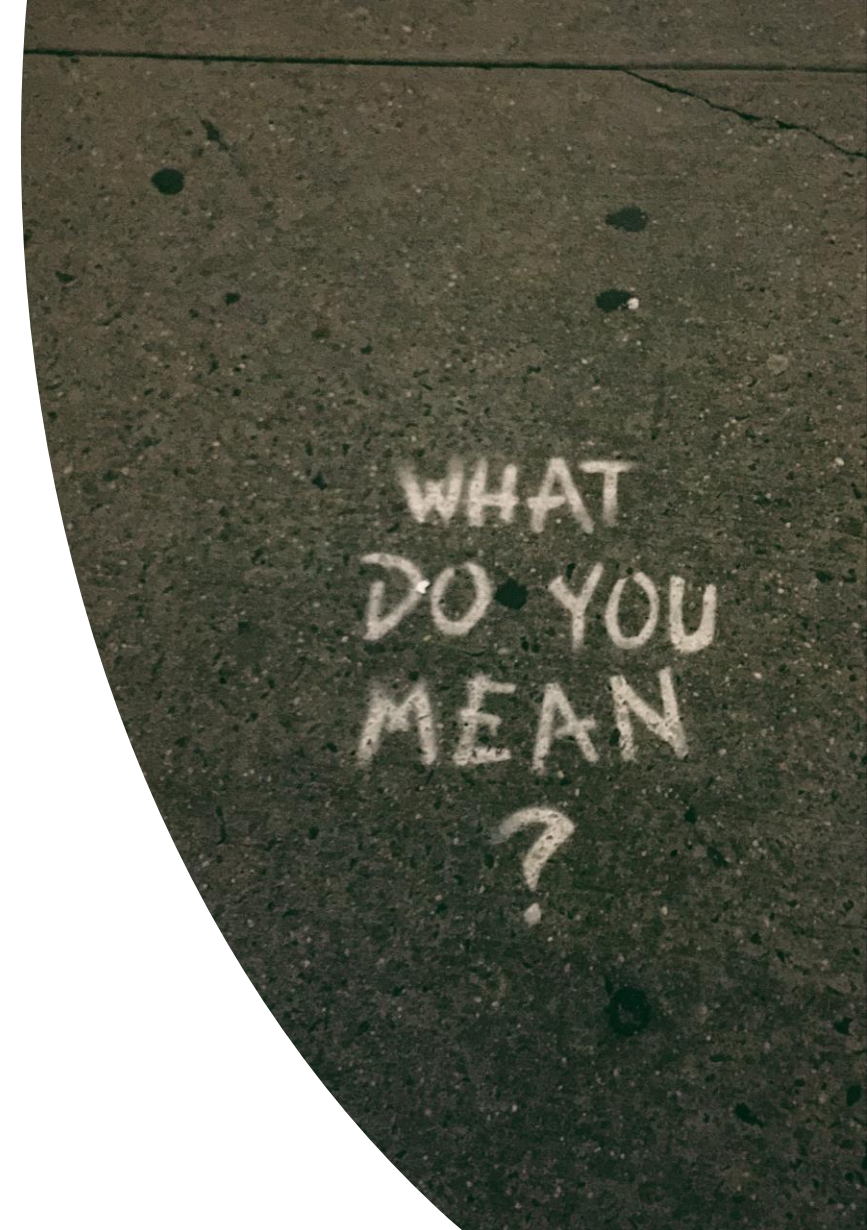


The excess cost principle is the fundamental guide in determining allowable uses of IDEA funds.

#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.



#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

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 typically incur in the absence of federal funds.**
- Practical Questions:
 - Does the program really need this?
 - Is the expense targeted to valid programmatic or administrative needs?
 - 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 needs?
 - 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 by 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 for the overall operation of the non-federal entity and assignable to the federal award in accordance with the principles in this subpart.

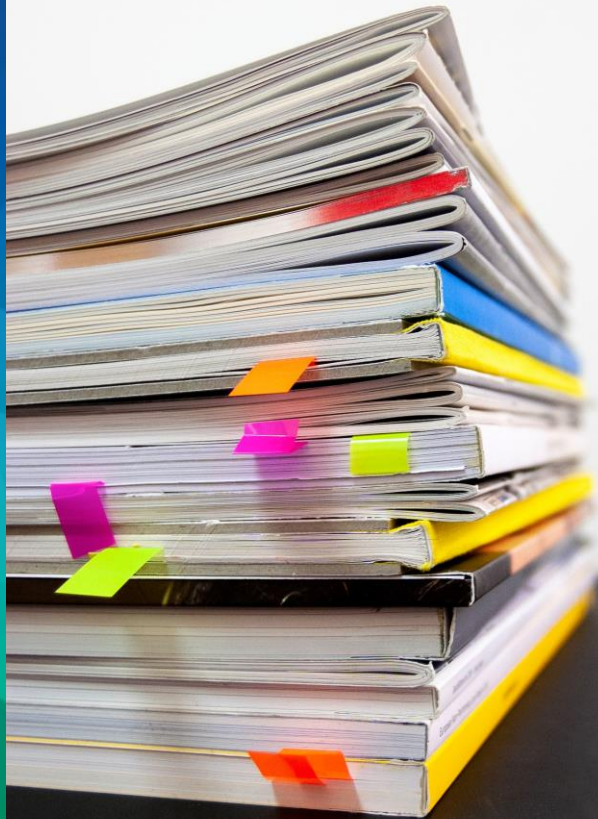
Allocable (cont.)

- Practical Questions
 - Is the amount charged to the grant commensurate with the benefit received?
 - Can the benefit received be determined, especially if costs are shared 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 (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 three years from the submission date of the final expenditure report.
- BUT, need to keep records for five 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 expended in a manner not authorized by law more than five 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, creating and retaining paper copies is unnecessary.
- 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

Direct Costs

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

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)



Allowable Expenditures (cont.)

- Special education teachers and related services providers
- Professional development for special education personnel
- Instructional materials and supplies for use with students with disabilities
- Software

Allowable Expenditures (cont.)

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

Expenditures Requiring Prior Approval

- 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 following:
 - Detailed expenditure
 - Cost (and quotes if already acquired)
 - Purpose/use of the expense

Equipment Prior Approval Procedures: Guiding Questions

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 compliant with laws, regulations, and grant terms?

Equipment Prior Approval Procedures: Additional Guiding Questions

Guiding Questions:

- Is the price comparable to 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 **mean 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.**
- 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...

Prior Approval Procedures: Participant Support Costs

- Must send an email to your Budget Liaison containing the following:
 - Detailed expenditure
 - Cost
 - Purpose/use of the expense
- All approvals must be within the period of performance and, if known at the beginning of the year, with budget approval.

Partner Activity



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

Spending Scenario #1

You would like to provide extrinsic rewards for good behavior and plan to provide popcorn on Friday afternoons to students who have demonstrated acceptable behavior throughout the week. To fund this, you consider purchasing a popcorn popper and supplies for \$600 from your IDEA 611 budget.

Is this allowable? **No**

Spending Scenario #2

You would like to purchase a software package with a strong evidence base that offers extrinsic rewards to students who achieve weekly goals. You want to use IDEA funds to purchase this software and the add-on rewards package for a self-contained classroom.

Is this allowable? **Yes**

#6 Establish Resources

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

Federal Regulations

Regulation	Description
<u>2 CFR § 200.403</u>	Factors affecting allowability of costs
<u>2 CFR § 200.404</u>	Reasonable costs
<u>2 CFR § 200.313</u>	Equipment
<u>2 CFR §§ 200.318 – 200.327</u>	Procurement standards

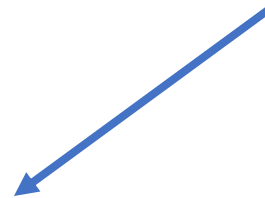


Special Education Budget Webpage

Budget, Grants and Consolidated Application

FY 2024 Allocations

- FY 2024 Initial Allocations
- FY 2023 Final Allocations
- FY 2023 Initial Allocations
- Indirect Costs Calculator
- Budget Pages
- IDEA Allowable Expenditures



FY 2024 Consolidated Application

- IDEA Budget Submission Checklist
- Forms

Maintenance of Effort

- FY24 MOE Eligibility Worksheet
- Exceptions to MOE Compliance Requirement Form
- MOE Adjustment Form
- FY24 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.

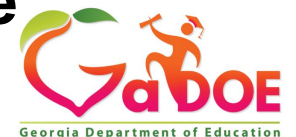
Guiding Questions:

- 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? Can the expenditure be adequately documented?

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:

IDEA Allowable Cost Guide



#7 Engage in Conversation



Who You Gonna Call? Budget Liaisons!

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Stephanie Hurst	404.709.0871
Carla Rose	404.673.3473
Joni Taylor	678.378.9428

[FY25 Specialist Assignments by LEA and Program](#)

Questions



Contact Us

We're Here to Help!

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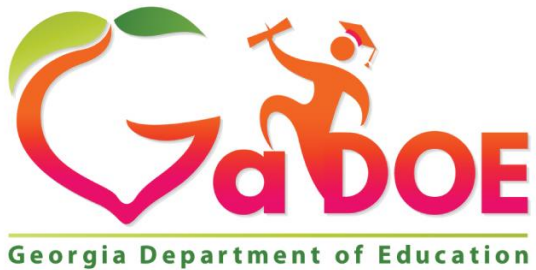
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