

Allowable Costs Under the Uniform Grant Guidance

2 CFR, Part 200

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PUBLIC INSTRUCTION
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Allowable Costs

“Allowable Costs” refers to items of cost, that in general, are costs that can be funded with federal grant dollars as long as the cost fits within a framework of responsible stewardship of public funds.



Overarching Federal Rules

Subpart E – Cost Principles

Law:
2 CFR Part 200

The Uniform Grant Guidance lists 55 “items of cost” that receive clarification regarding the allowability of charging to federal funds.

The 55 items are not exhaustive of every expenditure out there, and leave a lot of gray area, so...

The law provides guidance called “Basic Considerations” to apply to all costs, regardless of whether or not they were mentioned in the list of 55.

Federal Uniform Grant Guidance

Fundamental Premise

- Subrecipient has in place sound management practices.
- Subrecipient will follow the terms and conditions of the specific federal award.
- Subrecipient will determine, based on its own unique combination of staff, facilities, and experience how to assure proper and efficient administration of the federal funds.



Basic Considerations

Factors affecting the allowability of costs



Reasonably Prudent Person

Necessary

- ❖ A cost is “necessary” if it meets an important program objective - it must address an existing need.

Reasonable

- ❖ A cost is “reasonable” if, in its nature and amount, it does not exceed that which would be incurred by a prudent person.

Reasonable and Necessary

2 CFR §200.403(a) and 2 CFR §200.404

Prudent

Prudent is

- ❖ Acting with or showing care and thought for the future.
- ❖ Wise, sensible, sage, well advised, cautious, economical, reasonable, vigilant, far-sighted, discerning, tactical.

Prudent is not

- ❖ A person who spends as little money as possible despite the need existing.
- ❖ Careless, foolish, hasty, inattentive, incautious, indiscreet, rash, reckless, thoughtless, wasteful, unwise.

Basic Considerations

Factors affecting the allowability of costs

- ❖ Cost principles (Uniform Grant Guidance)
- ❖ Cross cutting federal statutes/regulations
 - EDGAR
- ❖ Program statute and regulations
 - IDEA, ESEA, etc.
- ❖ Terms and conditions of the federal award
 - Grant subaward
- ❖ Other governing regulations
 - State statutes
 - District policies

**CONFORM TO LIMITATIONS OR EXCLUSIONS
2 CFR §200.403(b)**

Basic Considerations

Factors affecting the allowability of costs

The cost must be consistent with policies, regulations, and procedures that apply uniformly to both federal awards and other activities of the subrecipient.

- ❖ Subrecipients cannot apply different rules for allowable costs based on funding source.

CONSISTENT WITH POLICIES & PROCEDURES
2 CFR §200.403(c)

Consistent with Policies and Procedures

2 CFR §200.403(c)

EXAMPLE



If the per-diem rate for employees whose salary and travel are paid from state/local funds is one amount, then there cannot be a separate, higher amount for employees paid from federal funds.

Consistent with Policies and Procedures

2 CFR §200.403(c)

EXAMPLE

MEMBERSHIP RENEWAL *Annual Dues*

If the subrecipient's policy does not reimburse employees for professional association memberships, an exception cannot be made to reimburse the same costs because federal funds are available.

Consistent with Policies and Procedures

2 CFR §200.403(c)

EXAMPLE



If the LEA's policy is to not reimburse staff for DPI license costs, the LEA cannot reimburse grant-funded staff because the federal funds are available (and it is an allowable cost).

Nuances to the Rule

Treated consistently does not mean all or nothing...

A subrecipient may have a policy to pay only for the organizational dues of its Speech / Language pathologist, but no other positions.

As long as the subrecipient pays for organizational dues of all Speech / Language pathologists regardless of how the individual is funded, then the cost can be charged to the grant because it is being treated consistently between local and federal funding.

Basic Considerations

Factors affecting the allowability of costs

A cost may not be assigned to a Federal award as a direct cost if the same type of cost has already been allocated as an indirect cost.

CONSISTENCY
IS 

ACCORDED CONSISTENT TREATMENT
2 CFR §200.403(d)

Accorded Consistent Treatment

2 CFR 200.413(c)

Salaries of Administrative & Clerical Staff

- Should normally be treated as indirect costs.
- Only allowed if all of following are met:
 - ✓ Administrative or clerical services are integral to a project or activity;
 - ✓ Individuals involved can be specifically identified with the project or activity;
 - ✓ Such costs are explicitly include in the budget or have the prior written approval of the Federal awarding agency; and
 - ✓ The cost are not recovered as indirect costs.

Accorded Consistent Treatment

2 CFR 200.413(c)

Salaries of Administrative & Clerical Staff

- Function 252 000 (fiscal) is automatically pulled in to determine an LEA's indirect rate.
- Function 252 000 includes salaries and benefits for bookkeepers.

If the subrecipient claims indirect cost recovery, a bookkeeper's salary should NOT be charged to a federal grant unless the LEA requests an adjustment to its indirect calculation.

Basic Considerations

Factors affecting the allowability of costs

Every cost must be determined in accordance with generally accepted accounting principles (GAAP), which is:

The standard framework of guidelines for financial accounting used in any given jurisdiction; generally known as accounting standards or standard accounting practice. These include the standards, conventions, and rules that accountants follow in recording and summarizing and in the preparation of financial statements.

DETERMINED IN ACCORDANCE WITH GAAP
2 CFR §200.403(e)

Basic Considerations

Factors affecting the allowability of costs

Costs supported with federal funds cannot be counted toward a matching or cost-sharing obligation for any other federally financed program.

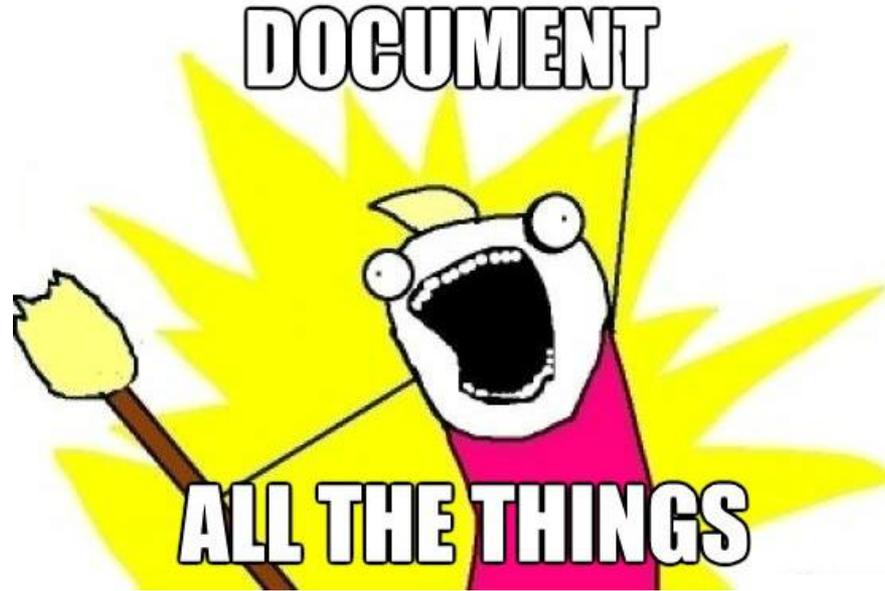
- ❖ This rule is key in the IDEA Maintenance of Effort provision and why DPI tracks all special education expenditures with a project code.

NOT INCLUDED AS MATCH OR COST SHARE
2 CFR §200.403(f)

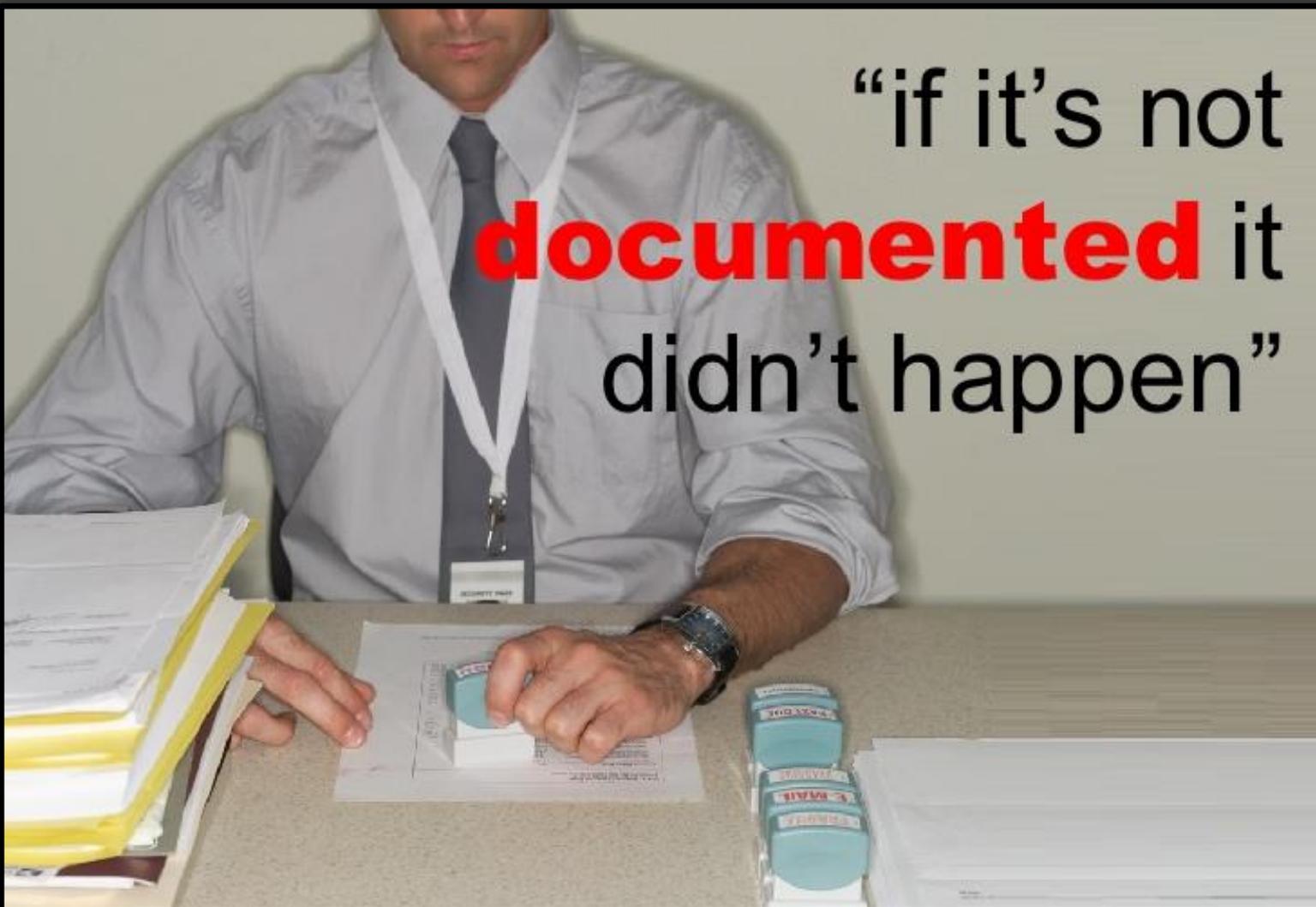
Basic Considerations

Factors affecting the allowability of costs

Documentation rules are defined in 2 CFR §200.300 through 2 CFR §200.309



ADEQUATELY DOCUMENTED
2 CFR §200.403(g)

A man in a white dress shirt and dark tie is seated at a desk. He is wearing a white lanyard with a security badge that says "SECURITY 1001". He is using a blue ink stamp on a document. On the desk, there are several stacks of documents, some in yellow folders, and a stack of blue ink stamps. The background is a plain, light-colored wall.

“if it’s not
documented it
didn’t happen”

Allocable to the Federal Award

Once the cost has been determined to be allowed...It must be allocable.

A cost is allocable to a particular Federal award if the goods or services involved are assignable to that Federal award in accordance with relative benefits received. (2 CFR §200.405(a))

To what extent are the expenditures charged to a particular grant program benefiting the program?

Allocable to the Federal Award

When a subrecipient charges 100 percent of an expenditure to a federal program, the LEA must ensure that the program is receiving the entire benefit of these costs.

EXAMPLE

100 supplemental reading program site licenses are purchased with IDEA flow-through funds. The LEA uses 75 site licenses for special education and 25 site licenses for “any student who needs it.” This is not allocable. The cost of 25 site licenses would be considered an unallowed cost.

Allocable to the Federal Award

A cost may not be charged to a Federal award to overcome deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons.

EXAMPLE

Instructional media purchased for the Title I program may NOT be paid for with IDEA funds simply because the LEA's Title I funds have run out and unobligated funds remain in the IDEA grant.

Written Procedure Requirement

Procedures cannot simply restate the Uniform Grant Guidance regulation.

Written procedures must explain the process used throughout the grant development, budget and claiming process.

- ❖ Training tool and guide for employees.

PROCEDURES TO DETERMINE ALLOWABLE COSTS
2 CFR §200.302(b)(7)



Link to “Allowable Costs Written Procedures” technical assistance:

<http://dpi.wi.gov/sites/default/files/imce/wisegrants/pdf/allowable-costs-written-procedures.pdf>

**Project costs
versus the
“cost” of doing
business**

Direct Costs

Federal grants fund specific activities related to meeting the goals of the project.

- ❖ Title I teacher in a Title I targeted assistance school.

Indirect Costs

Grant activities generate operational costs such as supervision and payroll, but are not directly related to conducting the grant activities.

DIRECT COSTS
2 CFR §200.413

General Provisions for Selected Items of Cost

The Uniform Grant Guidance has 55 specific items of cost.

- ❖ Not all inclusive.
- ❖ Items not listed follow “Basic Considerations”



ADVERTISING



Advertising and Public Relations

2 CFR § 200.421

Typically not allowed unless the advertising meets a programmatic purpose.

Advertising and Public Relations Examples

Allowed

- Charging advertising costs for staff recruitment to IDEA is allowed.
- A Title I Schoolwide program using TI funds to print flyers advertising the dates of the Academic Parent Teacher Team meetings is allowed.

Not Allowed

- An LEA would not be allowed to use federal funds to promote their school during open enrollment.
- Using federal funds to provide all parents coffee mugs displaying the school's logo is not allowed.



**KEEP
CALM
IT'S
PAYDAY**

Compensation – Personnel Services

2 CFR § 200.421

Uniform Grant Guidance addresses appropriate internal controls to support grant charges.

Time & Effort Documentation

§200.430 (i) Standards for Documentation of Personnel Expenses

Charges to federal awards must be based on records that accurately reflect the work performed.

These records must:

- ❖ Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.
- ❖ Be incorporated into the official records of the subrecipient.
- ❖ Reasonably reflect the total activity for which the employee is compensated by the subrecipient, not exceeding 100% of compensated activities.

Time & Effort Documentation

§200.430 (i) Standards for Documentation of Personnel Expenses

- ❖ Documentation records should be adjusted in a timely manner if there are significant changes in the employee's work activity.
- ❖ Comply with the subrecipient's established accounting policies and practices.
- ❖ All necessary adjustments must be made such that the final amount charged to the Federal award is **ACCURATE, ALLOWABLE, and PROPERLY ALLOCATED.**



Procedures / Personnel Costs

- ❖ Subrecipient develops the procedures.
- ❖ Use same procedure for all federal grants, as it must be incorporated into the official documents.
- ❖ Identify “single cost objective” staff per grant – meaning 100% of the person’s time could be charged to a particular grant (based on the grant’s objectives).
- ❖ For all others, determine how the business office will know the accurate amount to claim.

Procedures / Personnel Costs

Determine if the time necessary maintaining supporting documentation is worth charging as a direct cost onto a Federal grant:

- ❖ EASY! – Set schedule outlining a staff person's work (special education in the morning / behavioral interventions for all students in the afternoon).
- ❖ EASY! – Time sheets for substitute teachers.
- ❖ DIFFICULT! – Bookkeeper works on 4 different federal grants plus local budgeting. Individual would need to keep time on each funding type to determine allowable grant charge.



Contributions and donations 2 CFR § 200.434

- ❖ Never allowed, no matter how good or worthy the cause.
- ❖ This includes such things as cash to students / families in need or creating scholarships when it is not part of the federal program.

Conferences

2 CFR § 200.432

Conference is defined as a meeting, retreat, seminar, workshop, or event for the purpose of disseminating technical information and is reasonable for successful performance under the federal award.



Conference / Workshop Costs - Allowed

Allowable costs include:

- ❖ Rental of facilities, speakers fees, meals, and refreshments, and transportation, **unless restricted by the federal award.**
- ❖ Be cognizant of a particular federal program's rules, as the rules can be very different between federal grant programs.

A photograph of a large dining table set for a meal. The table is covered with numerous plates and bowls of food, including meats, vegetables, and breads. A large blue oval is overlaid on the center of the image, containing white text. The background shows a wall with a textured pattern and a window with a floral curtain.

**Common Sense:
Exercise discretion and good
judgment that costs are
appropriate, necessary and
managed in a manner that
minimizes costs to the
Federal award**



Entertainment

2 CFR § 200.438

Entertainment, diversion, and social activities are **ONLY** allowed when the entertainment has a programmatic purpose and are authorized in the approved budget for the Federal award.

Entertaining Costs Examples

Allowed

A Title I school operating a schoolwide program may use funds to pay an author to read and facilitate activities for the school's literacy night.

Not Allowed

A school may NOT use Title I funds to pay for a fieldtrip to a water park.

Entertaining Costs Examples

Allowed

A district could use IDEA funds to pay for students with disabilities to go to the movies or a baseball game as part of the life skills curriculum.

Not Allowed

A district could not use IDEA funds to pay for the staff to attend a Broadway musical while attending a conference on autism.

General costs of government - Unallowable

2 CFR § 200.444

Salaries and other expenses of the chief executive of a local government or local governmental body.

- ❖ Superintendents / District Administrators
- ❖ School Board



Materials and supplies costs, including costs of computing devices

2 CFR § 200.453

Computing devices are laptops, computers, handheld devices, tablets, smart phones.

- Individually do not meet the threshold for capital equipment, and are thus subject to the less burdensome administrative requirements of supplies; BUT

**All assets must be safeguarded
in compliance with the law**

Travel

2 CFR § 200.474

Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business.



- ❖ May be charged on actual, per diem, or mileage basis (or a combination).
- ❖ Travel costs must be reasonable and consistent with the LEA's written travel reimbursement policies.
- ❖ Subrecipient must retain documentation that an individual's travel costs charged to the Federal grant are necessary for the performance of the program.

Determining Allowable Costs Example

Can I use IDEA funds to buy laptops to provide educational support for students with disabilities?

- ✓ Necessary
- ✓ Reasonable
- ✓ Allocable
- ✓ Procurement Process
- ✓ Asset Management



Determining Allowable Costs Example

Can I use Title I funds to hire a reading interventionist to support students struggling with reading?

- ✓ Necessary
- ✓ Reasonable
- ✓ Allocable
- ✓ Identified as a Need
- ✓ Appropriate DPI License
- ✓ Time and Effort



Determining Allowable Costs Example

Can I use IDEA funds to pay for the installation of an elevator in case a student with a disability needs it in the future?

- ✓ ~~Necessary~~
- ✓ Reasonable
- ✓ Allocable
- ✓ ~~Identified as a Need~~



Determining Allowable Costs Example

Can I use IDEA funds to replace the existing iPads that are still in use, but can no longer support the desired apps?

- ✓ Necessary
- ✓ Reasonable
- ✓ Allocable
- ✓ Identified as a Need
- ✓ Procurement Process
- ✓ Asset Management



Is the Use of Funds Equitable?

Educational equity means that every student has access to the educational resources and rigor they need at the right moment in their education across race, gender, ethnicity, language, disability, sexual orientation, family background and/or family income.

Council of Chief State School Officers

“Leading for Equity: Opportunities for State Education Chiefs”



Questions to Consider

Through your work, how are you accelerating growth/positive change for learners who most need it, based on data, while increasing opportunities for all students?



Questions to Consider

- Do you have the staffing needs to address the achievement gaps in the district?
- Will the planned professional development, purchased instructional media, etc. close achievement gaps?
- Will this use of Federal funds result in unintended consequences that could negatively impact the students, families and their community?



Technical Assistance

Allowable Costs Technical Assistance Page

<https://dpi.wi.gov/wisegrants/uniform-grant-guidance/allowablecosts>

Allowable Costs Checklist

https://dpi.wi.gov/sites/default/files/imce/wisegrants/pdf/Allowable%20costs%20checklist_Final.pdf



Resources from DPI that Promote Equity

- [Promoting Excellence for All \(PEFA\) Report](#)
- [Family and Community Engagement in PEFA](#)
- [PEFA eCourse](#)
- [PEFA eCourse Facilitator's Guide](#)
- [Creating Safe and Healthy Environments for Immigrant and Refugee Youth](#)
- [Trauma Informed Modules](#)
- [McKinney-Vento Modules](#)



Resources from DPI that Promote Equity

Promoting Excellence for All Report

<https://dpi.wi.gov/sites/default/files/imce/excforall/exc4all-report.pdf>

Family and Community Engagement in PEFA

<https://dpi.wi.gov/sites/default/files/imce/excforall/pacreport.pdf>

PEFA eCourse

https://media.dpi.wi.gov/excforall/ecourse/story_html5.html

PEFA eCourse Facilitator's Guide

<https://dpi.wi.gov/excforall/ecourse/pefa-facilitators-guide>

Resources from DPI that Promote Equity

Creating Safe and Healthy Environments for Immigrant and Refugee Youth

<https://dpi.wi.gov/english-learners/creating-safe-and-healthy-environments-immigrant-and-refugee-youth>

Trauma Informed Modules

<https://dpi.wi.gov/sspw/mental-health/trauma/modules>

McKinney-Vento Modules

https://media.dpi.wi.gov/title-i/mckinney-vento/story_html5.html