

Allowable Costs Under the Uniform Grant Guidance

1

2016 WASBO
Federal Funding Conference

Shelly Babler and Rachel Zellmer

Wisconsin Department of Public Instruction

2

Uniform Grant Guidance

Subpart E – Cost Principles

- Addresses 55 “items of cost” that receive clarification regarding allowability, *in general*, for using federal funds
- Is not an exhaustive or minutely detailed list, so...
- Provides guidance on “Basic Considerations” to apply to all costs, listed or not listed

Wisconsin Department of Public Instruction

Fundamental Premise

3

- 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.

Wisconsin Department of Public Instruction

4

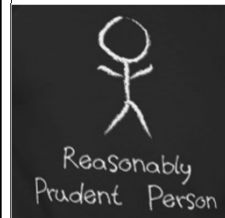
Factors affecting allowability of costs

Necessary

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

Reasonable

- “Prudent Person” Standard (2 CFR §200.404)



REASONABLE AND NECESSARY 2 CFR §200.403(a)

Wisconsin Department of Public Instruction

5

Factors affecting 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)

Wisconsin Department of Public Instruction

6

Factors affecting 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)

Wisconsin Department of Public Instruction

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

7

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

Wisconsin Department of Public Instruction

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

8

EXAMPLE

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

MEMBERSHIP RENEWAL
Annual Dues

Wisconsin Department of Public Instruction

Membership / Organizational Dues Nuance

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.

10

Factors affecting 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)

11

Function 252000 (fiscal) is automatically pulled in to determine an LEA's indirect rate

This WUFAR function includes salaries and benefits for bookkeepers



Unless an adjustment is made to the LEA's indirect calculation, a bookkeeper's salary and benefits should not be charged to a federal grant

EXAMPLE
ACCORDED CONSISTENT TREATMENT
2 CFR §200.403(d)

12

Factors affecting 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)

13

Factors affecting allowability of costs

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

- o Rule supports maintenance of effort provisions

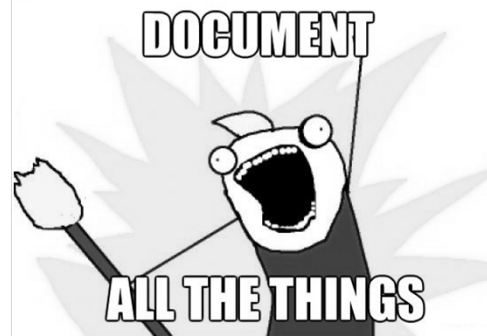
**NOT INCLUDED AS MATCH OR COST SHARE
2 CFR §200.403(f)**

Wisconsin Department of Public Instruction

14

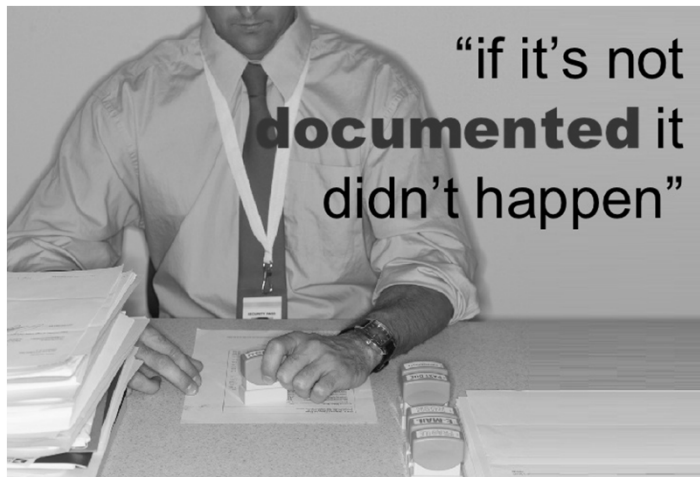
Factors affecting allowability of costs

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



**ADEQUATELY DOCUMENTED
2 CFR §200.403(g)**

Wisconsin Department of Public Instruction



15

ONCE THE COST HAS BEEN DETERMINED TO BE ALLOWED...IT MUST BE ALLOCABLE

16

A cost is allocable to a particular Federal award if the goods/services involved are assignable to that Federal award in accordance with relative benefits received.

- o To what extent are the expenditures charged to a particular grant program benefiting the program?
 - ✦ When an LEA 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.

**ALLOCABLE TO FEDERAL AWARDS
2 CFR §200.405(a)**

Wisconsin Department of Public Instruction

ALLOCABLE TO FEDERAL AWARDS
2 CFR §200.405(a)

17

EXAMPLE 1	EXAMPLE 2
<ul style="list-style-type: none"> A teacher spends 25% of her time on the federal award, therefore 25% of the teacher's salary is charged to the federal award. <div style="border: 1px solid black; border-radius: 10px; padding: 5px; text-align: center; margin-top: 10px;"> Allocable with supporting Time and Effort records </div>	<ul style="list-style-type: none"> Grant funded staff use the Internet, so the LEA charges 3% of the network costs to the federal award. <div style="border: 1px solid black; border-radius: 10px; padding: 5px; text-align: center; margin-top: 10px;"> Not Allocable </div>

Wisconsin Department of Public Instruction

ALLOCABLE TO FEDERAL AWARDS
2 CFR §200.405(c)

18

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.

Wisconsin Department of Public Instruction

19

Written Procedure Requirement

NEW

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)

Wisconsin Department of Public Instruction

Panel 1: HI! I'M NEW. WHERE IS THE MANUAL WITH THE TEAM'S PROCEDURES? (Steve replies: WE DON'T NEED ONE...)

Panel 2: IF A QUESTION COMES UP, WE JUST ASK STEVE. HE KNOWS EVERYTHING ABOUT THE DEPARTMENT.

Panel 3: SO WHAT SHOULD WE DO IF I'M STEVE'S REPLACEMENT?

©2011 by CALLCENTERCOMICS.COM

Link to Allowable Costs Written Procedures technical assistance:
<http://dpi.wi.gov/sites/default/files/imce/wisegrants/pdf/allowable-costs-written-procedures.pdf>

20

21

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

Wisconsin Department of Public Instruction

Salaries of Administrative & Clerical Staff

2 CFR 200.413(c)

22

- 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.

Wisconsin Department of Public Instruction

General Provisions for Selected Items of Cost

23

The Uniform Grant Guidance has 55 specific items of cost

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



Wisconsin Department of Public Instruction

ADVERTISING



Advertising and Public Relations

2 CFR § 200.421

Typically not allowed unless the advertising meets a programmatic purpose.

Wisconsin Department of Public Instruction

24

Advertising and Public Relations Examples

25

Allowed

- Charging advertising costs for staff recruitment to IDEA is allowed.
- A Title I School of Recognition could use their reward to purchase a newspaper ad congratulating the teachers and students.

Not Allowed

- An LEA would not be allowed to use federal funds to promote their school during open enrollment.

Compensation – Personnel Services

2 CFR § 200.430

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

- ESEA and IDEA law require some staff to be “highly qualified”

- Certain positions within the budget software require staff license numbers to verify the individual is licensed in the area budgeted
- Not necessary for all staff

Time and Effort



27

§200.430

Standards for Documentation of Personnel Expenses

(i)

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.

28

§200.430

Standards for Documentation of Personnel Expenses

(i)

- **Reasonably** reflect the total activity for which the employee is compensated by the subrecipient, not exceeding 100% of compensated activities.
- Include all activities of the employee, both federally and non-federally funded.
- Comply with the subrecipient’s established accounting policies and practices.

§200.430**Standards for Documentation of Personnel Expenses****(i)**

- Support the distribution of the employee's salary among cost objectives if the employee works on multiple, unrelated activities (per grant guidelines)
 - *How*, for employees not working on a single cost objective, will the subrecipient determine what amount gets charged to the grant?
 - **THIS** is what will be monitored.
 - Not any less restrictive than old rule, but now subrecipient determines process.

§200.430**Standards for Documentation of Personnel Expenses****(i)**

- Budget estimates do not qualify as supporting documentation, but may be used for interim accounting purposes, if:
 - The system for establishing the estimates has a proven track record that budgeted amounts are close to actual amounts.

§200.430**Standards for Documentation of Personnel Expenses****(i)**

- Documentation records should be adjusted in a timely manner if there are significant changes in the employee's work activity.
- Short-term (such as one or two months) fluctuation between workload categories need not be addressed as long as the distribution of salaries is reasonable over the longer term.

§200.430**Standards for Documentation of Personnel Expenses****(i)**

- The subrecipient's system of internal controls must include processes to review after-the-fact interim charges made to a Federal award based on budget estimates.
- 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

33

- 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.

Wisconsin Department of Public Instruction

Procedures / Personnel Costs

34

Existing semi-annual / PARs (Personnel Activity Report) systems meet this new requirement; however

- Is your system a reliable one?
- Are there written procedures, and are they being followed?
- Are the supporting documents part of the LEA’s official records?
- Is the process overly complicated, and could it be simplified under these more flexible requirements?

Wisconsin Department of Public Instruction

Procedures / Personnel Costs

35

Now that the cumbersome detailed requirements have been removed, the pass-through entity (DPI) can focus on actual allowable costs.

- Monitoring will likely focus on positions that are typically considered “multiple cost objectives”
- If there is no reliable, reasonable supporting documentation, the statement: “I spend at least 25% of my time working on *fill in program area*” is not acceptable

Wisconsin Department of Public Instruction

Procedures / Personnel Costs

36

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

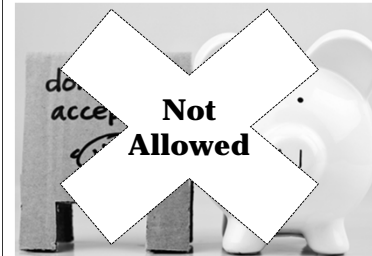
- EASY! – Set schedule outlining a staff person’s work (special education in the morning / behavioral interventions for all students in the afternoon)
- EASY! – Time sheets for substitute teachers
- HARD! – Bookkeeper works on 4 different Federal grants plus local budgeting. Individual would need to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

Wisconsin Department of Public Instruction

Monitoring Results

37

- Unsupported costs will need to be returned to DPI (and in most situations put back into subrecipient's available funds).
 - Future claims for the salaries of individuals with multiple cost objectives will be monitored by requiring supporting documentation.



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

40

Allowable costs include:

- ✦ Rental of facilities, speakers fees, meals, and refreshments, and transportation, **unless restricted by the federal award.**
- ✦ Be aware of the federal program's rules, as they are currently different.

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.

Entertainment Costs Examples

43

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.

Entertainment Costs Examples

44

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 at 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
- School Boards



Materials and supplies costs, including costs of computing devices

2 CFR § 200.453

- A major gap in the former circulars was the lack of reference to computers – are they considered equipment or not?
 - Individually do not meet the threshold for 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

Obligating and Liquidating Travel

48

The Fiscal Year Split – Conference is in August 2016

§ 76.707 (EDGAR)

Contracted Service - on the date of the contract

Travel - when the travel is taken

Conference Registration
--Contracted Service

Paid for in June;
Claimed in September
Charged to the 2015-16 grant

Flight and Hotel
--Travel

Booked in June;
Claimed in September
Charged to the 2016-17 grant

Determining Allowable Costs Example

49

- Can I use IDEA funds to buy laptops to provide educational support for students with disabilities?
 - ✓ Necessary
 - ✓ Reasonable
 - ✓ Allocable
 - ✓ Procurement Process
 - ✓ Asset Management



Wisconsin Department of Public Instruction

Determining Allowable Costs Example

50

- Can I use Title I funds to hire a reading interventionist to support students struggling with reading?
 - ✓ Necessary
 - ✓ Reasonable
 - ✓ Allocable
 - ✓ Identified as a Need
 - ✓ Highly Qualified
 - ✓ Time and Effort

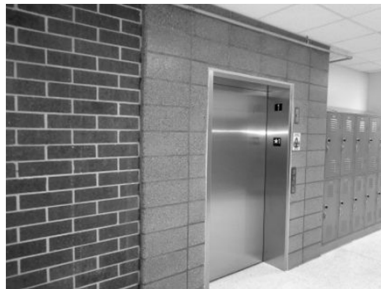


Wisconsin Department of Public Instruction

Determining Allowable Costs Example

51

- 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~~



Wisconsin Department of Public Instruction

Determining Allowable Costs Example

52

- 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



Wisconsin Department of Public Instruction

Technical Assistance

53

Time and Effort Technical Assistance:

<http://dpi.wi.gov/sites/default/files/imce/wisegrants/pdf/time-and-effort-requirements.pdf>