21st Century Community Learning Centers

Allowable Costs

Allowable Costs Overview

- Reasonable and necessary
- Allocable
- Legal under state and local law
- Conform with federal law and grant terms

Allowable Costs

- Consistently treated
- In accordance with Generally Accepted Accounting Principals (GAAP)
- Not included as match
Allowable Costs:
Regulations and Guidance

- General Education Provisions Act (GEPA)
- 21st Century Program statute and regulations
- EDGAR (Education Department) General Administrative Regulations) Sub Part C, §80.22 Allowable Costs

Allowable Costs:
Regulations and Guidance

- OMB Circular A 87 State, Local, and Indian Tribal Governments
  - Section C – Basic Guidelines
  - Attachment B – Selected Items of Cost
- OMB Circular A 122 Cost Principles for Private Non-Profit Organizations
  - Attachment B – Selected Items of Cost

Allowable Costs

- Helpful Questions for Analyzing Costs:
  - Is the proposed cost allowable under the 21st Century program?
  - Is the proposed cost consistent with the approved grant program plan and budget?
Allowable Costs

- Is the proposed cost consistent with 21st Century specific fiscal rules?
- Is the proposed cost consistent with EDGAR?

Allowable Costs: Basis for Allowability

- Must follow applicable cost principle to determine reasonableness, allowability, and allocability of all costs
- All costs must be:
  - Necessary
  - Reasonable
  - Allocable
  - Legal under state and local law

Allowable Costs: Necessary

- A cost is necessary and reasonable if:
  - Needed for the performance or administration your grant
  - Follows sound business practices; arms length bargaining
  - Reflects fair market prices for comparable goods or services
  - Is prudent
Allowable Costs: Necessary

- Practical aspects of ‘necessary’:
  - Do I really need this to administer my program?
  - Is this the minimum amount I need to spend to meet my need?

Allowable Costs: Reasonable

- Practical aspects of ‘reasonable’:
  - Is this targeted to valid programmatic/administrative considerations?
  - Do I have capacity to use what I am purchasing for this program?

- Did I pay a fair rate and can I prove it?
- If this expense were in the local newspaper ‘HEADLINES,’ would I be comfortable?
Allowable Costs: Allocable

- Practical aspects of ‘reasonable’:
  - Can I prove the program benefited?
    - Time/effort records
    - Inventory management records
  - Can I prove other programs are not benefiting?
    - Ensuring only authorized use
    - Incidental benefit

Allowable Costs: Adequate

- Adequately documented:
  - Amount of funds under grant
  - How the funds are used
  - Total cost of the project
  - Share of costs provided by other sources

Allowable Costs: Adequate

- Records that show compliance
- Records that show performance
- Other records to facilitate an effective audit
Allowable Costs: Compensation for Service

➢ Overview of process:
  • Estimate how employee will work
  • Pay based on estimate
  • Reconcile estimates to how actually worked

Allowable Costs: Compensation for Service

➢ Necessary documentation:
  • Payroll records
  • Time and effort records;
  • Semi-annual certifications (single cost objective)
  • Personnel Activity Reports (PARs) (multiple cost objectives)

Allowable Costs: Things to Consider

➢ Maintenance of Effort
➢ Supplement vs. Supplant
➢ In-Kind Requirements
➢ LEA Match (soft and hard match)
➢ Timely Amendments
➢ Document, Document, Document
Allowable Costs:
FAQs

➢ Is there a list of allowable costs that we can look at to analyze a contemplated cost?

No. Although lists are available, they are lists of ‘allowable, but,’ they must meet the other tests spoken to earlier.

Allowable Costs:
Other Resources

➢ MDE
➢ Office of Audits (A133 Compliance Supplement Auditing Manual)
   ➢ http://www.michigan.gov/mde/0,1607,7-140-6530_9091---,00.html
➢ MDE – Office of Early Childhood Education and Family Services – 21st Century Community Learning Centers Program
   ➢ http://www.michigan.gov/21stcclc

Allowable Costs:
Other Resources

➢ OMB Circular A-133, Compliance Supplement
➢ OMB Circular A-21, Cost Principles for Educational Institutions, Parts C and J
➢ OMB Circular A-87, C: Basic Guidelines
➢ OMB Circular A-122, Cost Principles for Non-Profit Organizations, Attachment B, Selected Items of Cost
   ➢ http://www.whitehouse.gov/omb/circulars
Allowable Costs: Other Resources

- EDGAR, Education Department General Administrative Rules

Allowable Costs: More Information

- Contacts
  - Your 21st Century Consultant
    @ (517) 373-8483 or
  - Gary Schafer, Business Manager
    Office of Early Childhood Education & Family Services
    schaferg@michigan.gov
    (517) 335-2875 or
  - On the web @ [http://www.michigan.gov/21stcclc](http://www.michigan.gov/21stcclc)