Board Policy 7320: Allowable Uses for Grant Funds **Status:** ADOPTED

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Expenditures will be aligned with approved budgeted items. Any changes or variations from the state-approved budget and grant application need prior approval from the State. When determining how the District will spend its grant funds, the Superintendent and the Business Manager will review the proposed cost to determine whether it is an allowable use of federal grant funds before obligating and spending those funds on the proposed good or service. All costs supported by federal education funds must meet the standards outlined in Education Department General Administrative Regulations which are provided in the bulleted list below. The Business Manager and District Superintendent must consider these factors when making an allowability determination. All costs must:

1. Be necessary and reasonable for the performance of the federal award as outlined in 7320P1.

2. Be allocable to the federal award. A cost is allocable to the federal award if the goods or services involved are chargeable or assignable to the federal award in accordance with the relative benefit received. This means that the federal grant program derived a benefit in proportion to the funds charged to the program. For example, if 50% of a teacher's salary is paid with grant funds, then that teacher must spend at least 50% of their time on the grant program.

3. Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the District.

4. Conform to any limitations or exclusions set forth as cost principles in 2 CFR Part 200 or in the terms and conditions of the federal award.

5. Consistent treatment. A cost cannot be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been assigned as an indirect cost under another award.

6. Be adequately documented. All expenditures must be properly documented.

7. Be determined in accordance with General Accepted Accounting Principles (GAAP), unless provided otherwise in Part 200.

8. Not be included as a match or cost-share, unless the specific federal program authorizes federal costs to be treated as such. Some federal program statutes require the non-federal entity to contribute a certain amount of non-federal resources to be eligible for the federal program.

9. Be the net of all applicable credits. The term "applicable credits" refers to those receipts or reductions of expenditures that operate to offset or reduce expense items allocable to the federal award. Typical examples of such transactions are: purchase discounts, rebates or allowances, recoveries or indemnities on losses, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the State relate to the federal award, they shall be credited to the federal award, either as a cost reduction or a cash refund, as appropriate.

Part 200's cost guidelines must be considered when federal grant funds are expended. In addition, as required by federal rules, the District will follow, as appropriate, all state and District-level requirements and policies regarding expenditures.

Helpful Questions for Determining Whether a Cost is Allowable

In addition to the cost principles and standards described in Procedures 7320P1 and P2, the Superintendent, Business Manager, and appropriate federal programs personnel can refer to this section for a useful framework when performing an allowability analysis. In order to determine whether federal funds may be used to purchase a specific cost, it is helpful to ask the following questions:

1. Is the proposed cost allowable under the relevant program?
2. Is the program cost allocable to the implementation of support of the relevant program?
3. Is the proposed cost consistent with an approved program plan and budget?
4. Is the proposed cost consistent with program specific fiscal rules? For example, the District may be required to use federal funds only to supplement the amount of funds available from nonfederal (and possibly other federal) sources.
5. Is the proposed cost consistent with Education Department General Administrative Regulations (EDGAR)?
6. Is the proposed cost consistent with specific conditions imposed on the grant (if applicable)?

As a practical matter, the Superintendent, business manager, and appropriate federal programs personnel should also consider whether the proposed cost is consistent with the underlying needs of the program. For example, program funds must benefit the appropriate population of students for which they are allocated.

Also, funds should be targeted to address areas of weakness, as necessary. To make this determination, the Superintendent, business manager, and appropriate federal programs personnel should review data when making purchases to ensure that federal funds to meet these areas of concern.

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Legal References	**Description**
2 CFR §§ 200 (Subparts E and F)	Cost Principles and Audit Requirements
2 CFR §§ 200 et seq.	Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Funds
2 CFR §§ 200.420-.475	Considerations for Selected Items of Cost
2 CFR §200.404	Reasonable Costs
2 CFR §200.405	Allocable Costs
2 CFR §200.406	Applicable Credits

Other References	**Description**
ISBA Policy Services	https://www.idsba.org/member-services/policy/

Cross References

Code	**Description**
7236	Employees Paid with Federal Funds and Unexpected or Extraordinary Closures
7400	Miscellaneous Procurement Standards
7400	Miscellaneous Procurement Standards

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