

## General Rules

### **Unallowable Activities/Expenditures by Specific Grant**

#### **Title I**

##### **Field Trips**

Field trips may not be funded under the grant program.

##### **Advisory Council**

An advisory council may not be funded under the grant program.

##### **Cost of Membership in Any Civic or Community Organization**

The cost of membership in any civic or community organization may not be funded under the grant program

##### **Hosting or Sponsoring of Conferences**

Conferences may not be hosted or sponsored under the grant program until further guidance is available from USDE.

##### **Travel Costs for Officials such as Executive Director, Superintendent, or Board Members**

Travel costs for officials such as the executive director, superintendent, or board members may not be funded under the grant program until further guidance is available from USDE.

##### **Supplement, Not Supplant**

Funds for this program must be used to supplement (increase the level of services) and not supplant (replace) funds from nonfederal sources. Any program activity required by state law, State Board of Education (SBOE) rules, or local board policy may not be paid with these funds. State or local funds may not be decreased or diverted for other uses merely because of the availability of these funds. You must maintain documentation that clearly demonstrates the supplementary nature of these funds.

The federal supplement, not supplant provision is intended to ensure that services provided under Title I, Part A, are in addition to, and not in place of, services that would otherwise be provided to participating students with state and local funds if Title I, Part A, funds were not available.

- TAP: Records must be maintained that document that Title I, Part A, funds are expended on activities and services for only Title I, Part A, eligible children identified as having the greatest need for special assistance.

- SWPs: Title I, Part A, funds must be used only to supplement the amount of funds available from nonfederal sources, regardless of type of school wide consolidation, for the campus including funds to provide services that are required by law for children with disabilities and children with limited English proficiency.

#### **Title II**

##### **Field Trips**

Field trips may not be funded under the grant program.

##### **Advisory Council**

An advisory council may not be funded under the grant program.

##### **Cost of Membership in Any Civic or Community Organization**

The cost of membership in any civic or community organization may not be funded under the grant program.

##### **Hosting or Sponsoring of Conferences**

Conferences may not be hosted or sponsored under the grant program.

## Supplement, Not Supplant

Funds for this program must be used to supplement (increase the level of services) and not supplant (replace) funds from nonfederal sources. Any program activity required by state law, SBOE rules, or local board policy may not be paid with these funds. State or local funds may not be diverted for other uses merely because of the availability of these funds. You must maintain documentation that clearly demonstrates the supplementary nature of these funds.

The following presumptions of supplanting may be rebutted with proper documentation:

- Providing services that the LEA is required to make available under other federal law, state law, SBOE rule, or local policy.

Rebuttal: It is extremely hard to document and prove that the LEA would not have implemented the other federal, state, or local requirements. The review also considers how all other funds were expended.

- Providing services that the LEA provided the prior school year with nonfederal funds.

Rebuttal: This presumption may be rebutted with proper documentation; however, the documentation must show that the original source of funding is no longer available and the service or activity would not have been continued in the next year. This situation must be documented at the time the decisions to not continue the service or activity is made. The decision cannot be made due to Title II, Part A, funds being available. This situation cannot be documented after the fact.

- Providing services to teachers participating in a Title I program that the LEA provides to non-Title I teachers or teachers at non-Title I schools with nonfederal funds.

Rebuttal: The rebuttal to this presumption is often the exclusion for Title I-like programs, which is allowed in statute.

### **General rules of utilizing grant funds:**

## Reasonable and Necessary

Pursuant to the Uniform Grants Management Standard (UGMS) adopted by the Governor's Office, TEA applies the federal cost principles to both state and federal grants. Funds requested must be only for those items that are *reasonable* and *necessary* for accomplishing the objectives of the program and for implementing activities as described in the application. All costs must be budgeted in the approved application to be eligible to be charged to the grant. TEA staff will review, during grant negotiations, if costs budgeted in the application are reasonable and necessary for the grant program and size of the campus/LEA. Costs determined by TEA staff to be unallowable or not reasonable and necessary will be removed from the application during negotiations and may be reduced from the grant year budget, depending on the specific grant program. Requested funds may or may not be reallocated to other activities, depending on the specific grant program, after being determined unallowable or not reasonable and necessary by TEA staff.

## Definition of Reasonable and Necessary

Costs that are *reasonable* are defined as those costs that are consistent with prudent business practice and comparable to current market value. Costs that are *necessary* are those costs that are essential to accomplish the objectives of the grant project. All items requested must be allowable expenditures under the authorizing program statutes, regulations, and rules.

In general, the budget schedules submitted by the applicant in the SAS must evidence the following:

- Project costs are reasonable in relation to expected outcomes:

- The amount requested would realistically be expected to have an impact on the stated needs.

- The expected outcomes are sufficient to justify the amounts requested.
- The program identifies and coordinates funding from several sources.
- All expenditures are pertinent to and appropriate for the objectives and activities stated.

## **Reasonable Costs**

A cost can be considered reasonable if it meets the following standards:

- The cost is of a type generally recognized as ordinary and necessary for the operation of the organization or grant performance.
- Restrictions or requirements are imposed for generally accepted, sound business practices, arms-length bargaining, federal or state laws and regulations, and grant award terms and conditions.
- Individuals are acting with prudence in the circumstances of responsibility to the organization, its members, employees, clients, the public, and federal or state government.
- There are no significant deviations from established practices of the organization that may unjustifiably increase grant costs.

## **Allocable Costs**

The following guidelines apply to allocable costs:

- A cost is allocable to a particular grant in accordance with the relative benefits received if it is treated consistently with other costs incurred for the same purposes in like circumstances and if it meets the following:
  - Is incurred specifically for the grant
  - Benefits both the grant and other work and can be distributed in reasonable proportion to the benefits received
  - Be distributed in reasonable proportion to the benefits received
- Any cost allocable to a particular grant or other cost objective may not be shifted to other federal awards (or state awards, if state-funded) to overcome funding deficiencies or to avoid restrictions imposed by law or by the terms of the grant award.

## **Allowable Costs**

Refer to the Program Guidelines, Allowable Activities and Use of Funds and Unallowable Activities and Use of Funds, for additional guidance pertaining to costs that are allowable and unallowable for the grant program.

To be allowable to be charged to a grant, costs must meet the following criteria per 2 CFR 200.403 and follow the sub grantee's local written procedures for allowability of costs:

- Be reasonable for the performance of the grant and be allocable under the applicable cost principles
- Conform to limitations or exclusions set forth in applicable cost principles or the grant agreement as to types or amount of costs
- Be consistent with policies and procedures that apply uniformly to federally or state-funded activities and activities funded from other sources
- Be accorded consistent treatment among all grant programs, regardless of funding source
- Be determined in accordance with generally accepted accounting principles (GAAP)
- Not be included as a cost or used to meet cost-sharing or matching requirements of any other federally or state-funded program in the current or a prior period
- Be adequately documented
- Not be used for lease-purchases (i.e., debt service) if for discretionary grants

Refer to the instructions for the specific SAS schedules for additional guidance pertaining to allowable and unallowable costs.