

Allowable Use of IDEA Part B Funds: Decision Tree

Overview and Authority

This tool aims to empower state educational agency (SEA) fiscal staff and enhance their capabilities by offering a framework to implement the requirements related to the allowable use of Individuals with Disabilities Education Act (IDEA) Part B federal grant funds. The decision trees will provide consistency in decision-making regarding the allowability of specific cost items.

Note: *The decision trees serve as tools to help states determine the allowability of expenditures; however, all decisions should align with state rules and involve consultation with senior fiscal officials.*

IDEA PART B FUNDS

IDEA Part B regulations stipulate that funds allocated to a local educational agency (LEA) are to be utilized only to pay the excess costs associated with providing special education and related services to children with disabilities. These funds must be used to supplement, rather than supplant, state, local, and other federal funding sources (see [34 CFR §300.202](#)).

In addition to the direct costs of providing special education and related services, the following activities are also permissive uses of funds specified under IDEA Part B:

- **Services and aids that also benefit nondisabled children.** To pay for the costs of special education and related services, and supplementary aids and services, provided in a regular education class or other education-related setting to a student with a disability in accordance with the Individualized Education Program (IEP) of the student, even if one or more nondisabled students benefit from these services ([34 CFR §300.208\(a\)\(1\)](#)).
- **Early intervening services.** To develop and implement coordinated, early intervening services (CEIS) in accordance with [34 CFR 300.226](#).
Note: *LEAs are prohibited from utilizing more than 15 percent of their total Part B 611 and 619 allocation in any given fiscal year ([34 CFR §300.226\(a\)](#)).*
- **High cost special education and related services.** To establish and implement cost or risk sharing funds, consortia, or cooperatives for the LEA itself, or for LEAs working in a consortium of which the LEA is a part, to pay for high cost special education and related services ([34 CFR §300.208\(a\)\(3\)](#)).
- **Administrative case management.** To purchase appropriate technology for recordkeeping, data collection, and related case management activities of teachers and related services personnel providing services described in the IEP of children with disabilities, that is needed for the implementation of those case management activities ([34 CFR §300.208\(b\)](#)).

FEDERAL REGULATIONS FOR ALLOWABLE COST CRITERIA

The Office of Management and Budget's (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, commonly referred to as the Uniform Guidance or the Uniform Grants Guidance, at [2 CFR Part 200](#) establishes accountability requirements to ensure federal grants are used for allowable purposes. The Education Department General Administrative Regulations (EDGAR) provides further guidelines regarding the timing of the obligation for various kinds of property and services, which greatly influences whether such costs are allowable, as detailed in [34 CFR §76.707-708](#).

Under the Uniform Guidance (see [2 CFR §200.403](#)), costs must meet the following general criteria in order to be allowable under a federal award:

- Be necessary and reasonable for the performance of the federal award.
- Be allocable to the federal award.
- Be adequately documented.
- Conform to any limitations or exclusions set forth in these principles or in the federal award as to types or amount of cost items.
- Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the recipient or subrecipient.
- Be accorded consistent treatment. A cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost.
- Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian Tribes only, as otherwise provided under the Uniform Guidance regulations.
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or a prior period.
- Be incurred during the approved budget period. Administrative closeout costs may be incurred until the due date of the final report(s). If incurred, these costs must be liquidated prior to the due date of the final report(s) and charged to the final budget period of the award unless otherwise specified by the federal agency.

For information regarding the timely expenditure of IDEA funds, please see the [Quick Reference Guide on the Timely Expenditure of IDEA Funds](#).

For more information concerning specific items of cost, see [2 CFR Part 200 Subpart E - General Provisions for Selected Items of Cost](#).

About the Decision Trees

The first decision tree includes required elements for allowability of costs, specific to IDEA Part B program statutes and regulations, and translates them into user-friendly language. The second decision tree includes required elements of EDGAR and the Uniform Guidance that are applicable to the allowability of costs for all U.S. Department of Education federal grants.

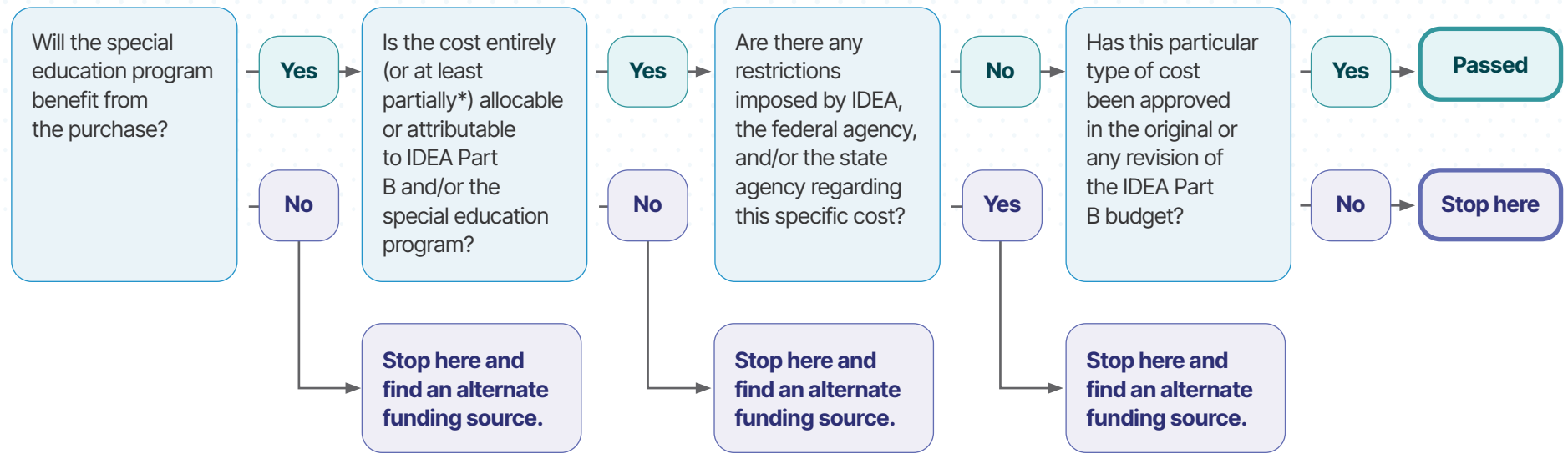
USING THE DECISION TREES

Users should begin with the “IDEA Program Statutes and Regulations” Decision Tree. If the cost item receives a result of “Passed,” users should proceed to evaluate its allowability using the “EDGAR and Uniform Guidance” Decision Tree.

To consider that a specific item of cost may be allowable under IDEA Part B, it must “pass” both decision trees. If the item of cost receives the response “stop here and find an alternate funding source,” the user should conclude that the item is likely not allowable for purchase with IDEA Part B funds.

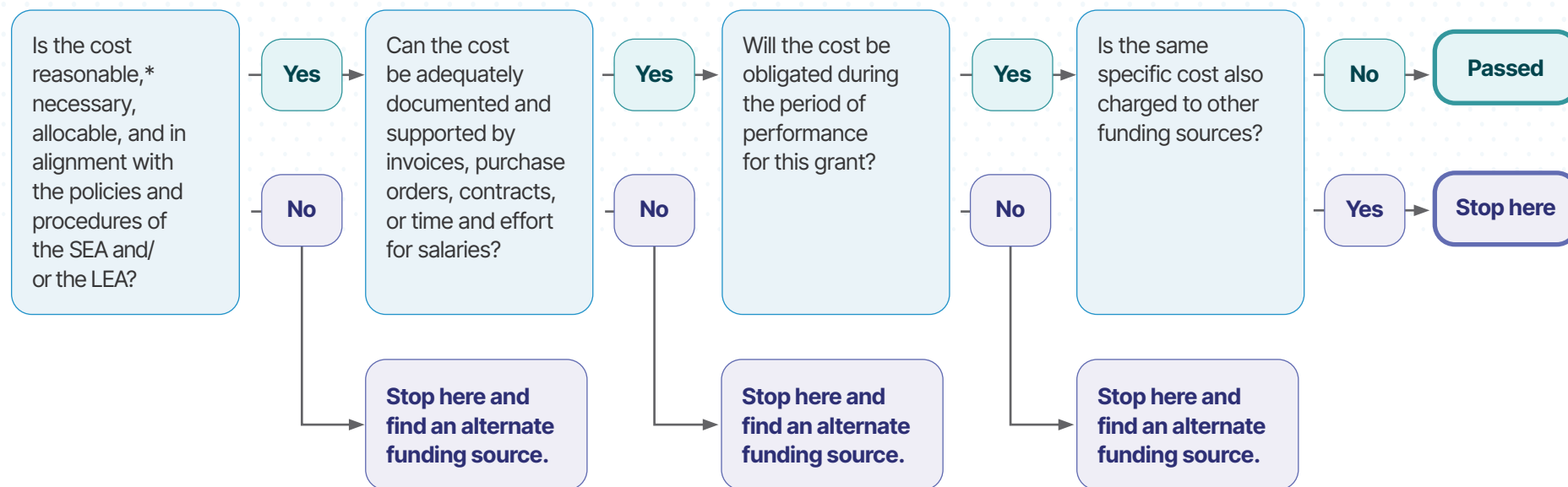
These decision trees cover the criteria used for direct costs charged to the IDEA Part B grants and are not applicable to indirect costs. It is important to note that indirect costs must be treated consistently across different federal grants. The questions in the decision trees are not exhaustive, but they address essential statutory and regulatory components to consider when making decisions regarding the allowability of costs to the IDEA Part B federal grants. The decision trees contain guiding questions that might not cover all contexts regarding the allowability of a cost and are not meant to provide absolute assurance.

IDEA Program Statutes and Regulations



*If the cost is only partially attributable to the IDEA Part B and/or the special education program, it should be allocated using a reasonable methodology.

EDGAR and Uniform Guidance



*Reasonableness is also determined through the SEA and/or LEA procurement process.

The content of this document was developed by the National Center for Systemic Improvement (NCSI) under a grant from the U.S. Department of Education, #H326R240001. However, those contents do not necessarily represent the policy of the U.S. Department of Education, and you should not assume endorsement by the Federal Government. Project Officer: Julia Martin Eile (April 2025)

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