

Management Minute: Cost Principles that Guide Head Start Grants Management

John Williams: Federal regulations establish cost principles for your Head Start grant. Costs that are allowable must be necessary, reasonable, and allocable.

Let's take a closer look. For example, the cost of a playground would be necessary to meet the goals and objectives of your program.

Secondly, to be considered reasonable, these costs must not exceed what a sensible person would pay for playground equipment in any given market condition.

Finally, an allocable cost can be directly charged to the grant based on the benefit provided. It is also important to note that these cost principles apply to non-federal match.

So, when you are thinking about whether costs are allowable, remember that they must be necessary, reasonable, and allocable.