Elementary and Secondary Education Act (ESEA)
Consolidated Budget Application
Consolidated Administrative Costs (CAC)

The purpose of this document is to provide local education agencies (LEAs) with information regarding the option of consolidating administrative costs in the Elementary and Secondary Education Act (ESEA) Consolidated Budget Application. Consolidating administrative funds provides flexibility to LEAs by allowing them to charge administrative costs to an administrative cost pool instead of assigning administrative costs to specific programs.

ESEA Program	Administrative Maximum Percentage for Expenditures Coded in Object Codes 100-300	Administrative Maximum Determined By Federal or State
Title I, Part A	Determined by ADA and Reasonable and Necessary 2 C.F.R. §200.403	State (salary, benefits, contracts for administrative tasks)
Title I, Part A Neglected	Federally sourced from the same fund as Title I, Part A.	State (salary, benefits, contracts for administrative tasks)
Title I, Part C	Determined by ADA and Reasonable and Necessary 2 C.F.R. §200.403	State (salary, benefits, contracts for administrative tasks)
Title I, Part D, Subpart 1	Reasonable and Necessary 2 C.F.R. §200.403	State
Title I, Part D, Subpart 2	Federally sourced from the same fund as Title I, Part A.	State (salary, benefits, contracts for administrative tasks)
Title II, Part A	Determined by ADA and Reasonable and Necessary 2 C.F.R. §200.403	State (salary, benefits, contracts for administrative tasks)
Title III, Part A	2%	Federal
Title IV, Part A	2%	Federal
Title V, Part B	Determined by ADA and Reasonable and Necessary 2 C.F.R. §200.403	State (salary, benefits, contracts for administrative tasks)
*Title IX, Part A	Determined by ADA and Reasonable and Necessary 2 C.F.R. §200.403	State (salary, benefits, contracts for administrative tasks)

* Administrative costs may be charged to the program specific area of the budget application. LEA may not consolidate administrative costs in project 786.

An LEA that chooses to consolidate the **maximum amount** of administrative funds in the ESEA Consolidated Budget Application’s project 786 may not also budget or expend administrative costs in the specific program area of the application.

State Statute Administrative Cap

Oklahoma Statute (O.S.) Title 70, Chapter 1, Section 18-124 prescribes the maximum amount an LEA may use for some specific administrative costs using the district's average daily attendance (ADA). Please review the Administrative Cost Coding Criteria section of the Oklahoma Cost Accounting System (OCAS) Manual for additional information on what function and object codes are included in the calculation.

Administrative Maximum Percentage for Expenditures Coded in Object Codes 100-300					
Average Daily Attendance (ADA)	**Percentage**		**Allocation**		**Allowable Administrative Cost Maximum Amount***
Less than 500 ADA	8%	X	$	=	$
500 – 1500 ADA	7%	X	$	=	$
More than 1500 ADA	5%	X	$	=	$

*When calculating administrative costs, only salary (object code 100), benefits (object code 200), and non-personnel administrative tasks related contracts (object code 300) are included in determining the percentage of expenditures attributed to administration. Most costs for technical training, dues and fees, or supplies are excluded from the administrative cap in place for object code series 100 through 300. Additionally, the administrative cost cap specifically applies to certain district positions, including the superintendent, their staff, treasurer, auditor, board services, directors, and consultants.

Additional Administrative Cap

As addressed in the previous section of this document, state statute provides an administrative cap on expenditures in the object code series 100 through 300. The Office of Title Services (OTS) is providing the following guidance for expenditures in the object code series 400 through 800 to align with state statute.

In **addition** to the administrative maximum percentage for expenditures coded in object codes 100 through 300 – the district may also apply the same ADA scale and cap to expenditures coded to object code series 400 through 800.

Administrative Maximum Percentage for Expenditures Coded in Object Codes 400-800					
Average Daily Attendance (ADA)	**Percentage**		**Allocation**		**Allowable Administrative Cost Maximum Amount****
Less than 500 ADA	8%	X	$	=	$
500 – 1500 ADA	7%	X	$	=	$
More than 1500 ADA	5%	X	$	=	$

This is the amount of funds that may be budgeted and expended in **addition to the funds budgeted and expended in object series 100 through 300. Most costs associated with technical training, dues and fees, or supplies are included in this separate and additional amount for object code series 400 through 800. Just as with the administrative cap described for object code series 100 through 300 the administrative cost category for object series 400-800 specifically applies to certain district positions, including the superintendent (must serve as the instructional leader in the building), their staff, treasurer, auditor, board services, directors, and consultants.

Additionally, the consolidated administrative cost (CAC) is calculated after the transfer of funds. Indirect cost (IDC) is calculated after the transfer is completed and after CAC is calculated.

Federal Statute Flexibility

ESEA Section 8203 authorizes the consolidation of funds for LEA administration. This provision grants LEAs flexibility in how they manage administrative resources. The flexibility allows LEAs to combine certain administrative funds (such as those from Title I, Title II, Title III, Title IV, and other federal education programs) into a single administrative account. This can simplify budgeting, improve efficiency, and reduce administrative costs. In Oklahoma, this account is identified as project 786.

Allowable Expenditures

The LEA must use the funds consolidated in project 786 for one of the following -

1. Administration of the contributed federal programs.
2. Technical assistance for contributing federal programs.
3. Dissemination of information regarding model programs and practices.
4. Training personnel engaged in grants management activities including audit and other monitoring activities.

5. Coordination of the contributing programs with other federal and non-federal programs.
6. Establishment of review mechanisms that ensure accountability for federal programs.

Unexpended Funds

At the end of a fiscal year, any unexpended CAC funds left in the program after the closeout of the current fiscal year will return to the contributing programs, resulting in an increase to the unexpended balance.

Nonconsolidated Administrative Costs

Any administrative funds not consolidated in project 786 will be held to the same caps described in previous sections of this document.