

281—120.225(34CFR303) Prohibition against supplanting; indirect costs.

120.225(1) General. The department must provide satisfactory assurance that the federal funds made available under Section 643 of the Act to the state:

- a.* Will not be commingled with state funds; and
- b.* Will be used so as to supplement the level of state and local funds expended for infants and toddlers with disabilities and their families and in no case to supplant those state and local funds.

120.225(2) Additional information. To meet the requirement in subrule 120.225(1), the total amount of state and local funds budgeted for expenditures in the current fiscal year for early intervention services for children eligible under this chapter and their families must be at least equal to the total amount of state and local funds actually expended for early intervention services for these children and their families in the most recent preceding fiscal year for which the information is available. Allowance may be made for:

- a.* A decrease in the number of infants and toddlers who are eligible to receive early intervention services under this chapter; and
- b.* Unusually large amounts of funds expended for such long-term purposes as the acquisition of equipment.

120.225(3) Requirement regarding indirect costs.

a. Except as provided in paragraph 120.225(3) “*b*,” the department may not charge indirect costs to its Part C grant.

b. If approved by the department’s cognizant federal agency or by the Secretary, the department must charge indirect costs through either:

- (1) A restricted indirect cost rate that satisfies 34 CFR 76.560 through 76.569; or
- (2) A cost allocation plan that meets the non-supplanting requirements in subrule 120.225(2) and 34 CFR Part 76 of EDGAR.

c. In charging indirect costs under paragraph 120.225(3) “*b*,” the department may not charge rent, occupancy, or space maintenance costs directly to the Part C grant, unless those costs are specifically approved in advance by the Secretary.

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