

**Excess Costs**  
**Preamble Comments and Discussion**

**Excess Costs (§ 300.16)**

*Comment:* One commenter stated that an example on calculating excess costs would be a helpful addition to the regulations.

*Discussion:* We agree with the commenter and will include an example of calculating excess costs in *Appendix A to Part 300—Excess Costs Calculation*. In developing the example, we noted that while the requirements in § 300.202 exclude debt service and capital outlay in the calculation of excess costs, the definition of *excess costs* in § 300.16 does not mention this exclusion. We believe it is important to include this exclusion in the definition of *excess costs* and will add language in § 300.16 to make this clear and consistent with the requirements in § 300.202.

*Changes:* We have revised § 300.16(b) to clarify that the calculation of excess costs may not include capital outlay or debt service. We have also added *Appendix A to Part 300—Excess Costs Calculation* that provides an example and an explanation of how to calculate excess costs under the Act. A reference to Appendix A has been added in § 300.16(b).