

Allowability of Costs:

Can I use IDEA funds for...?

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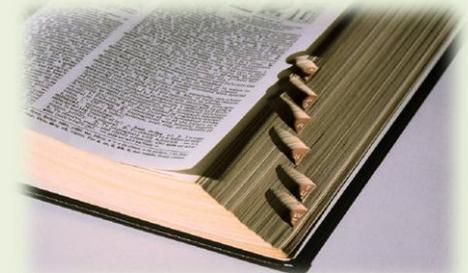


Objectives

- **At the end of the session, participants will:**
 - Understand the requirements of IDEA, EDGAR, and OMB Circulars as they apply to allowable costs.
 - Determine whether specific costs are allowable or not under specific conditions.
 - Determine appropriate time and effort documentation based on scenarios presented.
 - Understand the use of CEIS funds for RtI.

Acronyms

- **CEIS** Coordinated Early Intervening Services
- **CFR** Code of Federal Regulations
- **EDGAR** Education Department General Administrative Regulations
- **GEPA** General Education Provisions Act
- **IDEA** Individuals with Disabilities Education Act
- **OMB** Office of Management and Budget
- **PAR** Personnel Activity Report
- **RtI** Response to Intervention
- **USC** United States Code



Dictionary

Applicable Federal Statutes, Regulations, and Guidance

❑ **IDEA – 34 CFR 300; 20 USC 1400**

❑ **EDGAR**

— 34 CFR 76 State-Administered Programs

— 34 CFR 80 Uniform Administrative Requirements for Grants and Cooperative Agreements to State & Local Governments

— 34 CFR 81 GEPA Enforcement

— 34 CFR 82 Restrictions on Lobbying

— 34 CFR 85 Government-wide Debarment & Suspension

— 34 CFR 99 FERPA

Applicable Federal Statutes, Regulations, and Guidance (cont.)

- ❑ **OMB – 2 CFR 200**
 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

- ❑ **Circular A-87**
 - Cost Principles

- ❑ **Circular A-133**
 - Audits of States, Local Governments and Non-Profit Organizations

Factors affecting allowability of costs (2 CFR 200.403)

- ❑ **Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:**
 - a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
 - b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.

Factors affecting allowability of costs (cont.)

- c) Be consistent with policies and procedures that apply uniformly to both federally-funded and other activities of the non-Federal entity.

- d) 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.

Factors affecting allowability of costs (cont.)

- e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this Part.
- f) 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.
- g) Be adequately documented.

Definitions

❑ Necessary (adj.):

- Being essential, indispensable, or requisite
- Needed to achieve a certain desire effect, or result; required

❑ Reasonable (adj.):

- Not exceeding the limit prescribed by reason; not excessive
- Moderate, especially in price; not expensive

Reasonable costs

(2 CFR 200.404)

- ❑ A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.

The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to:

Reasonable costs (cont.)

- a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.
- b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state and other laws and regulations; and terms and conditions of the Federal award.

Reasonable costs (cont.)

- c) Market prices for comparable goods or services for the geographic area.
- d) Whether the individuals concerned acted with prudence in their circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal government.

Reasonable costs (cont.)

- e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.

Questions to Ask

- ❑ For a particular cost to be allowed, it must be an excess cost of providing special education and related services.
- ❑ When determining whether a cost is an excess cost, ask the **following** guiding questions:
 - In the absence of special education needs, would this cost exist?

If the answer is...

- No, then the cost is an excess cost and may be eligible.
- Yes, then the cost is not an excess cost and is not allowed.

Questions to Ask (cont.)

- Is this cost also generated by students without disabilities?

If the answer is...

- No, then the cost is an excess cost and may be eligible.
- Yes, then the cost is not an excess cost and is not allowed.

Questions to Ask (cont.)

- ❑ If it is a child specific service, is the service documented in the student's IEP?

If the answer is...

- Yes, then the cost is an excess cost and may be eligible.
- No, then the cost is not an excess cost and is not allowed.

Time & Effort

- ❑ Any individual charged to a federal grant must keep time and effort reporting. A semi-annual certification is completed by those individuals who have a single cost objective; a monthly personnel activity report (PAR) is completed by an individual who has multiple cost objectives. Under IDEA, any individual who is not 100% special education would need to complete monthly PARs.

Support Documentation

Semiannual certifications

- If an employee works solely on a single Federal award or cost objective, charges for the employee's salary and wages must be supported by periodic certifications that the employee worked solely on that program or cost objective for the period covered by the certification. Those certifications must –
 - Be prepared at least semiannually.
 - Be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

Support Documentation (cont.)

Personnel activity reports

- If an employee works on multiple activities or cost objectives, a distribution of the employee's salary and wages must be supported by a personnel activity report (PAR) or equivalent documentation. The Appendix lists instances of multiple activities or cost objectives for which a PAR is required — that is, if an employee works on —
 - More than one Federal award.
 - A Federal award and a non-Federal award.
 - An indirect cost activity and a direct cost activity.
 - Two or more indirect activities that are allocated using different allocation bases.
 - An unallowable activity and a direct or indirect cost activity.

Support Documentation (cont.)

A PAR must –

- Reflect an after-the-fact distribution of the actual activity of the employee.
- Account for the total activity for which each employee is compensated.
- Be prepared at least monthly and coincide with one or more pay periods.
- Be signed by the employee.

Semiannual Certification or PAR?

- ❑ Is it possible for an employee to work on a single cost objective if the employee's salary and wages are supported by more than one Federal award or a Federal award and a non-Federal award?
- ❑ This question results from tension between the requirements above regarding when a semiannual certification is required and when the employee must maintain a PAR, because a "single cost objective" may, in some cases, be supported by multiple Federal awards or by Federal awards and non-Federal funds.

Definition of Cost Objective

- ❑ A function, organizational subdivision, contract, grant, or other activity for which cost data are needed and for which costs are incurred.



Single Cost Objective

- ❑ A single function or a single grant or a single activity.
- ❑ It is possible to work on a single cost objective even if an employee works on more than one Federal award or on a Federal award and a non-Federal award.
- ❑ The key to determining whether an employee is working on a single cost objective is whether the employee's salary and wages can be supported *in full* from each of the Federal awards on which the employee is working, or from the Federal award alone if the employee's salary is also paid with non-Federal funds.

Recommendation

- ❑ If a district has an employee who works on a federal cost objective, either 100% or less, but is paid with state or local funds (not federal funds) for that work because there are not sufficient federal funds available to pay that employee's salary, it is recommended that, for the employee working 100% on a single federal cost objective, the semi-annual certifications be completed.

Coordinated Early Intervening Services

(CEIS – 34 CFR 300.226)

- ❑ Up to 15% of IDEA Part B funds
- ❑ Develop and implement coordinated, early intervening services
- ❑ Students in K-12 (particular emphasis on K-3)
 - Not currently identified as needing special education or related services
 - Need additional academic and behavioral support to succeed in a general education environment

CEIS (cont.)

- ❑ Professional development for teachers and other school staff
- ❑ Enable them to deliver scientifically based academic and behavioral interventions, including scientifically based literacy instruction, and, where appropriate, instruction on the use of adaptive and instructional software

CEIS (cont.)

- ❑ Providing educational and behavioral evaluations, services, and supports, including scientifically based literacy instruction.
- ❑ Cannot limit or create a right to FAPE or delay appropriate evaluation of a child suspected of having a disability.

CEIS (cont.)

- ❑ Annual reporting to SEA:
 - Dollar amount reserved/expended.
 - Number of children served who received CEIS.
 - Number of children served who received CEIS during the prior two years and then receive special education and related services during the reporting year.

- ❑ Funds may be used to supplement, and not supplant, funds made available under the ESEA for the activities and services.

Response to Intervention (RtI)

- ❑ If a district were to use IDEA funds to support an RtI process, those funds would be subject to the requirements of the CEIS provisions under IDEA.
- ❑ IDEA funds for RtI could not be used for Tier 1 since that level is for general instruction of all students.
- ❑ IDEA funds could be used for Tier 2 and Tier 3 services as long as students receiving those levels of intervention are not yet identified for special education.

Questions?

What do I think -
now?

How can this
information be
used?

?



Thank you!

*Keep the Main thing the
Main thing!*

