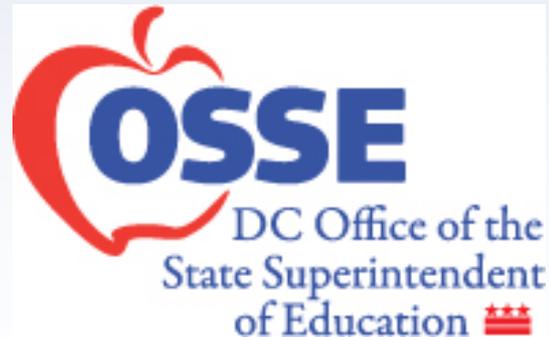


# An Overview of Allowability:

How to Spend Title IA Funds Appropriately

OSSE Federal Programs Bootcamp

September 1<sup>st</sup>, 2009



# Welcome and Introductions

- Facilitator Introductions:
  - Natalie Mitchell, Federal Grants Reform Program Analyst, Title I Team
- Participant Introductions:
  - Polls

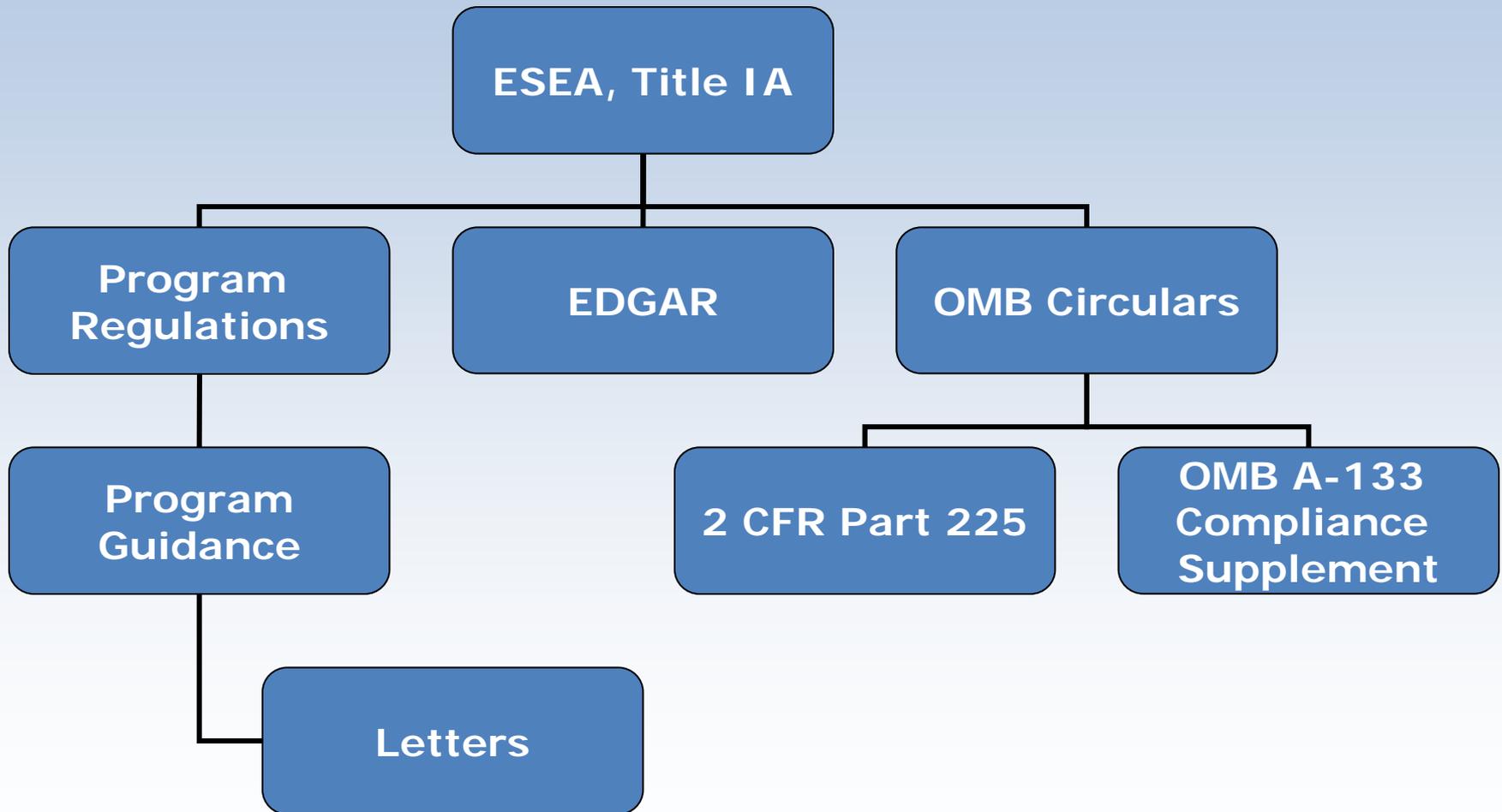
# Getting Started...

- **Who should be here?**
  - Representatives from LEAs that receive Title IA funds – LEA or school-level
- **Why should you be here?**
  - So that you can learn the allowability requirements for expending Title IA funds

# Questions We Will Address Today

1. Which controls determine the allowability of spending Title IA funds?
2. How do these controls affect spending?

# Allowability Controls



# Program Statute – Title IA

## What is the Purpose of Title IA?

- To provide **supplemental financial assistance** by way of SEAs to LEAs in order to meet the unique educational needs of children in schools with high concentrations of students from low-income families
- To ensure that these children reach, at a minimum, **proficiency in challenging State academic achievement standards** and State academic **assessments**
- To promote **reform** that ensures that *all* children in participating schools, particularly those most educationally disadvantaged or at risk of failing, have a fair, equal, and significant opportunity to obtain a high-quality education

# Title IA Generally...

- Title IA, like IDEA, does not have a specific 'Uses of Funds' section rather allowability is intentionally broad
- Funds can be used for virtually any **academic** cost that can be tied directly to the purpose of the grant
- Statutory program requirements must form the basis for all cost analyses
  - Supplemental
  - Eligibility
  - Beneficiaries
  - Caps
  - Restrictions
  - **Set-Asides**

# Required Set-Asides

Condition	Set-Aside must fund:	% Amount of Set-Aside
<p><b>DCPS LEA:</b> None, must set aside</p> <p><b>Charter LEAs:</b> If receiving more than \$500,000 of Title IA funds</p>	<p>Parental Involvement Activities</p>	<p>1%</p>
<p><b>All LEAs:</b> If not all teachers are HQ</p>	<p>Efforts to ensure all instructors become HQ*</p> <p>*defined by sec.1119 and 9101(23) of ESEA</p>	<p>5%* (unless lesser need is demonstrated)</p> <p>*34 CFR Subtitle B, Part 200.60</p>
<p><b>All LEAs:</b> If LEA has schools in school improvement, corrective action, or year one of restructuring</p>	<p>Choice-transportation services or SES*</p> <p>*Defining Regulations: 34 CFR Subtitle B, Parts 200.30 – 200.47</p>	<p>Minimum of 20%* (unless lesser need is demonstrated)</p> <p>*34 CFR Subtitle B, Part 200.48</p>
	<p>High quality professional development</p>	<p>Minimum of 10% - both for individually ID'd schools and ID'd LEAs. ID'd LEAs may include in their 10% total the required 10% set-aside for ID'd schools.</p>

# Optional Set-Asides

Purpose	Cap or Restriction
Administration	Costs should not exceed a necessary and reasonable amount. Administrative costs in excess of 10% will be closely examined
Financial incentives and awards to teachers in schools that are in improvement	Must not exceed 5% of award

# Non-Charter Required Set-Asides with No Specified Percentage

## Until Obligation is Fulfilled

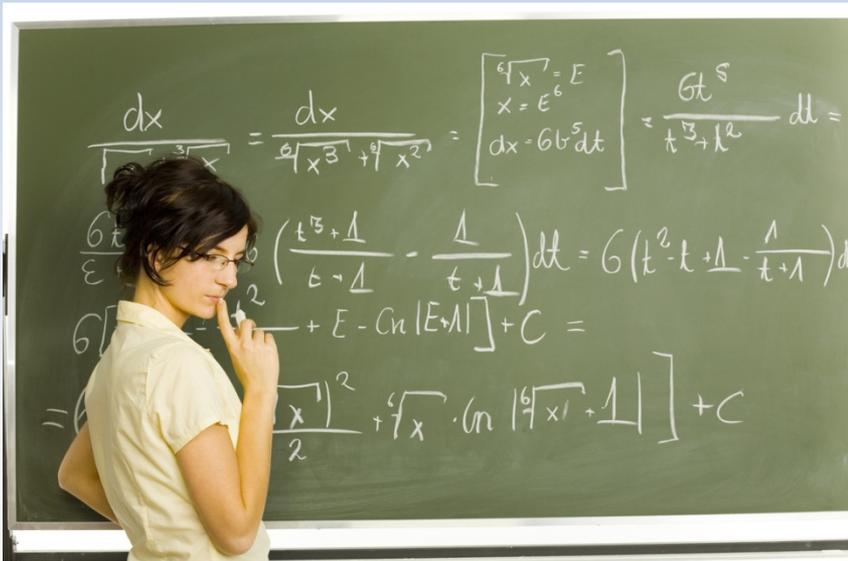
- Equitable services for private school students, their teachers and families in accordance with section 1120 of ESEA

## 'Necessary and Reasonable' Amount

- Homeless children who do not attend Title 1A schools
- Neglected and delinquent children

# To Review...

- All costs must be tied directly to the purpose of the grant:
  - Proficiency in challenging State academic achievement standards and assessments
  - Reform that ensures a fair, equal, and significant opportunity to obtain a high-quality education





## ESEA, Title IA

Program Regulations

EDGAR

OMB Circulars

Program Guidance

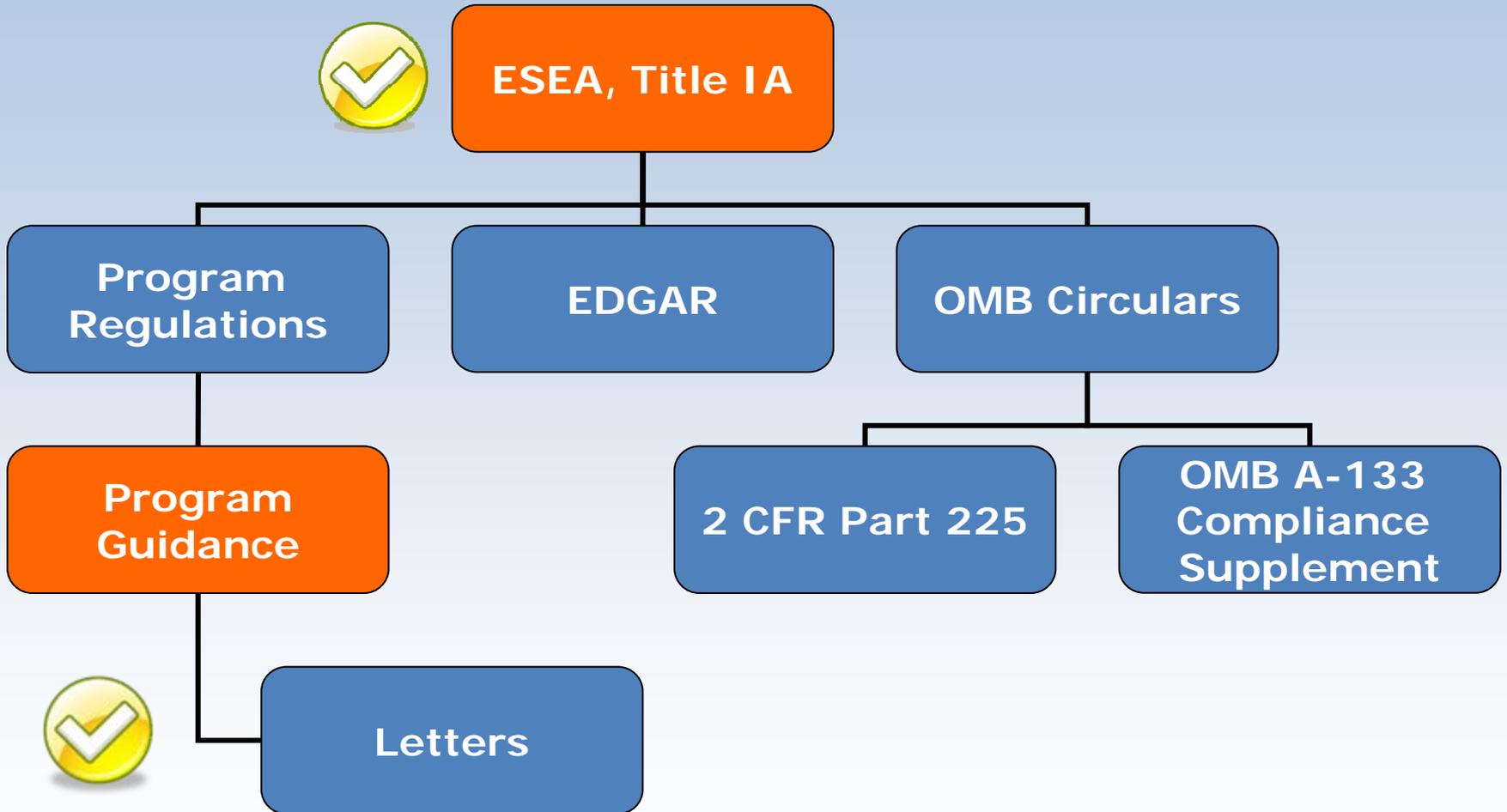
2 CFR Part 225

OMB A-133 Compliance Supplement

Letters

# Program Guidance

- While no specific Uses of Funds guidance is included in the Title IA program statute, existing guidance from the ESEA reauthorization of 1994 – the Improving America’s Schools Act – proves useful.
- Guidance includes 19 scenarios issued in typical Q&A format
- Provides guidance on matters of:
  - Benefits
  - Time & Effort
  - Property and Equipment Expenses
  - Training non-TIA personnel
  - Interest on leased equipment
  - Disposal of equipment and proceeds from said disposition
  - Flexibility regarding use of equipment without violating allocability rules
  - Travel and conference costs
  - Vehicle insurance
  - Paying parents to attend meetings



# Education Department General Administrative Regulations (EDGAR)

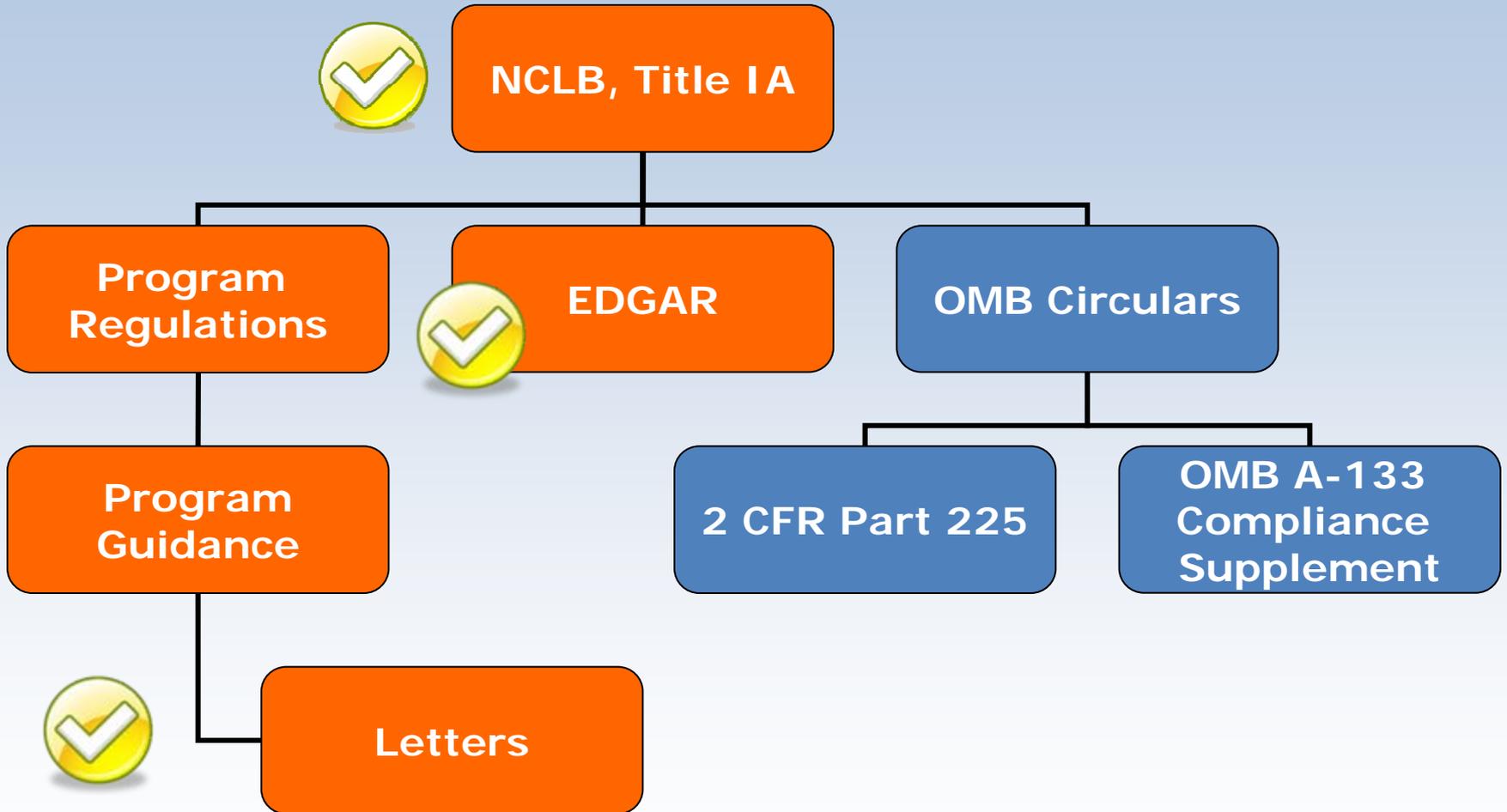
Two sections of EDGAR are most relevant to  
Title IA allowability:

## Prohibited Use of Funds: Section 76.532

- Religion: religious worship, proselytization or instruction are forbidden; as are materials to facilitate said activities
- Acquisition or construction of real property
- Uses of tuition and fees

## Limitation on Use of Funds: Section 80.22

- Cannot be used as a fee or profit to the grantee or subgrantee



# 2 CFR Part 225

## Appendix A

### Costs must be:

- **Reasonable**

- ‘Ordinary and necessary’
  - ‘Prudent Person’ standard
  - Market prices
- Employ ‘Arm’s Length’ bargaining and sound business practices
- Comply with terms and conditions of the federal award
- Have no significant deviation from established practices

- **Allocable to federal awards**

- A cost is allocable if the goods or services in question are chargeable in accordance with the relative benefit received.
  - For example, computers that are used 50% of the time for Title IA should be charged 50% to Title IA
- Costs allocable to a particular federal award or cost objective may not be charged to another federal award to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the federal awards, or for ‘other reasons’

- **Authorized** or at least **not prohibited** under state/local laws and rules
- Able to **conform** to limitations and exclusions of the federal award or other applicable rules
- **Consistent** with policies, regulations and procedures that apply uniformly to federal and non-federal funds alike
- Accorded **consistent treatment**
  - Like costs must always be charged the same way; direct or indirect
- Determined in accordance with **Generally accepted accounting principles (GAAP)**
- **Not counted towards matching or cost-sharing requirements for any other federal award**
  - Current or prior period
- **Net** of all applicable credits
- Adequately **documented**

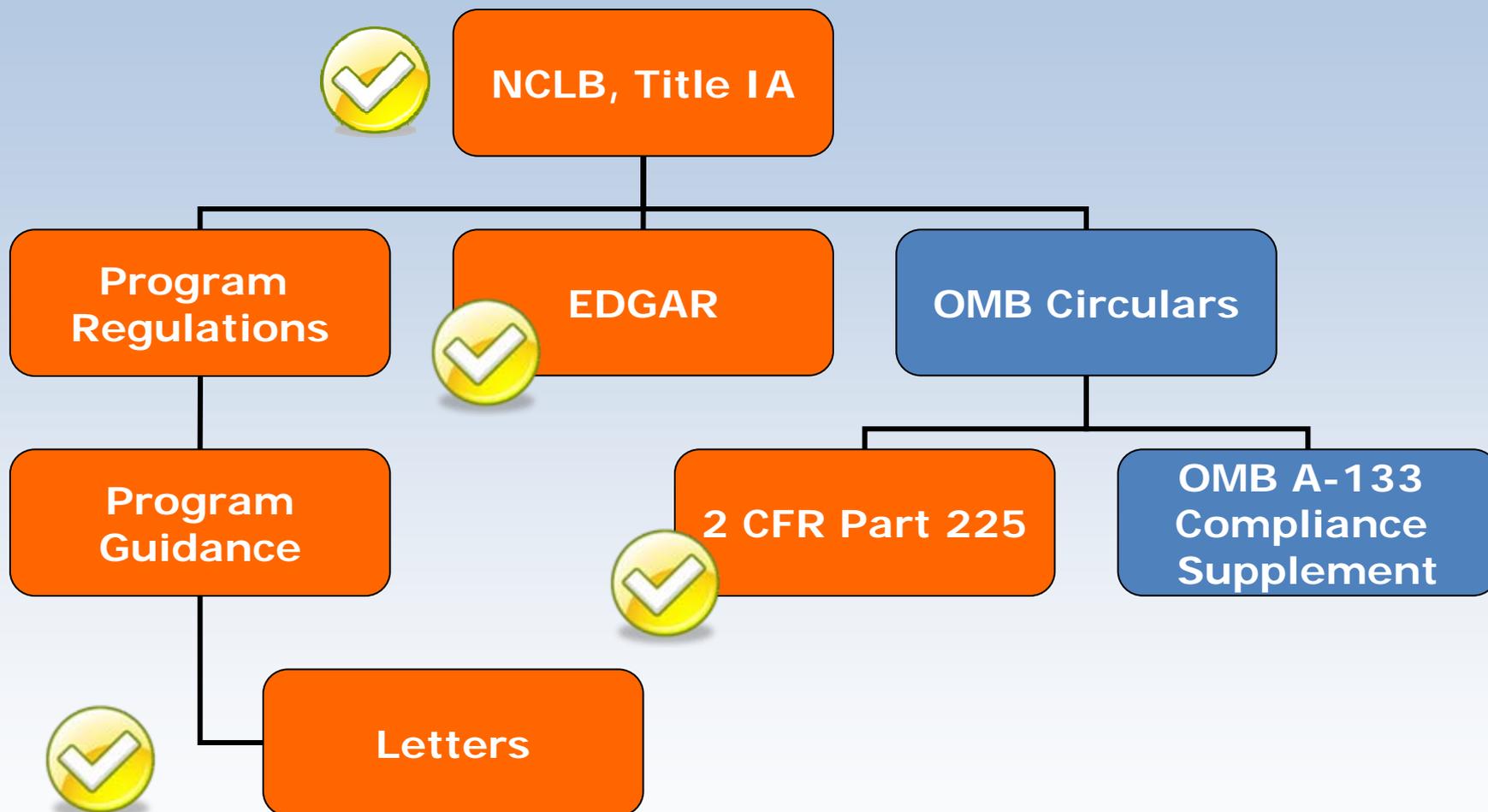
# Appendix B

## 43 Selected Items of Cost

- 43 selected items are detailed in extensive detail, providing general circumstances under which the cost may be allowable or unallowable; particularly when the allowability is conditional
- The list should not be considered exhaustive and unlisted costs should be considered based on standards given for similar or related costs

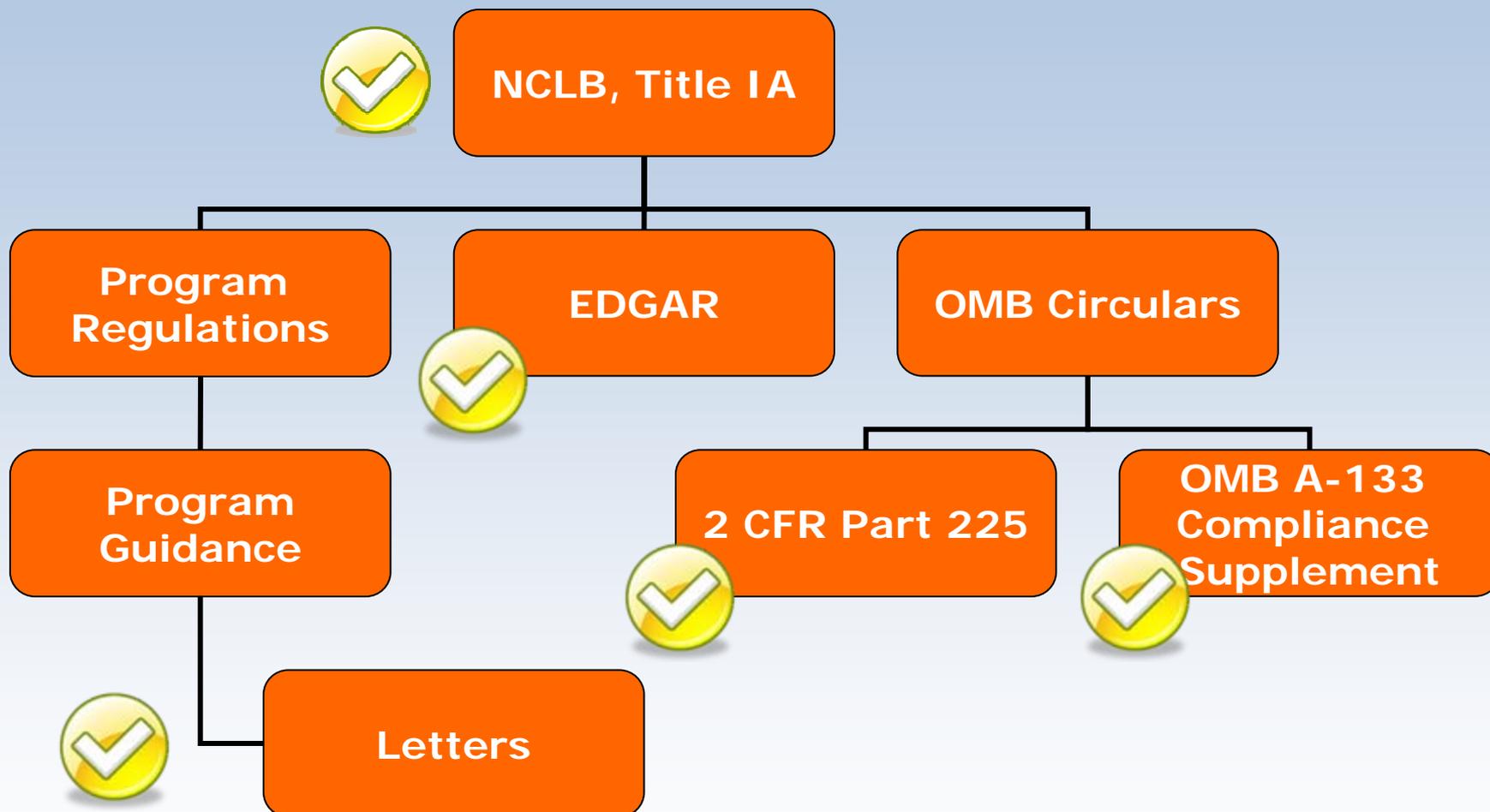
## Categories of Cost Allowability

- **Allowable**
  - Few costs are allowable under virtually all circumstances
  - Costs may **also** be allowable prior to date on which funds may be obligated for the grant award period with prior written approval
- **Unallowable**
  - Though most costs are allowable under certain circumstances, some relevant costs are *always* unallowable:
    - Alcoholic beverages
    - Bad debts
    - Contributions or donations rendered
    - Costs of fundraising
    - Entertainment
    - Goods or services for personal use
- **Allowable under certain circumstances**
  - Almost all costs fall under this category, maintaining some sort of conditional allowability



# A-133 and SNS

- It is required that Title IA funds be used to *supplement* the amount of non-federal funds available to the LEA
- A-133 is the OMB compliance supplement used by auditors in conducting single audits and gives 3 instances in which supplanting may be presumed:
  - If federal funds are used to provide services that the LEA is required to make available under other federal, state or local laws
  - If federal funds are used to provide services that the LEA provided with non-federal funds in the prior year; or
  - If federal funds are used to provide services for participating children that are provided for non-participating children with non-federal funds



# A Model for Analysis...

- Does the cost meet all of the requirements of Title IA statute?
- Is the cost forbidden under 2 CFR Part 225 or EDGAR?
- Does the cost meet the 10 cost guidelines given in 2 CFR Part 225, Appendix A?
- Does the cost comply with SNS?
- Is the cost supported by your approved ConApp?

# Scenarios



An arts-centered charter school wishes to use Title IA funds to cover costs incurred when parents defected on school arts participation fees for Title IA students

Allowable?

No!

An LEA wishes to pay for a Fall PD training and per diem for a non Title IA staff member so that he can begin working with Title IA students in the Spring semester

Allowable?

Yes!

An LEA wishes to purchase 600 bags of marshmallows for an LEA-wide math assignment on measurement. The marshmallows are Easter-themed.

Allowable?

Yes!

An LEA wishes to pay retirement benefits for a school administrator who worked on Title IA

Allowable?

Yes!

A charter LEA wishes to pay for  
Tango dancers for a holiday that  
only Title IA staff will attend

Allowable?

No!

An LEA wishes to fund a part-time Title IA staff member's position that was funded last year by state funds but eliminated due to financial hardship

Allowable?

Yes!...with caveats...

An LEA wishes to purchase English textbooks for a classroom with 100% Title IA students

Allowable?

No!

A charter LEA wishes to pay part of the principal's salary. The principal will also be the project manager for an after-school tutoring program

Allowable?

No!

A Charter LEA wishes to use Title IA funding to pay 100% of the salary of an employee who works on all Title IA programs

Allowable?

Yes!

An LEA wishes to pay for new computers that will be used by Title IA students during the day and Adult and Family Ed learners at night

Allowable?

Yes!...depending on allocability

# Questions?



# Resources

- Title IA of ESEA
- 2 CFR Part 225
- EDGAR (34 CFR Parts 76 and 80)
- Uses of Funds Guidance issued under the IASA of 1994

**Contact: The Title I Specialist assigned to your LEA**

**This presentation is intended solely to provide general information and does not constitute legal advice. You should not take any action based upon any information in this presentation without first consulting legal counsel familiar with your particular circumstances.**