

FEDERAL PROGRAMS IMPLEMENTATION GUIDE

ACHIEVEMENT SCHOOL DISTRICT



Table of Contents

Program Contact Information	3
Common Acronyms	4
Federal Programs Calendar	6
Introduction.....	7
Federal Programs Overview.....	7-8
Grant Award Process	9
Award Notification and Acceptance of Grant Funds	9
Overview of Grant Award Documents.....	10
Funding Calculations.....	10-11
Reimbursement Management	12-27
Purpose of Reimbursement Requests.....	12
Prerequisites to the Reimbursement of Funds	12
Contents of a Complete Reimbursement Package.....	12
Operator’s Reimbursement Checklist.....	13
Reimbursement Request Workbook.....	14
Submission of Reimbursement Requests.....	19
Supporting Documentation	20
Fiscal Monitoring and Compliance	28-33
Supplement vs. Supplant	28
Determining Allowability of Costs.....	29
Equipment.....	31
Record Retention.....	31
Federal Programs Fiscal Monitoring Process	32
Financial Management of Grant Funding.....	34-38
Monthly Financial Statements.....	34
Payment Process.....	38
Additional Procedures	38-42
Implementation Issues.....	38
Budget Change/Revision Request.....	38
Non-Compliance.....	39
Federal Programs Grant Closeout Procedures	39
Financial Closeout Procedures.....	41
Appendix-General Grant Information	43-138
Eplan User Access	43
Every Student Succeeds Act (ESSA).....	47
Title I.....	49
Title II.....	59
Title III.....	62
Title X.....	66
IDEA.....	68
Pre K Grants	80
Safe and Supportive Schools.....	84
21 st Century/LEAPS.....	87
CTE	90
ESSER 3.0.....	94
Federal Programs Guidelines.....	97
Non-Public/Private School Compliance	136
Additional Resources.....	137
Fraud, Waste, or Abuse.....	138

Staff Contact Information

Dr. Sharon Smith Chief of Federal Programs Sharon.D.Smith@tn.gov 615-981-0503	Federal Programs Oversight and Compliance <ul style="list-style-type: none"> • Federal Programs Policies, Procedures, and Processes • Federal Programs Programmatic and Fiscal Compliance • Federal Programs Planning, Implementation,
Cassandra Anderson Federal Programs Manager cassandra.anderson@tn.gov 615-795-7003	Federal Programs point of contact for <ul style="list-style-type: none"> • 21st Century and LEAPs Programs • CTE Program • VPK Programs • First 8 Memphis
Jessica Johnson Federal Programs Manager jessica.johnson@tn.gov (615) 964-1813	Federal Programs point of contact for <ul style="list-style-type: none"> • ESSER
Teri Manning-Euell Federal Programs Manager Teri.manningeuell@tn-asd.org 901-422-1749	ASD point of contact for <ul style="list-style-type: none"> • Homeless, Migrant and Foster Care Programs • EL Program • Non-Public/Private School Equitable Services
Valencia Stone Early Childhood Education Director vstone@tnasd.org (901) 440.7517	ASD point of contact for <ul style="list-style-type: none"> • All District Pre-K Programs/Initiatives
Rose Johnson Finance Director rose.johnson@tn.gov 615-804-1794	ASD Fiscal Compliance Monitoring <ul style="list-style-type: none"> • Monthly Statements • BEP and Sped Tiered Payments • Grant Reimbursement Payments • SSEER Reports, Final Expenditure Reports
Rica Douglas Non-Public/Private School Compliance Coordinator Rica.douglas@tn.gov 615-964-3354	ASD Point of Contact for <ul style="list-style-type: none"> • Equitable services to private schools
Kathy Green Federal Programs Coordinator Kathy.green@tn.gov	Federal Programs first point of contact for day-to-day Federal Program implementation, such as: <ul style="list-style-type: none"> • Reimbursement Requests • Federal Programs Guidelines and Documentation • New Employee Trainings

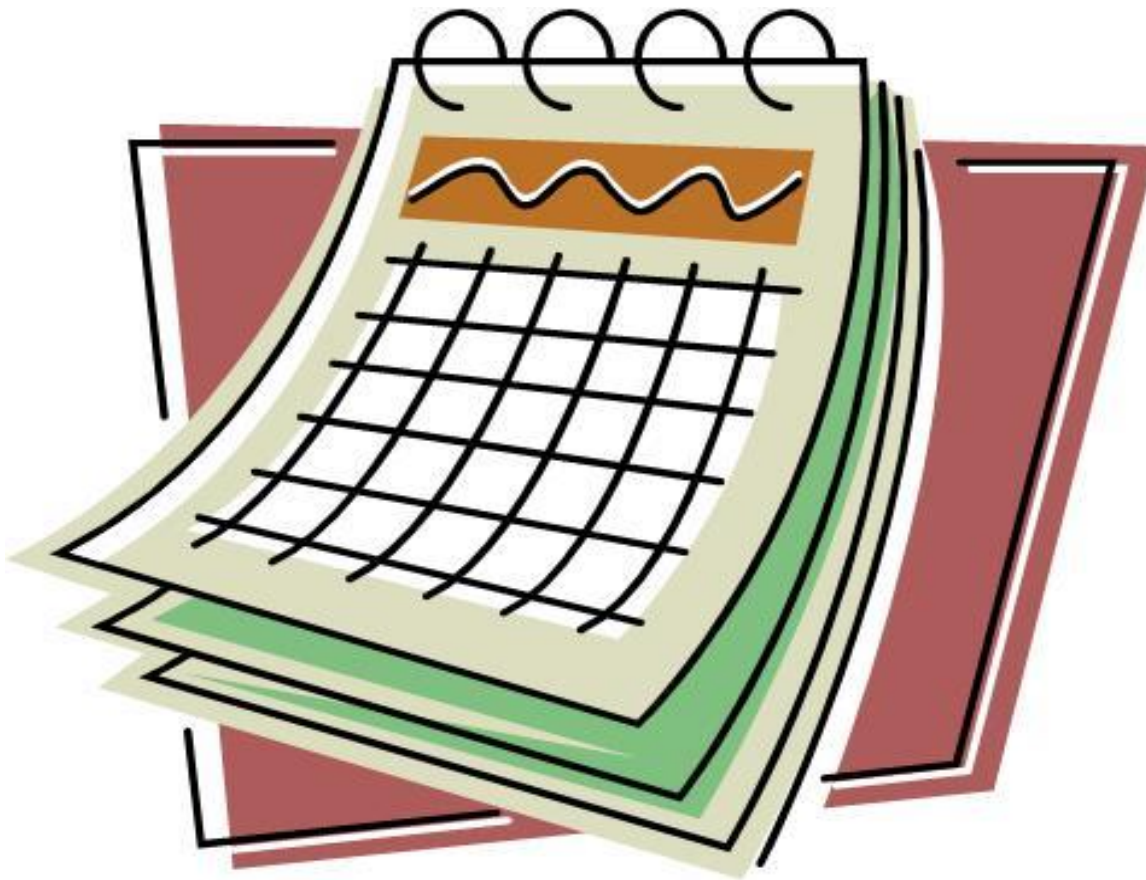
Common Acronyms

AYP	Adequate Yearly Progress
CAP	Compliance Action Plan
CFA	Consolidated Funding Application
CFDA	Catalog of Federal Domestic Assistance
CFR	Code of Federal Regulations
CMO	Charter Management Organization
CPM	Consolidated Planning & Monitoring
CSPR	Consolidated State Performance Report
EDGAR	Education Department General Administration Regulation
EIS	Education Information System
EL	English Learner
ESEA	Elementary and Secondary Education Act
ESL	English as a Second Language
ESSA	Every Student Succeeds Act
FAIN	Federal Award Identification Number
FAPE	Free Appropriate Public Education
FER	Final Expenditure Report
FMS	Financial Management System
FTE	Full Time Employee
FY	Fiscal Year
GAN	Grant Award Notification
HQT	Highly Qualified Teacher
ICR	Indirect Cost Rate
IDEA	Individuals with Disabilities Education Act
IEP	Individualized Education Program
ILP	Individualized Language Plan
LEA	Local Educational Agency
MOE	Maintenance of Effort
MOU	Memorandum of Understanding
N & D	Neglected & Delinquent
NCLB	No Child Left Behind Act of 2001
PAR	Personnel Activity Report
PD	Professional Development
PPA/PPE	Per Pupil Allocation/ Per Pupil Expenditure

RTT	Race to the Top
SA	Semi-Annuals
SAM	System for Award Management
SEA	State Educational Agency
SIG	School Improvement Grant
SNS	Supplement Not Supplant
SPED	Special Education
SW	School-wide
SWDs	Students with Disabilities
SY	School Year
T&E	Time & Effort
TDOE	Tennessee Department of Education
UGG	Uniform Grant Guidance
USDE	United States Department of Education

Federal Programs Calendar

For the 2019-20 school year, federal programs has created an annual calendar to include dates for submissions of grant applications, reimbursement requests, programmatic grant reports, data collection, school level payments, budget revisions, office closures, holidays, etc. The calendar is located on the calendar page of the federal programs website and can also be accessed at the following link: <https://sites.google.com/a/tnasd.org/office-of-federal-programs/calendar>.



Introduction

This guide is provided as a resource for sub-recipients/schools receiving grant awards from the Achievement School District (ASD). The information contained in this document includes resources related to the functional operations of the grant awards, descriptions of processes such as award acceptance, reimbursement procedures, progress reporting, etc., and details of the touch-points between award recipients (sub-recipients/schools) and the Office of Federal Programs. Additionally, this document has been updated to align with the Every Student Succeeds Act (ESSA).

Federal Programs Overview

The Office of Federal Programs manages, monitors and supports federal and state funds provided to the ASD and its schools. The primary role of the division is to administer federal grant programs, ensure timely reimbursement for allowable expenditures, conduct fiscal monitoring of grant programs, and to facilitate the necessary technical assistance to ensure not only compliance, but quality educational programs across all ASD schools. Compliance is the first step toward program quality, and monitoring is the springboard to providing technical assistance. As such, the federal programs staff is responsible for monitoring the expenditures of federal grant sub-recipients/schools to ensure that federal funds are used for authorized purposes in compliance with federal statutes, regulations, the approved funding application, and the terms and conditions of federal awards.

The federal programs staff is responsible for the administration and monitoring of various Federal and State funded programs and grants. This funding is provided to the district to supplement those activities and programs already in place within the schools. The purpose of federal funds is to provide supplemental assistance and enhancement to sub-recipients/schools, such that programs can be developed and implemented that promote academic achievement. These funds may be used in any way that supplements the curriculum and meets the needs to be addressed by a particular grant program.

The work of the Office of Federal Programs is guided by federal and state regulations. The following documents are referenced for relevant grants management requirements. Schools should be familiar with these materials and consult them when making decisions related to their federal grants.

➤ Education Department General Administrative Regulations (EDGAR)

• <http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>

➤ Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 200) -Uniform Grant Guidance or UGG

• <http://www.ecfr.gov/cgi-bin/text-idx?SID=ccccf77e01c9e6d4b3a377815f411704&node=pt2.1.200&rgn=div5>

The Office of Federal Programs primary responsibilities are to:

- Manage administration & fiscal oversight of district grant funding
- Serve as a liaison between the district and the Tennessee Department of Education
- Provide leadership in the effective use of federal funds to supplement and support educational programs
- Assist the district and schools with interpreting and carrying forth provisions of federal and state regulations relevant to funding,
- Provide assistance in development and implementation of schools' federal programs
- Provide guidance in fiscal management of federal funding

In collaboration with the Tennessee Department of Education, Achievement School District, and schools, the Office of Federal Programs share in the responsibility of providing resources to support student achievement and school improvement.

Services provided by the Office of Federal Programs include but are not limited to the following:

- Notifications related to district and school level grant allocations and awards
- Transparency related to district funding
- Coordination of district's grant applications
- Technical training on grant related state and federal regulations and procedures
- Review and approval of grant reimbursement requests
- Coordination of district's non-public/private school equitable services
- Coordination of district reporting for federal and state funding
- Coordination of district corrective action plans for state and federal funding

The federal programs staff are available to:

- Respond to questions and concerns in a timely manner.
- Provide grant program and financial updates and changes to schools in a timely manner.
- Provide clarity around federal programs processes, district grant procedures, reimbursement requests
- Process reimbursement requests and payments in a timely manner.
- Provide timely reports and feedback to schools in a timely manner.

As sub-recipients of district funding, schools are expected to:

- Manage the funding according to grant requirements
- Submit reimbursement requests in a timely manner.
- Respond to requests from federal programs staff in a timely manner.
- Attend technical training and webinars offered by the federal programs staff.
- Communicate in a timely manner any changes to grant programs, budgets and/or school plans.

Grant Award Process

Award Notification and Acceptance of Grant Funds

The Office of Federal Programs will provide schools with a grant award notification (GAN) containing specific information required under 2 C.F.R. 200.302 such as the grant recipient information, code of federal domestic assistance (CFDA) number, the title of the grant program, the name of the federal funding agency, grant award period, amount of the authorized award funding, grantor's contact information, terms and conditions of the award, etc.

Upon receipt of the GAN, sub-recipients/schools must review the notice and sign the acceptance form agreeing to the terms and conditions of the award.

In accepting the grant award, your responsibilities will include the following items:

- Comply with all policies related to your grant.
- Comply with the terms and conditions of award.
- Spend funds only for authorized purposes.
- Implement systems to ensure proper management and oversight of funds and avoid fiscal fraud and mismanagement.
- Manage and monitor each project, program, sub-award, function, or activity supported by the award.
- Safeguard U.S. government assets.
- The grant period of obligation commences on the begin date of the award period and ends on the last day of the award period. During the grant period, sub-recipients/schools may charge only allowable costs resulting from obligations incurred during the funding period to the award.

Schools may use grant funds only for obligations (encumbrances) made during the grant period, as defined by the start date and termination date on the fully executed grant agreement. The following table shows when an obligation is made for various kinds of property and services.

<i>If the obligation is for:</i>	<i>The obligation is made:</i>
<i>Acquisition of property</i>	On the date, which the district makes a binding written commitment to acquire the property
<i>Personal services by an employee of the school</i>	When the services are performed
<i>Personal services by a contractor who is not an employee of the school</i>	On the date, which the district makes a binding written commitment to obtain the services
<i>Public utility services</i>	When the district receives the services
<i>Travel</i>	When the travel is taken
<i>Rental of property</i>	When the district uses the property

Overview of Grant Award Documents

Each school will receive a grant award package which will include the following:

Award Notice- Official document signed by the authorized official stating the amount and the terms and conditions of the grant award.

Federal Programs Implementation Guide- a resource for schools receiving grant awards from the ASD which includes information related to the functional operations of the grant awards.

Reimbursement Request Workbooks – Excel workbooks will be provided to the sub-recipients/schools to use in documenting that costs eligible for reimbursement have been incurred and requesting cost reimbursement from ASD. Reimbursement of liquidated expenditures is made upon the filing of a claim with the ASD. Reimbursement should not be requested until the actual expenditures have occurred and have been paid (liquidated).

Standard Forms- Semi-annual certification form, personnel activity report form, release of funds form, grant close-out form, etc.

Funding Calculations

Basic Education Program (BEP)

- Initial Allocations

- The ASD must allocate to each charter school an amount equal to the per student share of state and local funds (T.C.A. § 49-13-112). BEP initial allocations are based upon reasonable estimates of enrollment and ADMs provided to the Tennessee Department of Education's Office of Local Finance in late spring. BEP funding for the district is calculated by TDOE, and provided to the ASD.
- The ASD then allocates the BEP by taking the per pupil amounts used to generate the district's BEP multiplied by each school site's estimated ADM that was also used to generate the district's BEP.

- Annual School Allocation = School ADM × Host District Average Per Pupil

- The host district is the district that the school was in prior to the Achievement School District. Different per pupil amounts will apply to each school depending on its location. Each month's payment will then be based on 10% of this annual amount.

➤ **MONTHLY PAYMENT** = ANNUAL SCHOOL ALLOCATION × 10%

➤ **YEAR TO DATE PAYMENTS** = ANNUAL SCHOOL ALLOCATION × 10% × NUMBER OF PAYMENTS

- The year to date payments will be used in ensuring that each school receives the appropriate amount after an adjustment is performed.

Monthly Payments Schedule

In August, September, October, November, December, January, February, March, April, and June, a BEP payment will be made on or shortly after the 15th of each month. However, in June, only 75% of the payment will be made on the 15th, the remainder will be made after the ADMs reconciled in late June or early July.

Adjustments (October, February)

Twice during the year, BEP dollars will be adjusted based on updated enrollment from EIS. Typically pulled during the first week of the month of the change (either October or February), the adjustments are changes made to the entire district's allocation, as well as each school's allocation. The new allocations follow the same formula as the initial allocation. However, the payment in the month of the change will be adjusted to accommodate the new annual award. The adjusted payment will be calculated by taking the revised year to date payments that would have been generated under the revised enrollment, and subtracting the amount paid.

REVISED PAYMENT = YEAR TO DATE PAYMENTS (REVISED) – PAID TO DATE

In the case that the overall annual school allocation increase, the revised payment in the adjustment month will be higher, and in the case that the overall annual school allocation decreased, the payment in the adjustment month will be lower. In the event that the amount in the adjustment month is negative, no payment will be made until the revised year to date payments exceeds the amount paid.

Final Allocations (June)

The June payments are made in two portions, with payment one representing 75% of the monthly amount, and payment two representing 25% of the monthly amount. However, the second payment ADM is based on the following weighted formula:

- $\text{WEIGHTED ADM} = (12.5\% \times \text{PERIOD 2 ADM}) + (17.5\% \times \text{PERIOD 3 ADM}) + (35\% \times \text{PERIOD 6 ADM}) + (35\% \times \text{PERIOD 7 ADM})$

The weighted ADM is then substituted into the adjustments formula in place of the normal ADM.

Authorizer Fee

Starting in FY18, the ASD charges a 2.5% authorizer fee of the 3% it is permitted (T.C.A. § 49-13-106). Like the overall BEP, the authorizer fee is calculated first on an annual basis:

- $\text{ANNUAL SCHOOL AUTHORIZER FEE} = \text{ANNUAL SCHOOL ALLOCATION} \times 2.5\%$

After the fee is determined, the monthly amount is 10% multiplied by the annual authorizer fee.

- $\text{MONTHLY SCHOOL AUTHORIZER FEE} = \text{ANNUAL SCHOOL AUTHORIZER FEE} \times 10\%$

The authorizer fee is then withheld from each monthly payment.

- $\text{NET MONTHLY PAYMENT} = \text{SCHOOL MONTHLY PAYMENT} - \text{MONTHLY SCHOOL AUTHORIZER FEE}$

Finally, the authorizer fee fluctuates with ADM in the same manner as the overall adjustments to the BEP. As adjustments are made to the base ADM, the amount of the authorizer fee should be adjusted to match.

- REVISED SCHOOL AUTHORIZER FEE = REVISED ANNUAL SCHOOL ALLOCATION × 2.5%
- REVISED AUTHORIZER FEE TO DATE = REVISED SCHOOL AUTHORIZER FEE × NUMBER OF PAY-MENTS MADE

Reimbursement Management

Specific procedures have been designed to expedite payment to schools for out-of-pocket expenses related to each grant award. The source of grant funding for each award is indicated in the award letter that is included in the grant award notification. This section describes the steps for grant reimbursements.

Purpose of Reimbursement Requests

Federal regulations consider reimbursement the preferred basis for grant payments (2 CFR/UGG 200.305). A request for reimbursement of funds is necessary for the purpose of documenting that costs eligible for reimbursement have been incurred and thus, you are requesting to be reimbursed for those costs. Reimbursement of liquidated expenditures is made upon the acceptance/approval of a claim with the Grantor (ASD).

Prerequisites to the Reimbursement of Funds

Prior to making any grant-related expenditures or requesting a reimbursement of funds, the sub-recipient/school must complete the following administrative prerequisites:

- The Grant Award documents provided must be completed, signed and returned to the federal programs staff prior to the sub-recipient/school's initial reimbursement of funds request. For more information on these documents, see the section titled "Award Notification and Acceptance of Grant Funds" found earlier in this guide.

Contents of a Complete Reimbursement Package

The district's process of reimbursing sub-recipients/schools for expenses incurred on a grant requires each sub-recipient/school to submit an official reimbursement request which includes the following:

- Signed coversheet/invoice
- Reimbursement Workbook (break out of expenses by account and functional code)
- Expenses must align to the approved budget
- Detailed explanation of expenses
- Supporting Documentation (Payroll summary, paid invoice, etc.)
- PARs or Semi-Annual Time & Effort Certifications (with appropriate signatures)
- All reimbursements and supporting documentation should be placed in a **ZIP FILE** and submitted to federalreimbursements@tn-asd.org.

All or Nothing – Any reimbursement request missing any of the above items or deemed to have unallowable programmatic or fiscal items will be immediately returned for re-submission

****Please note the entire request must be re-submitted for processing****

14

Reimbursement Request Workbook

Within the Grant Award documents, a Request for Reimbursement Work book is provided for each grant. The workbook includes tab titled “Budget” that provides the allocation amount as well as the specific line-items that are funded by the grant, and 12 reimbursement requests. Each reimbursement request contains 3 tabs (cover page, request page, and explanation page). The budget tab, cover page, and request tab are locked for compliance purposes.

Reimbursement Request- Budget Tab

(This tab is locked to ensure compliance with using the approved budget)

Grant	TITLE I: FY 18-19		
		Original Budget Allocation	
SCHOOL			
Title I	Total Allocation (Award Amount)	95,100.98	
	Required Parental Involvement	2,225.00	
	Amount budgeted on Spreadsheet	97,325.98	
	Variance (Should be Zero)	-	
Account Number/ Line Item Number	REGULAR INSTRUCTIONAL EDUCATION (71100)	Budget Amount	Budget Details
71100	Line Item Description		
71100/116	Teachers		
71100/162	Clerical Personnel	0.00	
71100/163	Educational Assistants	29,760.00	1 FTE Enrichment class coordinator
71100/188	Bonuses		
71100/189	Other Salaries & Wages		
71100/195	Certified Substitute Teachers	3,517.17	
71100/198	Non-certified Substitute Teachers	2,040.00	
71100/201	Social Security		
71100/204	State Retirement	3,660.48	
71100/206	Life Insurance		
71100/207	Medical Insurance		
71100/208	Dental Insurance		
71100/210	Unemployment Compensation		
71100/212	Employer Medicare		
71100/299	Other Fringe Benefits		
71100/311	Contracts with Other School Systems		
71100/330	Operating Lease Payments	0.00	
71100/336	Maintenance & Repair Services - Equipment	0.00	
71100/356	Tuition	0.00	
71100/399	Other Contracted Services	0.00	
71100/429	Instructional Supplies & Materials	15,750.00	RTI Mandatory - School (Flat Rate) \$9,600.00 Instructional Supplies (\$20/student) \$1,200.00 Assessment Materials (\$650/class) \$1,950.00 Learning Lab Materials and Supplies \$6,944.11
71100/449	Textbooks	0.00	
71100/499	Other Supplies & Materials	0.00	
71100/599	Other Charges	0.00	
71100/722	Regular Instruction Equipment	40,373.33	IT Infrastructure Equipment for classrooms(Flat rate) \$15,000.00 Staff Computers (\$800/staff +shipping and taxes) \$6,667.00 Student Chromebooks (\$350/ 40 student) \$13,726.33 Software for Assessment (\$33/student+\$750 flat rate for school) \$2,730.00
71100	Subtotal REGULAR INSTRUCTIONAL EDUCATION	95,100.98	

Achievement School District
Federal Programs Department
Andrew Johnson Tower, 9th Floor
710 James Robertson Parkway
Nashville, TN 37243
Email: federalreimbursements@tn-asd.org
Sharon Smith, Federal Programs Director, 615.981.0503
Rose Johnson, Federal Programs Coordinator, 615-804-1794
EMAIL: FEDERALREIMBURSEMENTS@TN.ASD-ORG
Vendor Remittance Address:
PO Box 22569
Memphis, TN 38122

ASD Approved for Payment			
I certify that this payment is for goods and/or services delivered.			
Superintendent			
Approved/Invoice Date			
Department	3315501000	Location	19111
Program	471410	Account	71304000

Operator:	Capstone Education Group	Vendor ID#:	134161	Invoice #:	ASD19LP1TitleIA
School Name	Lester Prep	School Number	8070	School Abbrev	LP
Contact Person:	Drew Sippel				
Phone Number:	901-416-3640				
E-mail:	dsippel@cornerstoneprepmemphis.org				

Request for Period:		Program		Contract #	59540	Amount
FROM:	TO:	Description		PO #	98482	Requested
		Title/A	FY 19			\$0.00
Submission Date		CFDA#				
Request #		84.010A				
1						

As an authorized representative of the above named grantee, I certify that this invoice and the attached Status of Funds Reports are true and accurate to the best of my knowledge, reflecting appropriate and allowable expenses under the approved grant plan, budget, and applicable federal and state regulations, and hereby request funds for the total amount shown above. All supporting documentation is both submitted to the ASD and maintained by the Fiscal Agent or Person(s) responsible for submitting reimbursements.

Reimbursements:									
Operator - Federal Programs / Fiscal Lead (Print)				(SIGNATURE)				(DATE)	

For ASD Use Only							
Federal Programs - Manager		Date	Federal Programs - Director		Date		

Reimbursement Work-book – Request Page

(This tab is locked to minimize errors occurring in formulas used for calculations)

REQUEST FOR REIMBURSEMENT								
Grant & SY	Title I- FY 18/19	Operator	Starlet	Submitted By	Evelyn Waters			
Requested From	9/1/2018	School	New Day Academy	Submission Date	10/3/2018			
Requested End	9/30/2018	Fiscal Overview						
Request #	1	Budget	Expenses to Date	Available Balance To-Date	Current Amount Requested	Total Requested	Remaining Balance	
The following represents the individual budgets for federal projects administered under the Every Student Succeeds Act (ESSA).		\$ 144,000.00	\$ -	\$ 144,000.00	\$ 20,050.00	\$ 45,890.00	\$ 123,950.00	
BUDGET CHECK	TRUE							
<p>If you receive a FALSE message on the budget check, the request template is noting a misalignment between the expenses submitted on your Expenses worksheet and the available budget--either insufficient funds or no budget for the noted account line. You may review this table for red highlighted cells to determine where the misalignment occurred. To complete the submission, you will need to pursue one of the following actions:</p> <p>1. Correct any inaccurate budget line / account code lines on the Expense Worksheet to ensure expenses are accurately matched to the right lines.</p> <p>2. If the error remains and you wish to continue to seek reimbursement for the expense, you will need to wait until a budget revision window and an approved updated template to request reimbursement for the current overage expense. If it is not currently a budget revision window, you may remove the expense from this request in order to ensure a successful budget check and then add the expense into a future request after a successful budget revision.</p> <p>3. If all budget / account codes have sufficient funds (no lines are highlighted red below), then you likely entered an expense on the worksheet without tagging an account code. Please review for completeness.</p>								
Account Number- Line Item Number	REGULAR INSTRUCTIONAL EDUCATION	Currently Budget	Approved	Expenses To-Date	Available Balance To-Date	Current Amount Requested	Total Requested (Including Current Request)	Remaining Balance
71100	Line Item Description							
71100-116	Teachers		70,000.00		70,000.00	8,000.00	8,000.00	62,000.00
71100-162	Clerical Personnel		0.00		0.00	0.00	0.00	0.00
71100-163	Educational Assistants		45,000.00		45,000.00	7,000.00	7,000.00	38,000.00
71100-188	Bonuses		0.00		0.00	0.00	0.00	0.00
71100-189	Other Salaries & Wages		0.00		0.00	0.00	0.00	0.00
71100-195	Certified Substitute Teachers		0.00		0.00	0.00	0.00	0.00
71100-198	Non-certified Substitute Teachers		0.00		0.00	0.00	0.00	0.00
71100-201	Social Security		1,500.00		1,500.00	500.00	500.00	1,000.00
71100-204	State Retirement		3,000.00		3,000.00	1,000.00	1,000.00	2,000.00
71100-206	Life Insurance		0.00		0.00	0.00	0.00	0.00
71100-207	Medical Insurance		5,000.00		5,000.00	700.00	700.00	4,300.00
71100-208	Dental Insurance		1,000.00		1,000.00	100.00	100.00	900.00
71100-210	Unemployment Compensation		1,000.00		1,000.00	300.00	300.00	700.00
71100-212	Employer Medicare		1,500.00		1,500.00	250.00	250.00	1,250.00
71100-299	Other Fringe Benefits		1,000.00		1,000.00	200.00	200.00	800.00
71100-311	Contracts with Other School Systems		0.00		0.00	0.00	0.00	0.00
71100-330	Operating Lease Payments		0.00		0.00	0.00	0.00	0.00
71100-336	Maintenance & Repair Services - Equipment		0.00		0.00	0.00	0.00	0.00
71100-356	Tuition		0.00		0.00	0.00	0.00	0.00
71100-399	Other Contracted Services		0.00		0.00	0.00	0.00	0.00
71100-429	Instructional Supplies & Materials		15,000.00		15,000.00	2,000.00	2,000.00	13,000.00
71100-449	Textbooks		0.00		0.00	0.00	0.00	0.00
71100-499	Other Supplies & Materials		0.00		0.00	0.00	0.00	0.00
71100-599	Other Charges		0.00		0.00	0.00	0.00	0.00
71100-722	Regular Instruction Equipment		0.00		0.00	0.00	0.00	0.00
71100	Subtotal REGULAR INSTRUCTIONAL EDUCATION		144,000.00	0.00	144,000.00	20,050.00	20,050.00	123,950.00

*No information should be entered on the Request Page. As you complete the Explanation Page, the information from the Explanation Page will be automatically prepopulated on the Request Page.

*If you receive a FALSE message on the budget check, the Request Page template is noting a misalignment between the expenses submitted on your Expenses Worksheet Page and the available

budget--either insufficient funds or no budget for the noted account line. You may review this table for red highlighted cells to determine where the misalignment occurred. To complete the submission, you will need to pursue one of the following actions:

1. Correct any inaccurate budget line / account code lines on the Expense Worksheet Page to ensure expenses are accurately matched to the right lines.
2. If the error remains and you wish to continue to seek reimbursement for the expense, you must contact the federal programs staffs for prior approval.
3. If all budget / account codes have sufficient funds (no lines are highlighted red), then you likely entered an expense on the worksheet without tagging an account code. Please review Explanation Worksheet Page for completeness.

Reimbursement Work book- Explanation Page

EXPENSES & EXPLANATIONS WORKSHEET								
Request Information								
Total Requested	\$	800.00						
Period of Request	BEGIN DATE:	7/1/2018	END DATE:	8/31/2018				
Submission Date	9/17/2018							
Budget Checks								
Current Budget Version	Original Budget: 07/01/2018							
Current Budget Check	TRUE		(Must be TRUE in order to submit)					
NON-PERSONNEL EXPENSES								
<p>Directions: For expenses that are non-personnel-related, including travel and vendors, for which the operator is requesting reimbursement, please complete the following steps:</p> <p>1. Expense Description: List the travel or vendor AND a brief description of the purpose of the event or services/goods provided.</p> <p>2. Expense Date: List the date noted on the supporting documentation (generally the invoice date).</p> <p>3. Budget Line: Enter the account code to which the expense was charged. Please ensure accuracy of these budget lines as they will populate the request tab for you. The entry must be in the format XXXXX-XXX, and be one of the available account codes to the grant.</p> <p>4. Charges to Grant: Enter the amount for which you are seeking reimbursement. Should you wish to request only part of an invoice (such as in the case of an invoice being split between school sites), then you must make a note in the Submitter Comments column AND on the invoice itself to explain the amount being requested.</p> <p>5. Relevant Goal: Identify which grant goal listed in the Grant Goals tab the expense supported, or write "Multiple" as appropriate.</p> <p>6. Supporting Documentation Provided: List a unique identifier from the supporting documentation (generally the invoice number).</p> <p>7. Submitter Comments: If any additional information would be useful to explain the expenses, please add detail in the Submitter Comments cell.</p>								
Expense #	Title of Expense	Expense Date (Match to Supporting Doc)	Budget Line	Charge to Grant	Supporting Documentation Provided	Submitter Comments	Programmatic Review Comments (ASD Use Only)	Fiscal Review Comments (ASD Use Only)
1	Amazon-Books	7/15/2018	73400-429	\$ 800.00	Invoice #: 91876	Total amount of invoice is \$1,555. We are only claiming \$800 toward the grant.		
NON-PERSONNEL TOTAL				\$ 800.00				
NON-PERSONNEL: OVERALL REVIEWER COMMENTS/CONCERNS (ASD USE ONLY)								

Non-personnel section instructions

Directions: For expenses that are non-personnel-related, including travel and vendors, for which the operator is requesting reimbursement, please complete the following steps:

1. Title of Expense: List the travel or vendor AND a brief description of the purpose of the event or services/goods provided.
2. Expense Date: List the date noted on the supporting documentation (generally the invoice date).
3. Budget Line: Enter the account code to which the expense was charged. Please ensure accuracy of these budget lines as they will populate the request tab for you. The entry must be in the format XXXXX-XXX, and be one of the available account codes to the grant.
4. Charges to Grant: Enter the amount for which you are seeking reimbursement. Should you wish to request only part of an invoice (such as in the case of an invoice being split between school sites), then you must make a note in the Submitter Comments column AND on the invoice itself to explain the amount being requested.
5. Supporting Documentation Provided: List a unique identifier from the supporting documentation (generally, the invoice number).
6. Submitter Comments: If any additional information would be useful to explain the expenses, please add detail in the Submitter Comments cell.

- 1.Supporting Documentation Provided: List a unique identifier from the supporting documentation (generally the invoice number).
- 2.Submitter Comments: If any additional information would be useful to explain the expenses, please add detail in the Submitter Comments cell.

Please use this format when completing this section.

Personnel Expenses

PERSONNEL TIME & EFFORT WORKSHEET											
<small> Directions: For personnel-related expenses, including wages and benefits, please use the following worksheet to provide information on the expenses for which reimbursement is requested and the supporting documentation required to validate the Time & Effort spent on grant allowable activities. All information in the section should match supporting documentation being provided, usually payroll reports that include employer contributions. 1. Expense Description: Provide the name, role, and expense for the personnel in the following format: NAME - ROLE - EXPENSE. 2. Date Fields: In the two date fields, enter the start and end date for the work period being requested. 3. Budget Line: Enter the budget line to which the expense is charged. Please ensure accuracy in these account code lines as they will pre-populate the request too. 4. Time & Effort Documentation: Enter which type of Time and Effort documentation applicable to the personnel, either a PARS, Semi-Annual, or an intent for Semi-Annual. The documentation selected must be provided in the packet for the expenses to be approved. 5. Percentage: Enter the percentage of time being claimed on the Time and Effort Documentation. 6. Total Amount Paid: Enter the total amount expended as reflected in the supporting documentation (such as the payroll report). This should match your documentation. 7. Charge to Grant: This amount will be automatically calculated based on the information provided. 8. Relevant Grant Code: Indicate which grant on the Grant Code tab the personnel supports, or enter "Multiple" as appropriate. 9. Supporting Documentation Provided: List the documentation provided that connects the expenses listed in this worksheet (usually Time & Effort for the months requested, and payroll reports). 10. Submitter Comments: If any other information would be useful, please add it into the Submitter Comments section. </small>											
Expense #	Expense Description (Name + Role + Salary, Benefits, Other)	Start Date of Work Period	End Date of Work Period	Budget Line	T&E Documentation	Percentage	Total Amount Paid (Prior to PARS)	Charge to Grant	Supporting Documentation Provided	Submitter Comments	
1	Joyce Reed-Teacher							\$ -			
2	Salary	9/1/2016	9/30/2016	1100-116	SA	100%	\$ 3,000.00	\$ 3,000.00	Payroll: SA Intent		
3	Social Security	9/1/2016	9/30/2016	1100-201	SA	100%	\$ 186.00	\$ 186.00	Payroll: SA Intent		
4	State Retirement	9/1/2016	9/30/2016	1100-204	SA	100%	\$ 105.00	\$ 105.00	Payroll: SA Intent		
5	Medical	9/1/2016	9/30/2016	1100-207	SA	80%	\$ 210.00	\$ 168.00	Payroll: SA Intent		
6	Dental	9/1/2016	9/30/2016	1100-208	SA	100%	\$ 38.00	\$ 38.00	Payroll: SA Intent		
7	Unemployment	9/1/2016	9/30/2016	1100-210	SA	100%	\$ 60.00	\$ 60.00	Payroll: SA Intent		
8	Medicare	9/1/2016	9/30/2016	1100-212	SA	100%	\$ 43.50	\$ 43.50	Payroll: SA Intent		
9	Other Fringe-Vision	9/1/2016	9/30/2016	1100-299	SA	100%	\$ 5.00	\$ 5.00	Payroll: SA Intent		
10	Carolyn Sutton-Teacher							\$ -			
11	Salary	9/1/2016	9/30/2016	1100-116	SA	100%	\$ 3,000.00	\$ 3,000.00	Payroll: SA Intent		
12	Social Security	9/1/2016	9/30/2016	1100-201	SA	100%	\$ 186.00	\$ 186.00	Payroll: SA Intent		
13	State Retirement	9/1/2016	9/30/2016	1100-204	SA	100%	\$ 105.00	\$ 105.00	Payroll: SA Intent		
14	Medical	9/1/2016	9/30/2016	1100-207	SA	80%	\$ 210.00	\$ 168.00	Payroll: SA Intent		
15	Dental	9/1/2016	9/30/2016	1100-208	SA	100%	\$ 38.00	\$ 38.00	Payroll: SA Intent		
16	Unemployment	9/1/2016	9/30/2016	1100-210	SA	100%	\$ 60.00	\$ 60.00	Payroll: SA Intent		
17	Medicare	9/1/2016	9/30/2016	1100-212	SA	100%	\$ 43.50	\$ 43.50	Payroll: SA Intent		
18	Other Fringe-Vision	9/1/2016	9/30/2016	1100-299	SA	100%	\$ 5.00	\$ 5.00	Payroll: SA Intent		
19	Deborah Evans-Ed Assistant							\$ -			
20	Salary	9/1/2016	9/30/2016	1100-116	SA	100%	\$ 2,000.00	\$ 2,000.00	Payroll: SA Intent		
21	Social Security	9/1/2016	9/30/2016	1100-201	SA	100%	\$ 124.00	\$ 124.00	Payroll: SA Intent		
22	State Retirement	9/1/2016	9/30/2016	1100-204	SA	100%	\$ 75.00	\$ 75.00	Payroll: SA Intent		
23	Medical	9/1/2016	9/30/2016	1100-207	SA	80%	\$ 185.00	\$ 148.00	Payroll: SA Intent		
24	Dental	9/1/2016	9/30/2016	1100-208	SA	100%	\$ 38.00	\$ 38.00	Payroll: SA Intent		
25	Unemployment	9/1/2016	9/30/2016	1100-210	SA	100%	\$ 60.00	\$ 60.00	Payroll: SA Intent		
26	Medicare	9/1/2016	9/30/2016	1100-212	SA	100%	\$ 29.00	\$ 29.00	Payroll: SA Intent		
27	Other Fringe-Vision	9/1/2016	9/30/2016	1100-299	SA	100%	\$ 5.00	\$ 5.00	Payroll: SA Intent		
28	Jason Mills-Ed Assistant							\$ -			
29	Salary	9/1/2016	9/30/2016	1100-116	SA	100%	\$ 2,000.00	\$ 2,000.00	Payroll: SA Intent		
30	Social Security	9/1/2016	9/30/2016	1100-201	SA	100%	\$ 124.00	\$ 124.00	Payroll: SA Intent		
31	State Retirement	9/1/2016	9/30/2016	1100-204	SA	100%	\$ 75.00	\$ 75.00	Payroll: SA Intent		
32	Medical	9/1/2016	9/30/2016	1100-207	SA	80%	\$ 185.00	\$ 148.00	Payroll: SA Intent		
33	Dental	9/1/2016	9/30/2016	1100-208	SA	100%	\$ 38.00	\$ 38.00	Payroll: SA Intent		
34	Unemployment	9/1/2016	9/30/2016	1100-210	SA	100%	\$ 60.00	\$ 60.00	Payroll: SA Intent		
35	Medicare	9/1/2016	9/30/2016	1100-212	SA	100%	\$ 29.00	\$ 29.00	Payroll: SA Intent		
36	Other Fringe-Vision	9/1/2016	9/30/2016	1100-299	SA	100%	\$ 5.00	\$ 5.00	Payroll: SA Intent		
37								\$ -			
PERSONNEL TOTAL								\$ 12,169.00			

Directions: For personnel-related expenses, including wages and benefits, please use the following worksheet to provide information on the expenses for which reimbursement is requested and the supporting documentation required to validate the Time & Effort spent on grant allowable activities. All information in the section should match supporting documentation being provided, usually payroll reports that include employer contributions.

- 1.Expense Description: Provide the name, role, and expense for the personnel in the following format: NAME - ROLE - EXPENSE).
- 2.Date Fields: In the two date fields, enter the start and end date for the work period being requested.
- 3.Budget Line: Enter the budget line to which the expense is charged. Please ensure accuracy in these account code lines as they will pre-populate the Request Page.

4. Time & Effort Documentation: Enter which type of Time and Effort documentation applicable to the personnel, either a PARS, Semi-Annual, or an Intent for Semi-Annual. The documentation selected must be provided in the packet for the expenses to be approved.
5. Percentage: Enter the percentage of time being claimed on the Time and Effort Documentation.
6. Total Amount Listed on Payroll Documents: Enter the total amount expensed as reflected in the supporting documentation (such as the payroll report). This should match your documentation.
7. Total Amount Charged to Grant: This amount will be automatically calculated based on the information provided.
8. Supporting Documentation Provided: List the documentation provided that connects the expenses listed in this worksheet (usually Time & Effort for the months requested, and payroll reports).
9. Submitter Comments: If any other information would be useful, please add it into the Submitter Comments section.

Submission of Reimbursement Requests

Please be advised, funds are provided on the basis of reimbursement for approved expenses actually incurred/liquidated (not accrued).

- After reimbursement prerequisites are completed, a sub-recipient/school representative may request a reimbursement of funds from the ASD for any approved grant funded expense that has been incurred/liquidated and paid. Sub-recipients/schools are encouraged to submit reimbursement requests on a monthly basis and no later than the **15th day of each month**.
- Additionally, schools are required to use the workbooks provided in the Grant Award Notification Package in preparing requests for reimbursements.
- Instructions for completing the requests can be found in the first tab titled “Instructions” of each work book. Once a request is completed in the work book, the sub-recipient/school may submit the reimbursement request work book and supporting documentation in a **ZIP FILE** to the federal programs staff at federalreimbursements@tn-asd.org
- Along with the workbook, sub-recipient/schools must submit appropriate supporting documentation for each expense listed in the expense explanation tab of the work book, and a cover page signed by the authorized organizational representative for the school.

The ASD understands the need for sub-recipients/schools to be reimbursed for expenses in a timely manner and consider payment a top priority. Reimbursement requests are handled as quickly as possible from the time they are submitted. The process for funding reimbursements is as follows:

- The sub-recipient/school makes a reimbursement request to the federal programs staff using the steps outlined above.
- The request is reviewed and validated by federal programs staff by ensuring all contents are properly aligned and expenditures are necessary, reasonable, and allocable.
- If the reimbursement request requires follow-up information to validate and approve the request, the federal programs staff will indicate this in an email to the school and hold the request until the appropriate information is received.

Supporting Documentation

When sub-recipients/schools submit reimbursement requests to the Office of Federal Programs, appropriate supporting documentation must accompany the request.

Requirements for adequate supporting documentation:

- Costs should have clear connection to the grant
- Costs incurred should support only items listed in the approved grant budget and applicable solely to the specific grant award
- Costs incurred that benefit more than one award or other work, or is necessary for overall operation of the organization and assignable in part to the award, must be allocated using a reasonable method
- Costs expended must not exceed total approved budgeted amounts
- Dates on invoices, payroll documents, receipts and other support should fall within the grant period and match accounting records

The following information relates to appropriate supporting documentation that may be included with reimbursement requests for expenses incurred on grants:

- Timesheets, paystubs, and other payroll documentation
- Receipt of items purchased (*must have the name of company, date of purchase, list of items purchased, and total amount of purchase*)
- Vendor agreements or contracts showing terms, conditions and cost of the services/goods
- Invoices showing vendor, date, amount paid, and details of items/services purchased
- Mileage logs including starting point, ending point, total miles and date
- Travel logs including reason for travel, conference/meeting agenda, airline receipts, hotel receipts, etc. (must meet regulatory and internal organizational procedure requirements)

Payroll Expenses

OMB Uniform Guidance 2 CFR 200.430 (i)(1) Standards for Documentation of Personnel Expenses requires salary and wage expenses to be based on records that accurately reflect the work performed. The records must be supported by a system of internal controls which provide reasonable assurance that the charges are accurate, allowable, properly allocated and reflect the total activity for which the employee is compensated.

The payroll documentation should indicate the total amount of wages and fringe benefits, the net amount of the pay check, and the specific amount of wages and fringe benefits applicable to the grant for the reimbursement request period.

Example 1-Payroll Report:

Business Payroll Services
Payroll Register

Check Date: 03/19/2010 - 1 | Pay Period: 3/7/2010 wk#11 - 3/13/2010 wk#11

Location: 100 - Minneapolis, MN

WELLS
FARGO

Anderson, Nancy		Empl Num: 1		Rate:		Salary:		Frequency: Weekly	
Check Date: 3/19/2010 - 1		Check Num: 4610		Check Type: REGULAR		Check Amt: 0.00		Total Dir Dep: 777.74	
Earning	Rate	Hrs	Amt	YTD Hrs	YTD Amt	Deduction	Amt	YTD	Net Pay: 777.74
E02 Regular	25.00	36.80	920.00	362.20	9,055.00				
E20 Reimb		0.00	0.00	1.00	781.17				
Check Totals:									

Doe, John		Empl Num: 2		Rate:		Salary:		Frequency: Weekly	
Check Date: 3/19/2010 - 1		Check Num: 4612		Check Type: REGULAR		Check Amt: 0.00		Total Dir Dep: 537.17	
Earning	Rate	Hrs	Amt	YTD Hrs	YTD Amt	Deduction	Amt	YTD	Net Pay: 537.17
E02 Regular	20.50	30.50	625.25	353.37	7,244.11				
E04 Vacation		0.00	0.00	20.00	410.00				
Check Totals:									

Smith, Jane		Empl Num: 6		Rate:		Salary:		Frequency: Weekly	
Check Date: 3/19/2010 - 1		Check Num: 123		Check Type: MANUAL		Check Amt: 2,000.00		Total Dir Dep: 0.00	
Earning	Rate	Hrs	Amt	YTD Hrs	YTD Amt	Deduction	Amt	YTD	Net Pay: 2,000.00
E01 Salary		0.00	0.00	40.00	3,351.81				
E02 Regular	0.00	0.00	2,726.32	160.00	2,726.32				
Check Totals:									

©2010 Wells Fargo Bank, N.A. All rights reserved. Phone: 888-736-XXXX Fax: 888-625-XXXX

Print Date: 4/9/2010 1:23:42 PM Page 1 of 4

Example 2-Payroll Report

COMPENSATION REPORT										
Starlet Achievement Schools										
Check Dates: 09/01/16-09/30/16										
Pay Periods: 09/01/16 - 09/30/16										
Jane Doe		Code	Hours	Rate	Amount	Code	Taxable	Amount	Code	Amount
Employer ID	1701	Reg.			\$ 1,500.00	FITW	\$1,500.00		32 Dental	\$ 38.00
Rate	\$25.00					Medicare	\$1,500.00	\$ 21.75	Medical	\$ 85.00
Frequency	S					S. S.	\$1,500.00	\$ 93.00	Life	\$ 3.50
						Unemployment			TCRS (TN Ret)	55
		TOTALS			\$ 1,500.00	TOTALS		\$ 146.75	TOTALS	\$ 181.50
Net	\$ 1,171.75									

*Monthly payroll summary must include specific information regarding expenses requested (Total salary, Medicare, social security, retirement, medical insurance, etc.). Supporting documentation **MUST** clearly identify those expenses.

If the sub-recipient/school uses an automated accounting system that separately tracks expenses associated with the program or activity supported by the grant, a copy of such documentation/report may be submitted in lieu of the summary payroll report. However, all of the required information listed above must be reflected on the report.

Travel and Meal Expenses

Sub-recipients/schools are required to develop and implement travel policies that are consistent with 2 CFR § 200.474- Travel costs.

When submitting reimbursement for travel expenses:

- Ensure that the travel requested has already occurred (you may not submit for reimbursement prior to the date of travel)
- Include proof of travel (hotel receipt, boarding pass, rental car invoice, shuttle/cab receipts, etc.)
- Include proof of expenses (invoice and/or receipt)
- Include copy of agenda or related materials such as registration receipt, if the travel is for a conference or professional development

When submitting reimbursement for meal expenses:

- Meals cannot exceed the approved GSA per diem schedule (Rates can be found at <http://www.gsa.gov/portal/content/104877>)
- Alcoholic beverages are not allowed for reimbursement
- Request separate bills for alcoholic beverages and meals (only submit receipts for meal expenses)

Time and Effort Certification

All employees who are paid in full or in part with federal funds must keep specific documents to demonstrate the amount of time they spent on grant activities. This includes an employee whose salary is paid with state or local funds but is used to meet a required “match” in a federal program. These documents, known as time and effort records, should be maintained in order to charge the costs of personnel compensation to federal grants.

Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed (2 CFR 200.430-431). These records must:

- Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into official records;
- Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities;
- Encompass both federally assisted and all other activities compensated by the school on an integrated basis;
- Comply with the established accounting policies and practices of the school; and,
- Support the distribution of the employee’s salary or wages among specific activities or costs objectives.

Two examples of documentation used to verify time & effort of employees assigned to work in grant programs are Personnel Activity Report (PAR) and Semi-Annual (SA) certifications.

Personnel Activity Report (PAR) must be completed if an employee is funded on multiple/more than one grant cost objective. It provides a written record of an employee's work activities used to document the employee's time to grants or projects. It must be completed monthly and supported by a daily calendar of activities

The PAR should meet the following requirements:

- Reflect actual time and effort, not budget estimate, determination of activities
- Account for total work activity of employee.
- Be signed by the employee after the work has been committed/completed
- Be prepared and submitted at least monthly (A separate PAR for each month) and coincide with one or more pay periods.
- Distribution of activity on PAR should represent actual work performed by employee during periods covered by reports.

Semi-Annual (SA) Certification- must be completed if an employee is funded fully (100%) against one grant award or single cost objective. If an employee works on a single grant cost objective, the semi-annual certification must meet the following requirements:

- Completed after the fact
- Account for the total activity
- Signed by employee or supervisory official having first- hand knowledge of the work performed
- Completed every six months (at least twice a year)

Personnel Activity Report (PAR)

School: _____

Employee Name: _____

Employee ID #: _____

Reporting Period (mm/yyyy): _____

Funding Source	Activity	Percentage of Time/Effort Committed (%)
		TOTAL %:
		Total time/effort must equal 100%

The signatures below certify this employee performed activities **reflected in the attached supporting documentation** as distributed by the above percentages during the month specified.

I hereby certify this report is an after-the-fact determination of the total activity and actual effort expended for the period indicated, and I have full knowledge of 100% of these activities.

 Signature of Employee

 Date

 Signature of Supervisor (Optional)

 Date

 Position/Title of Supervisor

**Only provide information/percentages for the grants in which you are awarded.*

Semi Annual

PURPOSE OF THIS FORM: This form is used for employees who work solely on a single federal program or cost objective.

DIRECTIONS FOR COMPLETION:

- A – Choose ONE program area in which the employee works: Title I School-Wide, IDEA Part B-Special Education, Carl Perkins CTE, School Improvement, etc.
- B – Choose ONE funding source from which the employee is paid:
IDEA Part B or IDEA Preschool program; Perkins Basic Grant; ESSA Consolidated Administration; Title I School Wide Plan; Title IIA; Title IID; Title III; Title IV; Title V; Title VI; Title X; SIG, etc.
- C and D are beginning and ending dates for which the employee is certifying his/her work activity.
- List all employees funded under applicable budgets (IDEA Part B, IDEA Preschool, Title I, Perkins, etc. There must be a method of separating each program area—separate page or columns)
- List the position of the employee (Sped Teacher, Educational Assistant, Assistant Principal, Dean of Instruction, Title I Facilitator/Coordinator, Reading Specialist, Guidance Counselor, Behavior Interventionist, etc.)
- Employee or immediate supervisor should sign giving assurance that the employees listed worked only on allowable activities. (For school employees, the immediate supervisor would be the principal.) **Signature and date are to be “after the fact” for work completed.**
- Employees may **ONLY** sign for their own time.
- Give date of signature
- List the title of supervisor
- Indicate where the employees listed work: school name, central office, etc.

Semi Annual

School: _____

This semi-annual time and effort form is provided in accordance to 2 CFR §200.430(i) Standards for Documentation of Personnel Expenses. It is to be completed at least twice per year for any employee who works solely on a single federal program or cost objective.

I certify that **100%** of the position of the employee(s) listed below are allowable and allocable to the following **Federal Program or Single Cost Objective** (Title I School Wide Plan, Title II, Title III, IDEA Part B, etc.):
_____ for the period beginning (mm/dd/yy) _____ and ending (mm/dd/yy) _____.

Begin date and end date should represent the reimbursement request period.

Name of Employee	Position	Employees Signature
Sandra Johnson	Sped Teacher	

The semi-annual certification is the only time and effort record that allows the immediate supervisor's signature in lieu of the employee's signature. The certification should be **signed after-the-fact** by the employee or supervisory official having first-hand knowledge of the work performed by the employee.

Supervisor's Signature _____

Date _____

Title _____

Must be dated after the end date of the reimbursement request period.

The table below provides examples of when it is appropriate use a PAR versus an SA

Example	Personnel Activity Report (PAR)	Semi-Annual (SA)
A teacher providing only special education services 100% of the day is charged 100% to the IDEA grant.		The employee is working on a single cost objective and thus, must complete a semi-annual certification.
A school psychologist works 50% of the day with special education and 50% of the day providing coordinated early intervening services (CEIS).	Both activities are funded with IDEA flow-through; however, the objectives are different. The school psychologist must document his time to ensure that the amounts charged to flow-through and to CEIS are accurate. To do this, each month the school psychologist tracks the time spent on each of the two cost objectives : Special Education and CEIS.	
IDEA requires that each LEA set-aside a proportionate share of federal funds to provide equitable services to parentally placed private school children. A speech and language therapist spends 5% of her time performing duties related to parentally placed private school children and 95% of her time with children with disabilities attending public school.	To capture the cost of the time spent on parentally placed private school children and ensure the LEA's equitable set-aside is met, the speech and language therapist must differentiate the cost of the salary paid for equitable services from other IDEA services. To do this, monthly tracking and reporting of the two cost objectives is needed.	
An office assistant works for the special education team 100% and is funded partially with IDEA and partially with local funds.		Since all the work is for special education, this is reported as a single cost objective .
An early childhood special education teacher is funded 80% with flow-through and 20% with preschool entitlement funds.		Since there is no difference in the activities funded by the two fund sources (i.e., teaching activities for this population of students are allowable costs to both programs), this is reported as a single cost objective .
A teacher provides special education services to students 60% of the time (funded by IDEA) and bilingual instruction to English Language Learners 40% of the time.	Since the services are not the same, two cost objectives are reported.	
A bookkeeper manages the IDEA grant budgets as well as the district's special education budget for state special education categorical aid.	Although both budgets deal with special education, it is only the time spent working on the federal grant budget that qualifies for grant reimbursement. Two cost objectives must be reported	
An office assistant provides support to the special education staff and to the district administrator.	Since the activities are not the same, two cost objectives are reported.	
A special education teacher is a project director for a discretionary grant focusing on PBIS (positive behavioral intervention systems) and also charged to the IDEA entitlement grant for services provided to students with disabilities.	Since the focus of the discretionary grant is for all students, and IDEA is for students with disabilities, two cost objectives are reported.	
A paraprofessional works 50% percent of her time with special education students (funded by IDEA) and 50% of her time with Title I-eligible students.	Since the two fund sources are intended for different purposes, two cost objectives are reported.	
A special education teacher is funded with IDEA funds and funds eligible for state special education categorical aid. The teacher is only provide services to those students who have been identified as students requiring special education services.		This is reported as a single cost objective and thus, the teacher would complete a semi-annual certification

The key to determining whether it is 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.

Fiscal Monitoring and Compliance

Supplement vs Supplant

Services provided under any grant programs must be used to supplement (increase the level of service), and not supplant (replace), services that would otherwise be provided to participating students with state and local funds if grant funds were not available.

Any program activity required by state law, State Board of Education (SBOE) rule, or local board policy may not be funded with grant funds. State and local funds may not be decreased or diverted for other uses merely because of the availability of grant funds.

When determining whether a fiscal expenditure supplements and not supplants, schools should run the following three tests.

1. Test I: Required – Is the program or activity that the school wants to fund required under state, local, or another federal law? If it is, then it is supplanting. If it is not, go to Test II.
2. Test II: Equivalency – Were state or local funds used in the past to pay for this program or activity? If they were, it is supplanting. If they were not, go to Test III.
3. Test III: Non-Title I Programs – Are the same programs or activities being implemented in other schools that do not receive Title I funds AND are these programs and activities being paid for with state or local funds? If yes, then this is supplanting. If no, this is not supplanting.

If an expenditure does not pass all of the above tests, then it is presumed that use of funds for the expenditure would be supplanting state or local funds. Expenditures must pass all three tests to be truly supplemental. Any supplanting issue could result in an auditor's finding that could include but not be limited to a return of funds used for supplanting.

Providing Services Required Under State or Local Law

Any services that a school is required to provide under state law, State Board of Education (SBOE) rule, commissioner's rule, or local policy must be provided using state or local funds. If federal funds are used to provide those services, the USDE will presume that a supplant has occurred. Even if the school has maintained documentation demonstrating that it would not have been able to meet the state mandates without the use of federal funds, it is extremely difficult to rebut this presumption of supplanting because USDE reviews how all state and local funds within the school are expended.

Services as Those Provided in Prior School Year with State or Local Funds

If state or local funds were used in the prior school year to provide services, and those services are provided again in the current school year, the USDE will presume a supplant has occurred if the state or local funds are replaced by federal funds. Schools are not permitted to use federal funds to replace state or local funds. Even in cases where a budget shortfall is anticipated, the school may not plan to use federal funds to cover a shortage of state or local funds.

It is possible to document that services from the prior year would not have been continued as a result of a lack of state or local funds. The documentation must demonstrate that the original source of funding is no longer available and as a result services would not be provided in the coming year. This situation must be documented at the time the decision is made to discontinue services; it cannot be documented after the fact.

For example, a school paid for a reading specialist in a Title I school in the previous year from state and local resources but decides to use Title I funds to pay for that teaching position in the current year. This would be supplanting because the school is replacing state and local resources with Title I resources to pay for the same position, unless the school can document that the position had been eliminated because of state budget cuts and only after the position was eliminated the decision was made to fund it using federal funds. The school would need records to confirm the following:

- There was in fact a reduced amount or lack of state funds available to pay for the position.
- The school made the decision to eliminate the position without taking into consideration the availability of federal funding.
- The reasons for the decision to eliminate the position.

For the successful completion of a grant award, sub-recipients/schools must manage the expenditure and use of funds to ensure that grant award goals and terms and conditions are being met, projected milestones are being accomplished, quality materials and services are being received, and other performance goals are being achieved in accordance with the approved grant award. Expenditures must be aligned with approved budgeted items. Any changes or variations from the approved budget will need prior approval from the federal programs staff.

Determining Allowability of Costs

Sub-recipients/schools are required to have written procedures for determining the allowability of costs charged to federal grants. 2 CFR § 200.302(b)(7). All costs must be allowable under the federal cost principles in 2 CFR Part 200, Subpart E, and under the terms and conditions of the specific federal award.

In summary, for a cost to be allowable under a federal grant program, the District ensures that it meets all of the following conditions. A cost that does not meet all of these conditions could be questioned during an audit or monitoring visit and could require repayment to the awarding agency. The cost must be:

- ✓ reasonable in cost (as described above)
- ✓ necessary to accomplish the objectives of the grant program (as described above)
- ✓ based on an identified need, concern, or area of weakness within the grant program
- ✓ appropriate under the authorizing program statute
- ✓ consistent with the underlying needs of the program in that it benefits the intended population of students or teachers for which the funds are appropriated
- ✓ allocable to the grant based on the relative benefits received (as described above)
- ✓ authorized or not prohibited under state or local laws or regulations
- ✓ consistent with policies, regulations, and procedures that apply to all activities, including

-
- ✓ other grants and state and local activities
 - ✓ treated consistently as either a direct cost or as an indirect cost
 - ✓ determined in accordance with GAAP
 - ✓ not used to meet cost sharing or matching requirements of another federal grant (unless specifically permitted in the other program statute or regulations)
 - ✓ consistent with the terms and conditions of the grant award
 - ✓ budgeted in the approved grant application
 - ✓ adequately documented with appropriate supporting original source documentation
 - ✓ the net of any applicable credits such as rebates or discounts
 - ✓ allowable under the federal cost principles
 - ✓ in most cases, supplemental to the core foundation program of the school and to other
 - ✓ activities normally conducted by the school (i.e., supplement, not supplant)
 - ✓ if the school is a Title I schoolwide program, the grant program's activities and applicable costs must be included in the schoolwide plan, the school must have conducted a comprehensive needs assessment, and the plan must contain the required components specified in statute (see Title I, Part A, §1114[b]).

As a measure of compliance, schools must ensure that all costs supported by federal education funds must be allowable and meet the standards outlined in EDGAR, 2 CFR Part 3474 and 2 CFR Part 200 (Subpart E).

When determining allowability, the cost must be:

1. Necessary, Reasonable and Allocable

• Be Necessary and Reasonable for the performance of the federal award. School staff must consider these elements when determining the reasonableness of a cost. 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 to incur the cost was made. For example, reasonable means that sound business practices were followed, and purchases were comparable to market prices.

□ Allocable to the federal award. A cost is allocable to the federal award if the goods or services involved are chargeable or assignable to the federal award in accordance with the relative benefit received. This means that the federal grant program derived a benefit in proportion to the funds charged to the program. 2 C.F.R. §200.405. For example, if 50% of a teacher's salary is paid with grant funds, then that teacher must spend at least 50% of his or her time on the grant program.

2. Conform with federal law & grant terms

3. Consistent with state and local policies

4. Consistently treated

5. In accordance with Generally Accepted Accounting Principles

6. Not included as match or cost-share, unless the specific federal program authorizes federal costs to be treated as such.

7. Be the net of all applicable credits -The term "applicable credits" refers to those receipts or reduction of expenditures that operate to offset or reduce expense items allocable to the federal

award. Typical examples of such transactions are: purchase discounts; rebates or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the state relate to the federal award, they shall be credited to the federal award, either as a cost reduction or a cash refund, as appropriate.

2 C.F.R. §200.406

8. Adequately documented - All expenditures must be properly documented.

Equipment

If equipment is purchased through the use of federal funds, schools must have adequate controls in place to account for:

- Location of equipment
- Custody of equipment
- Security of equipment

2 CFR §200.313

Record Retention

Requirements related to retention and access to project/grant records, are determined by federal and state laws, rules, and regulations. Federal regulation 2 CFR §200.333, addresses the retention requirements for records that applies to all financial and programmatic records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal or Project award. If any litigation, claim, or audit is started before the expiration date of the retention period, the records must be maintained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.

Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a sub-recipient. Federal awarding agencies and pass-through entities must not impose any other record retention requirements upon non-Federal entities. The only exceptions are the following:

- a) If any litigation, claim, or audit is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.
- b) When the non-Federal entity is notified in writing by the Federal awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period.
- c) Records for real property and equipment acquired with Federal funds must be retained for 3 years after final disposition.
- d) When records are transferred to or maintained by the Federal awarding agency or pass-through entity, the 3-year retention requirement is not applicable to the non-Federal entity.
- e) Records for program income transactions after the period of performance. In some cases recipients must report program income after the period of performance. Where there is such a requirement, the retention period for the records pertaining to the earning of the program income starts from the end of the non-Federal entity's fiscal year in which the program income is earned.
- f) Indirect cost rate proposals and cost allocations plans.

This paragraph applies to the following types of documents and their supporting records: indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates).

(1) If submitted for negotiation. If the proposal, plan, or other computation is required to be submitted to the Federal government (or to the pass-through entity) to form the basis for negotiation of the rate, then the 3-year retention period for its supporting records starts from the date of such submission.

(2) If not submitted for negotiation. If the proposal, plan, or other computation is not required to be submitted to the Federal government (or to the pass-through entity) for negotiation purposes, then the 3-year retention period for the proposal, plan, or computation and its supporting records starts from the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

2 CFR §200.333

Federal Programs Fiscal Monitoring (2 CFR §200.331, 200.205)

According to 2 CFR §200.331, the ASD as a pass-through non-federal entity must monitor its sub-recipients to assure compliance and performance goals are achieved. Monitoring must include:

1. Review of financial and programmatic reports
2. Corrective action (Follow-up activities ensuring sub-recipients take timely, appropriate action to cure deficiencies)
3. Issue a “management decision” on audit findings

Examples of Required Monitoring Artifacts

- Tennessee School Improvement Plan (TSIP)
- Annual Professional Development Plan
- Family Engagement Plan
- Agendas and Sign in Sheets for PDs, Title I meetings, etc.
- Conflict of Interest policies
- Procurement procedures/policies
- Time and effort procedures/policies
- Audit reports
- Accounting procedures/processes
- Record retention procedures/policies

At any time during the grant award period, the ASD federal programs staff may pre-arrange a visit to any grant-related school for the purpose of assessing grant compliance or for validating that special conditions, if any, are appropriately met. The ASD federal programs staff will follow standard notification procedures for arranging an on-site visit and appreciate the assistance of sub-recipient/school representatives with this endeavor.

The monitoring process covers broad or consolidated requirements—that is, common requirements across all grants—as well as requirements specific to individual programs. The process is neither intended to be exhaustive nor to ensure compliance with each and every requirement within the law. Rather, it is to assess the schools capacity for complying with requirements for federal and state funding and major program requirements within specific grant programs (Title I, Part A; Title II, Part A; Title III, Part A., IDEA, Part B, etc.) Note – only grants under which the sub-recipients/schools receive funds will be reviewed.

It is federal programs intention to provide a consistent approach for the district to monitor a grant sub-recipient’s compliance with federal administrative requirements. As such, the monitoring process is designed for use in monitoring the administration of federal grant dollars. It is not intended to take the place of an audit; instead, it provides a framework for understanding where a sub-recipient is at risk of non-compliance with federal administrative requirements. With the knowledge of potential risk areas, federal programs can effectively focus its attention and provide technical assistance where it is needed most.

The primary purpose of the monitoring process is to assess the schools capacity for complying with the following sub-recipient requirements:

1. School Needs Assessment
2. Professional Development Plan
3. Parents’ Right to Know Provisions
4. Public Reporting Provisions
5. Fiduciary Responsibilities
6. Title I, Part A-Parental Involvement
7. Title I, Part A-Coordination to Serve Students Experiencing Homelessness in Title I Schools
8. Title I Part A-Certification and Licensure Requirements
9. Title II, Part A-Teacher & Principal Training & Recruitment
10. IDEA, Part B-Services for School-Aged Children
11. Additional required policies and procedures

The monitoring process is divided into three main parts:

1. Self-Assessment

The federal programs staff will require each school to complete an annual self-assessment. The assessment will be reviewed by federal programs staff for completeness. Federal programs staff will also conduct a thorough review of the answers provided in the self-assessment for the purpose of developing a summary of the status of the school’s compliance in meeting state and federal grant requirements. If there is any information that is unclear, missing or incomplete, the federal programs staff will contact the school for additional clarification. Once all information has been submitted, the federal programs staff will review and determine next steps.

2. On-Site Visit

If needed, an on-site visit will be scheduled with schools. During this visit, the federal programs staff will ask guiding questions on the information submitted in the self-assessment. The purpose of the on-site visit is to discuss the self-assessment, offer relevant technical assistance, and develop a plan for improvements. Also, the federal programs staff is always interested in highlighting

promising practices in schools, and the on-site visit will provide an opportunity for them to inquire about promising practices which can be shared with other schools.

3. Report/Results

A summary report will be presented to school leaders at the conclusion of the monitoring process. This report will include promising practices, areas for improvement, and a detailed plan for technical assistance, if needed.

Financial Management of Grant Funding

Federal regulations require sub-recipients/schools to use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for federal funds (34 CFR 76.702 and 2 CFR 200.302). Implementing and maintaining a proper accounting system is a fiduciary responsibility associated with receiving a federal award. The acceptance of an award creates a legal duty on the part of the District to use the funds or property made available under the award in accordance with the terms and conditions of the grant. The approved grant application itself constitutes an accounting document in that it establishes the purpose and amount of the awarding agency's obligation to the sub-recipients/schools. In turn, it establishes a commitment by the District to perform and expend funds in accordance with the approved grant agreement and the applicable laws, regulations, rules, and guidelines.

The District maintains a proper financial management system in order to receive both direct and state-administered grants and to expend funds associated with a grant award. Certain fiscal controls and procedures are in place to ensure that all federal financial management system requirements are met. Failure by the District to meet a requirement may result in return of funds or termination of the award. 2 CFR § 200.300(b)

The District maintains records which adequately identify the source and application (i.e., use) of funds provided for federally assisted activities. In accordance with federal regulations, these records contain information pertaining to grant or sub-grant awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest. All transactions are supported by source documentation (purchase orders/requisitions, invoices, receipts, travel vouchers, time-and-effort documentation and employee salary records, copies of checks, etc.). 2 CFR § 200.300(b)

The Finance Department is responsible for ensuring that the required information on all federal awards is entered into the federal ledger once the Grant Award Notification (GAN) is received. Periodic reports are generated throughout the year to ensure data accuracy.

Accountability is the paramount objective of financial reporting. Accurate, current, and complete disclosure of the financial results of each federal award or program is made in accordance with the financial reporting requirements set forth in 2 CFR § 200.327 - .328 and in EDGAR. The District collects and reports financial information with the frequency required in the terms and conditions of the award and monitors its activities under federal awards to assure compliance with applicable federal requirements.

The finance department monitors grant expenditures and reviews the general ledger of each grant before the final expenditure report is submitted. The finance department will coordinate with the

federal programs staff to close or liquidate any and all obligations. Once all obligations are cleared, the final expenditure report is then submitted. The finance department along with the federal programs staff periodically monitors the obligations and unobligated balances in the general ledger throughout the grant period to ensure excessive amounts of funds do not lapse.

Monthly Financial Statements

All sub-recipients/schools will receive a monthly financial statement which will include detailed updates on the grant allocations, payments made, payments pending, and remaining balances for each award. Monthly budget reports will be provided to schools around the 15th day of each month. The reports will be provided each month beginning the month following Grant Acceptance and recurring through Grant Closeout.

The information provided in the reports directly relate to the approved grant budget included with the grant award notification and lists information such as the following:

- Total grant dollars awarded
- Total funds expensed to-date (if applicable)
- An indication of the funds in progress to be approved for payment
- Total funds remaining
- Comments (if applicable)

Monthly Financial Statement Form

ASD Financial Statement
OPERATOR

MONTH

The information below reflects the monthly and year to-date financials for your school(s) as part of the Achievement School District. Please note that the tables below provide overviews of your grants and BEP payments processing; more detailed information is available in the attached spreadsheet.

Grants Overview

Grant	CMO/Operator	School	Request #	Request Amount	Submission Date	Request Status	Notes
Title I							
ESSER							
Title II							
IDEA							
IDEA Pre-K							
VPK							
...							

Please note the grant updates reflect reimbursement packets submitted by the 15th of the previous month.

NOTES:

BEP Overview

NAME OF CMO:			
SCHOOL		SCHOOL ID#	
Current ADM for Funding:		BEP Payment	
Per Pupil Amount		BEP Month	
Annual Projections		Current Payment	
Current BEP Allocation		BEP Payment YTD	
Authorizer Fee (2.5%)		Current Amount Owed	
Updated Annual Allocation		Current SCS/MNPS Withholdings	
Updated YTD Allocation		Payment Amount	

NOTES:

Payment Process

The payment process is detailed below:

Step 1 - Finance Review – Blanket POs are created for each school for each funding source. The request receives two levels of approval before final payments. If there are any issues and/or concerns with information provided in the reimbursement request, payments could be delayed. Additionally, payments may be delayed due to budget revisions.

Step 2 -Finance team will receipt the signed and approved reimbursement request against the POs and submit to Accounts Payable. Accounts payable will then match the POs against the receipts, check for all approved signatures, and create a voucher. *If the district superintendent's signature is missing, the PO will not be approved for payment.* Once Accounts Payable approves the POs, the reimbursement requests are scanned and uploaded into Edison.

Step 3 -The reimbursement request payments are sent to organization's address entered on the W9.

Step 4 - Once the payments are made to schools, a consolidated reimbursement request for the district is created and submitted in ePlan to draw down the appropriate funds for the district.

Additional Procedures

Implementation Issues

It is not uncommon for a sub-recipient/school to experience minor changes in the timing for the completion of planned grant program tasks. Outside of any expected circumstances, the sub-recipient/school should proactively communicate any variances to the approved grant award. Problems, delays, or adverse conditions that will affect the sub-recipient/school's ability to meet its grant program objectives or its time schedules as outlined in its plan should be reported to the ASD federal programs staff as soon as the issue is detected.

Budget Change/Revision Request

Expenditures, reimbursements, and payments under each grant award shall adhere to the approved grant budget. **Reimbursable expenditures may NOT vary from or exceed the grant budget line-item amount(s).**

It is expected that schools will make every attempt to adhere to their awarded grant budget. However, the ASD recognizes that changes to the budgets and timelines may become prudent/necessary. As such, we have scheduled budget revision windows throughout the course of the school year. Schools may only request a budget revision during those times.

The process for requesting a budget revision during the scheduled budget revision windows is as follows:

- A request for budget change must be submitted to the federal programs staff at federalreimbursements@tn-asd.org.

-
- Requests for budget change must include the following information: A revised budget, and detailed narrative for each budget line-item changed.
 - The federal programs team will review the request and contact school if additional clarification is needed.
 - When the request is approved, the grant award notification and reimbursement workbook will be amended to reflect the approved budget change (if there is a change in the allocation) and a revised reimbursement workbook will be provided to the school to include the approved revised budget.

All budget revisions require prior approval from the federal programs team.

Non-Compliance

Whenever the federal programs staff determines that a sub-recipient of any award funds has failed to comply with the requirements of the grant program, the federal programs staff will notify the primary contact for the sub-recipient/school with notice of noncompliance and will request appropriate compliance action. Noncompliance may include failure to manage the grant funds according to the approved grant award or violation of applicable federal and/or state laws or regulations. If, within a reasonable period, the school fails or refuses to comply, the ASD may take any of the following actions in accordance with CFR 200.207, 200.338:

- Withhold payments to the sub-recipients/schools/school.
- Require repayment of funds improperly spent.
- Reduce payments to the sub-recipients/schools/school by an amount equal to the amount of such payments that were not expended in accordance with the requirements of the grant.
- Require more detailed reporting
- Require additional monitoring
- Require sub-recipients/schools/school to obtain technical or management assistance.
- Establish additional prior approvals.
- Take such other action as may be provided by law or regulation.

Opportunity for Consultation- Prior to a sanction (reduction, withdrawal, or adjustment of an award or other appropriate action taken) related to noncompliance, the sub-recipients/schools will be notified of such proposed action and given an opportunity, within a reasonably prescribed time period, to have an informal consultation with the federal programs staff.

Federal Programs Grant Closeout Procedures

The grant close-out is the process by which the federal programs team determines that all applicable administrative actions and all required work associated with the award have been completed. The Uniform Grant Guidance, UGG, (34 CFR 74; 2 CFR 200) sets forth detailed requirements with respect to the complete and timely submission of financial reports and other closeout procedures for grants (e.g., grants, contracts, cooperative agreements, etc.). Failure to adhere to these reporting guidelines relating to a specific grant may result in the withholding of new awards. To comply with these regulations, the following guidelines were developed:

When the sub-recipient/school has completed its grant program for the grant award period, the ASD Office of Federal Programs will indicate that a close-out is requested on the final monthly financial statement provided to sub-recipients/schools. The closeout of an award signifies that all grant-related work is complete, grant award procedures and all approved expenses have been paid and reimbursed by the district. A request for closeout releases the district from obligations related to monitoring the grant performance and compliance for the approved budget period.

Upon approval of the closeout request, the sub-recipient/school is provided a Notice of Close-Out. At that time, the sub-recipient/school's authorized organizational representative must sign the Notice of Close-Out and return to the Office of Federal Programs. Additionally, sub-recipients/schools will be asked to complete a short grant related survey for the purpose of providing feedback to the district for future process improvement.

The official close-out of each grant award will include the following steps:

- 1.Submission of final monthly financial statement report to sub-recipients/schools which will include remaining funds available
- 2.Sub-recipient/school's review of final monthly financial statement report for accuracy and any necessary changes
- 3.Sub-recipient/school's approval and signature on the final monthly financial statement report
- 4.If all requests have been submitted and there are any remaining funds, sub-recipients/schools must complete and sign the Release of Funds Form along with the Notice of Close-Out Form and submit to the Office of Federal Programs.
- 5.If all requests have been submitted and there are no remaining funds, sub-recipients/schools must sign off on the Notice of Close-Out Form and submit to the Office of Federal Programs

The grant closeout is a critical piece in the life cycle of a grant. Preparation for closeout should begin three months prior to the end date of the grant in-order to accurately forecast expenses and any adjusting entries that need to be made.

The following chart describes the tasks included in the close-out process.

TASK	OFFICE OF FEDERAL PROGRAMS (FP)	SUB-RECIPIENT/SCHOOL	FINANCE TEAM
90 Days Prior to Award End Date- Email notification to schools regarding grant close-out	Sends email (award close-out notice) to schools 90 days prior to the end date of the award which includes a close-out checklist.	School responds to email; If no response, proceed with close-out.	Reconciling balances paid vs budgeted amounts
90 Days Prior to Award End Date-Budget Revisions	Reviews and approves final budget revisions and if needed, return to school for additional information.	Submit final budget revision requests to FP 90 days prior to end of award.	Process budget revision if meets all criteria.
60 Days Prior to Award End Date-Follow-up communication (Monitor end of award date)	Inform schools that award is ending in 60 days	Inform FP staff of any changes or concerns	Confirm funding availability status as needed

30 Days Prior to Award End Date- Follow-up communication (Monitor end of award date)	Inform schools that award is ending in 30 days	Inform FP staff of any changes or concerns	Confirm funding availability status as needed
30 Days After Award End Date-End of Year (EOY) Final Expenditures Report		Complete and submit to Finance within 30 days after the end date of award.	Send schools notification and template for EOY reports 30 days prior to the end of award.
30 Days After Award End Date-Inactivating the award	-Closeout Grant -Send schools close-out form and release of funds form to review and sign	Review, sign, and submit the close-out form and release of funds form to FP.	Draw down final expenses from ePlan and complete FERS within 90 days after the end of award.
30 Days After Award End Date-Award Closed	Send Schools an email and/or final notice confirming that the grant has officially closed and no further expenses can be claimed against the grant.	Proceed with internal close-out of grant; Maintaining a copy of all grant related documentation for a minimum of 5 years	

As the primary responsible entity, the sub-recipient/school:

- Certifies the effort expended on the grant for those personnel charged to his/her award
- Determines that all charges to his or her grants are proper and accurate under the terms and conditions of the award;
- Ensures that final expenditures do not exceed the budget of the award;
- Reviews final monthly report of charges and budget transactions associated with the grants;
- Notifies the appropriate federal programs team member of any errors so they can be corrected.
- Retain all records relating to the award for 5 years from the date of submission of the final expenditure report. In cases where litigation, claim, or an audit is initiated prior to the expiration of the five-year period, records must be retained until completion of the action and resolution of any issues associated with it or the end of the five year retention period, whichever is later. Additional information pertaining to record retention requirements can be found in 15 CFR 24.42.

Financial Closeout Procedures

The financial close-out process is initiated and concluded based on the premise that all expenses posted to the general ledger is accurate and allowable under the terms of the award. Furthermore, this assumption is made with the understanding that grant funds are actively managed on an ongoing basis from the date of activation to the date of final termination. A periodic review of the costs incurred during the budget period will be routinely undertaken and adjusting entries processed as needed and before the end of the budget period. Expenditures that are considered erroneous or unallowable amounts will be adjusted and journaled to the appropriate source of funding. A full review of the account will be completed prior to the anniversary date of the award to ensure that adjustments are processed during the reporting period and before issuance of the financial expenditure report.

In addition to reimbursement requests or other interim financial reports, the finance team requires sub-recipients/schools to complete an End of Year (EOY) report or Final Report of Expenditures.

The report contains a summary of budget, expenditure and revenue activity compiled over the life of the grant. The sub-recipient/school should review the document for accuracy and provide assurance that the expenses posted to the grant are accurate and allowable under the terms of the award. It will be the document used by the finance team in the preparation and submission of the final expenditure reports.

The finance team will complete the final expenditure report (FER) based upon financial accounting system records. The FER will be completed within 90 days after the end date of the award/budget period. Unliquidated obligations and/or unexpended balances will be reported as of the date of termination of the grant budget period. Funding for the unliquidated obligations will be carried forward in accordance with the federal guidelines.

The ASD must provide evidence that it has used grant funds and fulfilled program goals according to the terms and conditions agreed upon with the funder. The District will submit financial and/or programmatic grant award closeout reports as required by the funders or by state or federal law in a timely manner. Reports will accurately reflect programmatic activity and the actual use of grant funds as recorded in the financial records of the District and will be in compliance with the requirements of the grant program.

Pursuant to 2 CFR 200.343, the TDOE is responsible to ensure that all entitlement grants are closed out with a timely annual final reporting of grant program expenditures for the approved program objectives and activities. The district is required to complete a final expenditure report (FER) for each grant program awarded to the district for the fiscal year. The FERs are available to the district in ePlan and must provide the budget expenditures and equipment purchases, as appropriate, for each grant program. The FERs for a given grant year contain financial information including, but not limited to, total expenditures, funds paid to date, unexpended funds, overpayments, as well as refunds and release of funds to the TDOE.

The FERs are electronically linked to TDOE's electronic payment system. Thus, the approval of a FER triggers calculations of the total grant expenditures and any previous payments that were made to the district for the grant year. Based on these final calculations, the system does one or more of the following:

- automatically generates a final payment to the grantee for any expenditures that were not previously paid through the submission of a reimbursement request;
- indicates a carryover of grant funds to the subsequent grant year;
- indicates that a refund of an overpayment is due from the district; and/or
- indicates a release of grant funds.

APPENDIX

SCHOOL-LEVEL ePLAN USER ACCESS

LEAs will be responsible for adding School-Level users to ePlan. Each LEA will designate a User Access Administrator. This User Access Administrator will work with the TDOE System Administrator to learn how the process for adding users works. Below are the instructions and information for LEA User Access Administrators to add new School-Level users into ePlan:

TRACKING USER ACCESS ACTIVITY

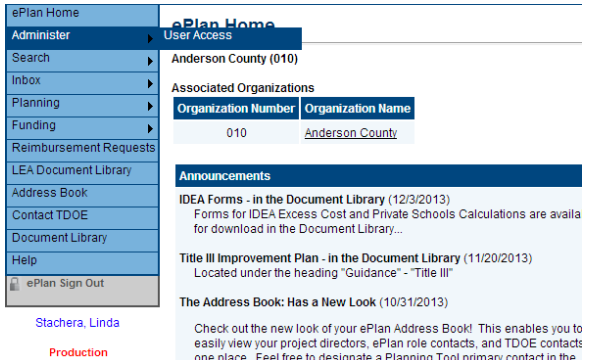
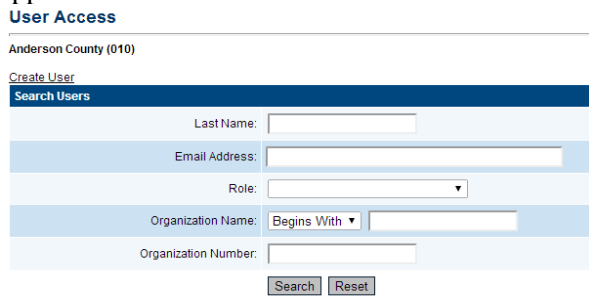
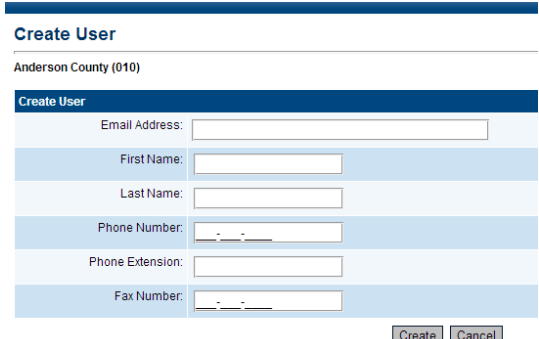

It is highly recommended that the LEA user access administrator keep a list of ePlan users in the district office. This list should include the dates each user was added/deleted from ePlan. Users who leave employment with the school system should be removed from ePlan on or before the last day of employment. A document containing the user's name, title, school(s), date added, and date removed is recommended. LEAs may add other fields (such as supervisor, principal) if desired.

User's Name	User's Title	School(s)	Date Added	Date Removed

ADDING SCHOOL-LEVEL USERS TO ePLAN:

School-Level users will have the ability to work in the School Plan. They will not be able to work in the Funding Application, the LEA Plan, the LEA Document Library, or the Reimbursement Request screens. Please see the following pages for more information about access forms and roles.

Here are instructions for LEA System Administrators who will be adding users to ePlan:

<p>STEP 1: Choose ADMINISTER from the main menu navigation and go to USER ACCESS.</p> 	<p>STEP 2: This screen is a “search” screen. To add a user, click on CREATE USER in the upper-left-hand corner of the screen.</p> 
<p>STEP 3: Add the user's information according to the screen below. Then click CREATE at the bottom of the screen.</p> 	<p>STEP 4 Click CREATE ROLE in the upper-left-hand corner of the screen.</p> 
<p>STEP 5</p>	<p>STEP 6</p>

You will be taken to the screen below. The only option that will be available in this screen is the name of the schools in your LEA. Choose the school that you will allow the user to edit the School Plan. If the user will be allowed to edit more than one Plan, choose CREATE ROLE again and repeat this step for other schools. A trash can will appear to the right of each entry to delete unwanted entries.

Create Role

Anderson County (010)

Create Role	
Email Address:	lrchamp@acs.ac
Organization:	<div> <div>LEA:</div> <div>Anderson County (010) ▼</div> </div> <div> <div>School:</div> <div>Anderson County Career Technical Center (010-0003)</div> </div>
Role:	LEA Planning Tool Data Entry ▼
<div>Create</div> <div>Cancel</div>	

The new user will receive an auto-generated email from ePlan that will provide instructions on logging in and creating a password. The email will come from the address below. ePlan system administrators do not keep lists of passwords. Each user is able to set up his/her own password. ePlanTN.NoReply@eGrantsManagement.com

ACCESS LEVELS FOR SCHOOL-LEVEL USERS

Below is information regarding the access levels for School-Level users:

- A School-Level user may edit his/her own School Plan, and may view the LEA Plan and the Plans of all of the other Schools within the LEA.
- A School-Level user may be granted access to more than one school if he/she works in more than one school within the LEA (access determined by the LEA user access administrator).
- An LEA-Level Plan may only be edited by an LEA-Level user.
- An LEA-Level user may edit the LEA Plan and any School Plans within the LEA.

ROLE	LEA Plan	School Plan (home School)	School Plan (other Schools within the LEA)
LEA Plan Data Entry	EDIT LEA	EDIT All Schools	EDIT All Schools
School Plan Data Entry	View Only	EDIT	View Only

USER ACCESS FORMS

For the purposes of record-keeping and potential auditing, it is highly recommended that each School-Level ePlan user complete and submit a signed user access form to his/her LEA. User access form links are provided on the following page. LEAs will also want to follow their own internal procedures regarding online systems access. LEAs must consider that system user access may be subject to internal and external audits. An LEA may choose to use the form provided, modify the form, or use a different form. The LEA is responsible for collecting completed and signed user access forms from each user and maintaining an updated file of users in the district office.

ePlan USER ACCESS FORM LINKS
(to be kept on file in the office of the LEA)

District Form:

<https://eplan.tn.gov/DocumentLibrary/ViewDocument.aspx?DocumentKey=1511231&inline=true>

Charter School Form:

<https://eplan.tn.gov/DocumentLibrary/ViewDocument.aspx?DocumentKey=1636199&inline=true>

Community Based Organization Form:

<https://eplan.tn.gov/DocumentLibrary/ViewDocument.aspx?DocumentKey=1051596&inline=true>

Non-Public Form:

https://stateoftennessee.formstack.com/forms/eplan_user_access_form_for_non_public_schools

ePlan has a dedicated TDOE Resource page, which has multiple resources available to help districts ensure that *Tennessee Succeeds* when it comes to educating our students.

For any questions regarding ePlan, please review the resources in the last folder on ePlan's TDOE Resources Page or contact support at ePlan.Help@tn.gov. An ePlan Top 10 Tips document can be found [here](#) this includes password assistance.

Every Student Succeeds Act (ESSA)

ED is not requiring states to comply with the requirements in § 1119 of the ESEA, beginning in the 2016-17 school year, which set forth requirements for highly qualified teachers, the qualifications and duties for paraprofessionals, and use of funds to support compliance with the highly qualified teacher requirements. ED has identified the following data elements that a state or LEA need not report to ED Facts: highly qualified teacher data files based on data from the 2016-17 school year (file specification numbers: N063, N064).

Special Education Teachers: The ESSA amended the Individuals with Disabilities Education Act (IDEA) by removing the definition of “highly qualified” and the requirement that special education teachers be “highly qualified.” A state is no longer required to ensure that special education teachers are “highly qualified” as defined in the ESEA beginning with the 2016-17 school year.

The state must ensure that they meet the requirements of the IDEA (§§ 602(10); 602(10)(B); 612(a)(14)(C)) by incorporating the requirement that an individual employed as a special education teacher in elementary school, middle school, or secondary school must meet the following:

- 1) have obtained full certification as a special education teacher (including certification obtained through alternative routes to certification), or passed the state special education teacher licensing examination and hold a license to teach in the state as a special education teacher;
- 2) not have had special education certification or licensure requirements waived on an emergency, temporary, or provisional basis; and
- 3) hold at least a bachelor’s degree. Each state must continue to comply with these certification requirements during the 2016-17 school year.

It is recommended that Students with Disabilities, to the extent possible, be placed in general education courses with teachers who hold the appropriate academic or occupational endorsement.

Parent Notification: Schools will no longer be required to provide notice to parents related to the highly qualified status of their child’s teacher. NOTE: Under ESSA § 1112(e)(1)(A), at the beginning of each year, an LEA shall notify parents that they may request and the LEA will provide certain information regarding the professional qualifications of the student’s teachers and paraprofessionals. This includes information about whether the student’s teacher: 1) has met state qualification and licensing criteria for the grade levels and subject areas in which the teacher provides instruction; 2) is teaching under emergency or other provisional status through which state qualification or licensing criteria have been waived; 3) is teaching in the field of discipline of the certification of the teacher; and 4) whether the child is provided services by paraprofessionals and, if so, their qualifications.

“Right to Know”

- ✓ LEA must inform parents of Title I schools that they can request information regarding the professional qualifications of their child’s classroom teachers.

Not Qualified Teacher

-
- ✓ Title I schools must provide parents information related to their child's academic achievement if the student has been assigned a teacher who does not meet applicable State certification or licensure requirements for more than 4 weeks.

LEA must notify all parents of State or local policy regarding student participation in statewide assessments and post information on each assessment required.

- ✓ This must include the right to opt-out, where applicable (i.e. per state/local laws).

Core Academic Subjects, section 8101

To provide a well-rounded education, core academic now includes:

- ✓ English, reading or language arts, writing
- ✓ science, technology, engineering, mathematics,
- ✓ computer science,
- ✓ foreign languages,
- ✓ civics and government,
- ✓ economics
- ✓ arts, music
- ✓ history geography
- ✓ career and technical education
- ✓ health and physical education
- ✓ others as designated by State/LEA

Title I: Education for the Economically Disadvantaged

- Title I, Part A funds are formula funds allocated to LEAs in order to:
 - provide supplemental educational opportunities for children living in high poverty areas and most at risk of failing to meet the state’s challenging academic and achievement standards; and
 - provide school-based programs and services to address identified student needs.
- Title I, Part A statute and regulations identify methods for determining eligible schools and allocating funds.

Allowable Use of Funds

Supplemental instructional programs

- Extended day/year
- Intervention services
- Preschool programs
- Online learning

Supporting programs

- Professional development
 - Parent involvement
- Salaries and benefits
- Administrative staff
 - Coaches
 - Educational assistants

Allowable Parent Involvement Activities

Parent activities and meetings directly related to academic goals and policies

- Costs may include event advertisement, training materials, light refreshments, childcare, and transportation.
- Activities and translations for non-English speaking parents
- Communication including postage and printing to provide ongoing outreach and information services to families
- Equipment, books, and supplies for a parent resource center or family lending library

Family and Community Engagement- Using Title I to Pay for Food Allowable To Use

Title I For Food For Parent Meetings

Per clarification from US DOE last June, it is allowable to use Title I, Part A funding for food for parents during school based events as long as there is a connection to a programmatic purpose and the cost is reasonable. If the conference or workshop is for parents and facility/program youth, at the school's discretion Title I funds may be used to provide food and light refreshments. The fund can pay for food for Title I meetings to support student achievement and school achievement for parent events such as: parent advisory councils, parent- teacher conferences, parent math and reading training, parent curriculum and assessment training, Title I policy evaluations, etc.

Not Allowable to Use Title I for Food For Staff Professional Development

The USDOE does not permit using Title I funds to pay for food, meals, and snacks for professional development including onsite training or offsite conferences and workshops, except in rare instances where you can prove that "...paying for food and beverages with Federal funds is necessary to meet the goals and objectives of a Federal grant."

More recently a five question test came out to determine if using Title I to pay for lunch for professionals is an allowable expense.

1. Is a working lunch necessary? The information must be critical to the overall agenda. The agenda must state this is a working lunch.
2. Is the lunch portion of the agenda a critical, substantive discussion?
3. Is there a genuine time constraint to get lunch due to a topic packed agenda prohibiting time for lunch? Or in very rare cases are there no meal places within a couple hours access?)
4. Is the lunch cost reasonable? Does it fall within the per diem guidelines?
5. Has the agency carefully documented that it is reasonable and necessary?

Title I
PARENTAL NOTIFICATION
Under the Elementary and Secondary Education Act (ESEA)

The Elementary and Secondary Education Act (ESEA) makes it clear that Congress expects Local Educational Agencies (LEAs) and schools receiving federal funds to ensure that parents are actively involved and knowledgeable about their schools and their children's education. The law requires schools to give parents many different kinds of information and notices in a uniform and understandable format and, to the extent practicable, in a language that the parents can understand. Listed below are some of these required notices that must be made to parents by school districts or individual public schools.

Written complaint procedures: LEAs disseminate free of charge to parents of students, and to appropriate private school officials or representatives, adequate information about the State Educational Agency's (SEA) written complaint procedures for resolving issues of violation(s) of a Federal statute or regulation that applies to Title I, Part A programs. [34 CFR §200.11(d)]

Teacher qualifications: At the beginning of each school year, a district that receives Title I funds must notify parents that they may request information regarding the professional qualifications of their children's classroom teachers. If a parent requests the information, it must include at least:

- whether the teacher has met state qualifications and licensing criteria for the grade levels and subject areas taught;
- whether the teacher is teaching under emergency or other provisional status;
- the baccalaureate degree major of the teacher; and
- any other graduate certification or degree held by the teacher and the field of discipline of the certification or degree.

The information must also disclose whether the child is provided services by paraprofessionals, and if so, their qualifications. [20 U.S.C. §6311(h)(6)]

Title III requires that each eligible entity receiving a subgrant under §3114 shall include in its plan a certification that all teachers in any language instruction educational program for limited English proficient children that is, or will be, funded under this part are fluent in English and any other language used for instruction, including having written and oral communication skills. [ESEA Title III, Part A, §3116(c)]

Non-highly qualified teachers: A Title I school shall provide each individual parent timely notice that the parent's child has been assigned, or has been taught for four or more consecutive weeks, by a teacher who is not highly qualified. [20 U.S.C. §6311(h)(6)(B)] [ESEA Title I, Part A, §1111(h)(6)(A) and (h)(6)(B)(ii)]

Student privacy: Districts must give parents annual notice at the beginning of the school year of the specific or approximate dates during the school year when the following activities are scheduled or expected to be scheduled:

- activities involving the collection, disclosure or use of personal student information for the purpose of marketing or selling that information;
- administration of surveys containing request for certain types of sensitive information;
- any non-emergency, invasive physical examination that is required as a condition of attendance, administered by the school, scheduled in advance and not necessary to protect the immediate health and safety of student.

A district must develop and adopt policies regarding the rights of parents to inspect:

- third party surveys before they are administered or distributed to students;
- measures to protect student privacy when surveys ask for certain sensitive information;
- parental right to inspect any instructional materials;
- administration of physical examinations or screening of students;
- collection, disclosure or use of personal information from students for the purpose of marketing or selling that information; and
- the parental right to inspect any instrument used to collect personal information before it is distributed to students.

Districts must give parents annual notice of an adoption or continued use of such policies and within a reasonable period of time after any substantive change in such policies. *[20 U.S.C. §1232h(c)(2)] [ESEA Title II, Part F, §1061(c)]*

Public release of student directory information: Under the Family Education Rights and Privacy Act (FERPA), an LEA must provide notice to parents of the types of student information that it releases publicly. This type of student information, commonly referred to as “directory information,” includes such items as names, addresses and telephone numbers and is information generally not considered harmful or an invasion of privacy if disclosed. The notice must include an explanation of a parent’s right to request that the information not be disclosed without prior written consent.

Additionally, §9528 requires that parents be notified that the school routinely discloses names, addresses and telephone numbers to military recruiters upon request, subject to a parent’s request not to disclose such information without written consent.

A single notice provided through a mailing, student handbook or other method that is reasonably calculated to inform parents of the above information is sufficient to satisfy the parental notification requirements of both FERPA and §9528. The notification must advise the parent of how to opt out of the public, nonconsensual disclosure of directory information and the method and timeline within which to do so. *[ESEA §9528]*

Military recruiter access to student information: Districts receiving federal education funds must notify parents of secondary school students that they have a right to request their child's name, address and telephone number not be released to a military recruiter without their prior written consent. Districts must comply with any such requests. [20 U.S.C. §7908(a)(2)] [ESEA §9528]

Parental involvement: A district receiving Title I funds, and each school served under Title I must develop jointly with, agree on with, and distribute to, parents of children participating in Title I programs, a written parental involvement policy. If a school or district has a parental involvement policy that applies to all parents, it may amend the policy to meet the requirements under the ESEA. [ESEA Title I, Part A, §1118(a)(2)] [20 U.S.C. §6318(b); (c)]

Parents shall be notified of the policy in an understandable and uniform format and, to the extent practicable, provided in a language the parents can understand. Such policy shall be made available to the local community and updated periodically to meet the changing needs of parents and the school. [ESEA Title I, Part A, §1118(b)(1)]

Schools must hold at least one annual meeting for Title I parents;

- offer a flexible number of meetings;
- involve parents in an ongoing manner in the planning, review and improvement of Title I programs;
- provide Title I parents with timely information about the programs, a description and explanation of the curriculum, forms of academic assessment and expected levels of student proficiency;
- if requested, provide opportunities for regular meetings to discuss decisions related to the education of their children; and
- develop a school-parent compact that outlines the responsibilities of each party for improved student academic achievement. [ESEA Title I, Part A, §1118(c)]

Title III requires that each eligible entity receiving a subgrant under §3114 submit a plan to the SEA that describes how the eligible entity will promote parental and community participation in programs for limited English proficient children. [ESEA Title III, Part A, §3116(b)(4)]

Title III-funded LEAs are required to implement an effective means of outreach to parents of limited English proficient children to inform such parents of how they can be involved in the education of their children and be active participants in assisting their children to learn English, achieve at high levels in core academic subjects and meet the same State content and achievement standards all children are expected to meet.
[ESEA Title III §3302(e)]

Report cards on statewide academic assessment: Each school district that receives Title I, Part A funds must prepare and disseminate an annual report card. Generally, the state or district must include on its report card information about public schools related to student achievement, accountability, teacher qualifications and other required information, as well as any other information that the state or district deems relevant.

These report cards must be concise and presented in an understandable and uniform format accessible to persons with disabilities and, to the extent practicable, provided in a language that parents can understand. In Tennessee, these requirements are met through our State's report card. *[ESEA Title I, Part A, §1111(h)(1) and (h)(2)]*

Individual achievement on state assessment: A school that receives Title I funds must provide each parent information on the achievement level of their child on each of the state academic assessments as soon as is practicably possible after the test is taken. *[20 U.S.C. §6312(c)(1)(N)]*
[ESEA Title I, Part A, §1111(h)(6)(B)(i)]

All schools must provide to parents, teachers and principals the individual student interpretive, descriptive and diagnostic reports, which allow specific academic needs to be understood and addressed, and include information on the student's achievement on academic assessments aligned with State academic achievement standards. *[ESEA §1111(b)(3)(C)(xii)]*

National Assessment of Education Progress: Districts, schools and students may voluntarily participate in the National Assessment of Educational Progress (NAEP). Parents of children selected to participate in any NAEP assessment must be informed before the assessment is administered that their child may be excused from participation for any reason, is not required to finish any assessment and is not required to answer any test question. A district must make reasonable efforts to inform parents and the public about their right to access all assessment data (except personally identifiable information), questions and current assessment instruments. *[ESEA Title VI, Part C, §411(c)(1); (d)(1)–(2)]*

School-wide programs: A district must inform eligible schools and parents of school-wide program authority under which such schools may consolidate funds from federal, state and local sources to upgrade the entire educational program of the school. The school must serve an eligible attendance area in which at least 40% of the children in the area or enrolled in the school are from low-income families. *[20 U.S.C. §6312(c)(1)(A)]*
[ESEA Title I, Part A, §1114]

Progress review: Each LEA shall publicize the results of the annual progress review to parents, teachers, principals, schools and the community so that the teachers, principals, other staff and schools can continually refine, in an instructionally useful manner, the program of instruction to help all children served under Title I to meet the challenging State student academic achievement standards. *[ESEA §1116(a)(1)(C)]*

Safe and drug-free schools programs: A district receiving safe and drug-free school program funds must inform and involve parents in violence and drug prevention efforts. The district must make reasonable efforts to inform parents of the content of safe and drug-free school programs and activities other than classroom instruction. If a parent objects in writing, the district must withdraw the student from the program or activity. *[20 U.S.C. §7116(b); 20 U.S.C. §7163]*

Limited English proficiency programs: A school district that uses federal funds to provide a language instruction education program for children with limited English proficiency must no

later than 30 days after the beginning of the school year inform the parents of each child identified for participation or participating in such a program:

- the reasons for the identification of the child as limited English proficient;
- the child's level of English proficiency;
- how that level was determined and the status of the child's academic achievement;
- methods of instruction used in the program in which their child is participating and methods of instruction used in other available programs;
- how the program will meet the educational strengths and needs of their child;
- how the program will specifically help their child learn English and meet age- appropriate academic achievement standards for grade promotion and graduation;
- the specific exit requirements for the program;
- in the case of a child with a disability, how the program meets the child's IEP objectives; and
- information about parental rights detailing the right of parents to have their child immediately removed from such program upon their request and the options that parents have to decline to enroll their child in such program or to choose another available program or method of instruction.

For a child not identified as limited English proficient prior to the beginning of the school year, the district must notify parents within the first two weeks of the child being placed in such a program. [20 U.S.C. §6312(g); §7012(a)–(d)] [ESEA Title I, Part A, §1112(g)(1)–(4)]

Each eligible entity using Title III funds to provide a language instruction education program, and that has failed to make progress on the annual measurable achievement objectives shall separately inform the parents of children identified for participation in such program, or participating in such program, of such failure not later than 30 days after such failure occurs. All required information shall be provided in an understandable and uniform format and, to the extent practicable, in a language that the parent can understand. [ESEA, Title III, Part C, §3302(b)(c)]

Homeless children: To be eligible for funds, the school must provide written notice, at the time any child seeks enrollment in such school, and at least twice annually while the child is enrolled in such school, to the parent or guardian or unaccompanied youth that, shall be signed by the parent or guardian or unaccompanied youth; that sets forth the general rights provided; and specifically states:

- the choice of schools homeless children are eligible to attend;
- that no homeless child is required to attend a separate school for homeless children;
- that homeless children shall be provided comparable services, including transportation services, educational services, and meals; and
- that homeless children should not be stigmatized by school personnel.

The school must also:

- provide contact information for the local liaison for homeless children and the State Coordinator for Education of Homeless Children and Youths;
- provide assistance to the parent or guardian or unaccompanied youth to exercise the right to attend their choice of schools as provided for in subsection (g)(3)(A); and
- if applicable, coordinate with the local education agency with jurisdiction for the school selected, to provide transportation and other necessary services. [42 U.S.C. §11432(e)(3)(C),(E)] [ESEA Title X, Part C, §722(e)(3)(C)(I)–(iv)]

If the district sends a homeless child to a school other than the school of origin or the school requested by the parent or guardian, the district must provide the parents a written explanation for, including notice of the right to appeal, the decision. The information must also be provided whenever a dispute arises over school selection. [ESEA Title X, Part C, §722(g)(3)(B)]

Each LEA liaison for homeless children and youth shall ensure the parents or guardians of homeless children and youth are informed of the educational and related opportunities available to their children and are provided with meaningful opportunities to participate in the education of their children. [ESEA Title X, Part C, §722(g)(6)(A)(iv)]

Public notice of the educational rights of homeless children and youths is disseminated where such children and youths receive services under this Act, such as schools, family shelters and soup kitchens. [ESEA Title X, Part C, §722(g)(6)(A)(v)]

21st Century Community Learning Centers: A program or activity funded as part of a 21st Century Community Learning Center providing before and after school activities to advance student academic achievement must undergo periodic evaluation to assess its progress toward achieving its goal of providing high quality opportunities for academic enrichment. The results of evaluations shall be made available to the public upon request, with public notice of such availability provided. [ESEA §4205(b)(2)]

Waiver request: If a school district requests the U.S. Secretary of Education to waive any provision or regulation of the ESEA, it must provide notice and information about the waiver to the public in the manner in which is customarily provides public notice. [20 U.S.C. §7861(b)(3)(B)] [ESEA Title IX, Part D, §9401(b)(3)(B)(ii)]

Sample Copy of Right-to-Know – Four (4) Week letter

Date: September 6, 2021

Dear Parents:

As a parent of a student attending a school that is receiving Federal Title I dollars, you have the right to know if your child is assigned to or taught for four (4) or more consecutive weeks by a teacher who does not hold the appropriate state certification. Presently, your child is being taught by a teacher who is not appropriately state certified. This includes teachers holding a State Emergency Certification, taking the required credits toward his/her permanent certificate to make him or her "Appropriately State Certified" as required by the Every Student Succeeds Act. A professional development plan is currently being implemented with his/her teacher. In the meantime, we will be closely monitoring the delivery of the educational services to your child, in order to ensure a quality education from the teacher assigned to his/her class.

Sincerely,

School Principal

Sample Copy of Right-to-Request Teacher Qualifications Letter

Parents (in Title I schools only) are notified annually that they may request information regarding the professional qualifications of their child's teacher(s), and of paraprofessionals who provide instructional services to their children.

Date: September 6, 2021

Dear Parents:

As a parent of a student attending a school that is receiving Federal Title I dollars, you have the right to know the professional qualifications of the teacher(s) and instructional paraprofessional(s) who instruct your child.

Federal law requires every Title I school district to comply and to provide you with the requested information in a timely manner.

We are happy to provide this information to you. At any time, you may ask:

- Whether the teacher met state qualifications and certification requirements for the grade level and subject he/she is teaching,
- Whether the teacher received an emergency or conditional certificate through which state qualifications were waived, and
- What undergraduate or graduate degrees the teacher holds, including graduate certificates and additional degrees, and major(s) or area(s) of concentration.

You may also ask whether your child receives help from a paraprofessional. If your child receives this assistance, we can provide you with information about the paraprofessional's qualifications.

The Every Student Succeeds Act (ESSA) which was signed into law in December 2015 and reauthorizes the Elementary and Secondary Education Act of 1956 (ESEA) includes additionally right to know requests. At any time, parents and family members can request:

- Information on policies regarding student participation in assessments and procedures for opting out, and
- Information on required assessments that include:
 - subject matter tested, purpose of the test,
 - source of the requirement (if applicable),
 - amount of time it takes students to complete the test, and
 - time and format of disseminating results.

Our staff is committed to helping your child develop the academic knowledge and critical thinking he/she needs to succeed in school and beyond. That commitment includes making sure that all of our teachers and paraprofessionals meet applicable Pennsylvania state requirements.

We look forward to the upcoming school year, and together we will make a difference in your child's life.

Sincerely,
School Principal

Title II, Part A: Preparing, Training, and Recruiting High Quality Teachers and Principals

****** ESSA Update******

- ✓ The SEA will ensure that all Title I teachers and paraprofessionals meet applicable State certification and licensure requirements, including any requirements for certification obtained through alternative routes to certification
- ✓ The State has professional standards for paraprofessionals working in a program supported with Title I funds, including qualifications that were in place on the day before the date of enactment of the ESSA
- ✓ The ESSA amended the Individuals with Disabilities Education Act (IDEA) by removing the definition of “highly qualified” and the requirement that special education teachers be “highly qualified.

Title II, Part A: Program Intent & Purpose

- Improve teacher and principal quality through professional development in core academic areas
- Develop and implement programs to effectively recruit and retain highly effective teachers, principals, and specialists in core academic areas

Title II, Part A: Allowable Costs:

- Recruiting and retaining highly effective teachers and principals
- Training teachers, paraprofessionals and administrators
- Recruiting and hiring for hard to staff positions
- Building teacher capacity
- Hiring teachers to reduce class size

Title II, Part A: Things to Remember:

- Funds cannot be used to purchase student materials.
- Other than class-size-reduction teacher salaries/benefits, funds cannot be used to provide direct services to students.
- Professional development must focus on core academic subjects.

School Accountability: Requirements

Under ESSA, states must meaningfully differentiate schools on an annual basis. Last year, the Tennessee General Assembly passed a law requiring all schools be awarded a summative letter grade (A-F). School accountability model has five indicators from which a summative grade will be determined.

Indicator: Achievement

- ✓ Absolute proficiency: Percent of students whose performance is on track for math, English language arts, science, and social studies

For example, a school can earn an “A” by being in the top 20% of proficiency rates

- ✓ Annual Measurable Objective (AMO): annually determined target for improving the percent of students who are on track

For example, a school can earn an “A” by doubling its AMO target

Indicator: Growth

Tennessee measures growth using a value-added assessment system (TVAAS)

TVAAS measures the impact that schools have on their students' academic progress.

TVAAS measures individual student growth based on where the student begins and ends the school year, regardless of whether the student is on track on the state assessment.

Indicator: English Language Proficiency

This indicator measures student progress toward achieving proficiency in learning the English language

It is measured by the percent of English learners reaching proficiency or sufficient progress on the English Language Proficiency Assessment (ELPA)

Indicator: Graduation Rate

Absolute graduation rates: Percent of students graduating within four years and a summer

Annual Measurable Objective (AMO): annually determined target for improving the percent of students who graduate in four years and a summer

Five percent of school grade for high school

Indicator: Measure of School Quality and Student Success

Chronically out of school- indicator addresses students chronically out of school

- ✓ Schools will be measured based on either low chronic absenteeism rate or reducing current the rate
- ✓ A student is chronically absent if he/she misses 18 or more days of school, or about 10% of the school year
- ✓ Out of school suspension is captured in chronic absenteeism rate
- ✓ Additional measures for the Opportunity to Learn indicator will continue to be reviewed for use in future years

Indicator: Measure of School Quality and Student Success

Ready Graduate indicator (for high schools):

Graduation Rate multiplied by the % of students –

1. scoring 21 or higher on ACT OR
2. completing 4 EPSOs OR
3. completing 2 EPSOs + earning industry certification (on a CTE pathway leading to a credential)

This metric defines three “checks” for evidence that graduates have demonstrated postsecondary and workforce readiness.

Subgroups are included in school accountability:

- ✓ Economically Disadvantaged
- ✓ Black/Hispanic/Native American
- ✓ Students with Disabilities
- ✓ English Learners

Overview of Title III: English as a Second Language Service

Requirements for Non-English Background Students

The purpose of Title III under ESSA

To assist teachers (including preschool teachers), principals and other school leaders, SEAs, LEA:

- And Schools in establishing, implementing, and sustaining effective language instruction educational programs designed to assist in teaching English learners, including immigrant children and youth;
- To develop and enhance their capacity to provide effective instructional programs designed to prepare ELs, including immigrant children and youth, to enter all-English instructional settings.

Immigrant Children and Youth (ICY) defined:

- Ages 3-21;
- Not born in any State (including DC and PR); and,
- Have not been attending school(s) in any State(s) for more than 3 full academic years

All students registering in the district must be given a Home Language Survey (HLS) with the following 3 questions:

- 1.What is the first language this child learned to speak?
- 2.What language does this child speak most often outside of school?
- 3.What language do people usually speak in this child's home?

Every student who has an answer other than English on the HLS must be assessed with the Tennessee English Language Placement Assessment (TELPA), which is currently the WIDA W- APT Screener in TN.

- Kindergarten students and first (1st) grade students who are screened in their first (1st) semester are screened using the W-APT screener. Kindergarten students who are screened in their first (1st) semester who score 27 composite or below on the W-APT screener shall be entered into the ESL program and shall receive a minimum of one (1) hour of ESL service each day from a teacher who holds an ESL endorsement.
- Kindergarten students who are screened in their second (2nd) semester and first (1st) grade students who are screened in their first (1st) semester who score 27 or below on speaking and listening; 14 or below on reading; or 17 or below on writing on the W-APT screener shall be entered into the ESL program and shall receive a minimum of one (1) hour of ESL service each day from a teacher who holds an ESL endorsement.
- First (1st) grade students who are screened in their second (2nd) semester and students who are screened in grades two through twelve (2-12) are screened using the WIDA screener. First (1st) grade students who are screened in their second (2nd) semester and students who are screened in grades two through twelve (2-12) who

score below 4.5 composite or 4.0 or below on any domain on the WIDA screener shall be entered into the ESL program and shall qualify for ESL services.

- English learners who score 4.4 composite or higher and 4.2 or higher for literacy on the WIDA ACCESS shall be exited from ESL direct services. Students who exit ESL direct services shall be considered transitional ELs for four (4) school years.
- English Learners (ELs) may never be retained or failed based on language ability.
- All ELs (not Transition students, but L's and W's) must be assessed annually with ELDA until exited.
- ELs must have full access to content curriculum through necessary modifications and accommodations.
- ELs must take the math, language arts, social studies, and science TCAP annually with one exception: during the first year in the US, the student may be exempt from the English Language Arts Achievement test. This is a one-year exemption for the career of the students. No EL is exempt from the English Language Proficiency Assessment (ELPA), which is currently the WIDA ACCESS in TN.
- An ESL program may be provided through various service delivery models including: ESL pullout programs, ESL cluster centers to which students are transported from their zone schools, resource centers/ESL laboratories, newcomer centers, push-in or inclusion models, sheltered content classes, content based ESL classes, structured immersion classes, or scheduled ESL class periods.
- ESL teachers must be fluent in all four domains (reading, writing, speaking, and listening) of English. Each district should have a plan in place for this before hiring an ESL teacher.
- ELs should be allowed to participate in all extra-curricular and special programs.
- ELs and Transition students may receive accommodations on the TCAP achievement assessments.
- Special Education ELs are served through an Individualized Education Plan (IEP). An ESL professional will serve on the IEP team.
- Important information must be interpreted or translated to parents to the extent practicable.
- Title III serves families by supporting their ability to help their children in American schools and by providing language services for them.

Title III

Paying for Translation Services for Required Parental Notification Allowable activities:

Title III funds may only be used for the requirements set forth under Title III [Sec.3115 (g)].

Parents have the rights under Title III [Sec.3302 (a)] to be informed related to:

- ✓ The reasons for the identification of their child as limited English proficient and in need of placement in a language instruction educational program;
- ✓ The child's level of English proficiency, how each level was assessed, and the status of the child's academic achievement;
- ✓ The method of instruction used in the program in which their child is, or will be, participating, and the methods of instruction used in other available programs, including how such programs differ in content, instruction goals, and use of English and a native language instruction;
- ✓ How the program in which their child is, or will be participating will meet the educational strengths and needs of the child;
- ✓ How such program will specifically help their child learn English, and meet age-appropriate academic achievement standards for grade promotion and graduation;
- ✓ The specific exit requirements for such program, the expected rate of transition from such program into classrooms that are not tailored for limited English proficient children and the expected rate of graduation from secondary school for such program if funds under this title are used for children in secondary schools;
- ✓ In the case of a child with a disability, how such program meets the objectives of the individualized education program of the child;
- ✓ Information pertaining to parental rights that includes written guidance detailing
- ✓ The right that parents have to have their child immediately removed from such program upon their request;
- ✓ The options that parents have to decline to enroll their child in such program or to choose another program or method of instruction, if more than one program or method is offered by the eligible entity.
- ✓ Districts using Title III funds must also separately inform a parent or the parents of a child identified for participation in the language instruction educational program of failure to meet the annual measurable achievement objectives not later than 30 days after such failure occurs.

Nonallowable activities:

- ✓ Translation or interpretation that is required under Office of Civil Rights statutes may not be paid for with Title III funds (from the OCR May 25, 1970 Memorandum). The Office of Civil Rights statutes predate Title III.
- ✓ Title I translation or interpretation cannot be paid with Title III funds due to Supplement, Not Supplant [Sec.3115 (g)]

Resources

ESSA Title III Guidance (Sept. 23, 2016)

<https://www2.ed.gov/policy/elsec/leg/essa/essatitleiiiguideenglishlearners92016.pdf>

Resource Guide: Accountability for English Learners under the ESSA (Jan. 18, 2017)

<https://www2.ed.gov/programs/sfgp/eseatitleiiiresourceaccountelsguide.pdf>

ESSA Early Learning Guidance (January 17, 2017)

<https://www2.ed.gov/programs/sfgp/eseatitleiiiresourceaccountelsguide.pdf>

ESSA Fiscal Changes & Equitable Services Guidance (November 21, 2016)

<https://www2.ed.gov/policy/elsec/leg/essa/essaguidance160477.pdf>

Tennessee Department of Education (TDOE) Title X, Part C of the Elementary and Secondary Education Act (ESEA) Homeless Education Program

The purpose of the Tennessee Homeless Education Program is to develop educational programs that meet the unique needs of homeless children and youth. Because homeless children face many obstacles to an appropriate education, such as lack of transportation and resources, frequent school changes, loss of school records and emotional stress, special programs are necessary.

The Homeless Education Program is designed to facilitate the enrollment, attendance and success of homeless children and youth in Tennessee schools. All school districts in Tennessee are required to provide needed services to homeless children. Districts set aside a portion of their Title I funds for this purpose.

TDOE receives funding for the program through the federal McKinney-Vento Homeless Education Grant Program. TDOE distributes grants competitively to Local Educational Agencies (LEAs) that have developed programs that document effective collaboration among school districts and service providers to ensure that homeless children in that district receive needed services.

McKinney-Vento Definition of Homeless

Subtitle B of Title VII of the McKinney-Vento Homeless Assistance Act (Title X, Part C of ESEA) defines homeless as follows:

The term "homeless children and youths"—

(A) means individuals who lack a fixed, regular, and adequate nighttime residence (within the meaning of section 103(a)(1)); and

(B) includes—

(i) children and youths who are sharing the housing of other persons due to loss of housing, economic hardship, or a similar reason; are living in motels, hotels, trailer parks, or camping grounds due to the lack of alternative adequate accommodations; are living in emergency or transitional shelters; are abandoned in hospitals; or are awaiting foster care placement;

(ii) children and youths who have a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings (within the meaning of section 103(a)(2)(C));

(iii) children and youths who are living in cars, parks, public spaces, abandoned buildings, substandard housing, bus or train stations, or similar settings; and

(iv) migratory children (as such term is defined in section 1309 of the Elementary and Secondary Education Act of 1965) who qualify as homeless for the purposes of this subtitle because the children are living in circumstances described in clauses (i) through (iii).

References

National Center for Homeless Education at SERVE: <http://center.serve.org/nche/>

Allowable Activities for Homeless Students

Set aside funds can be used to support:

- Tutoring
- Backpacks
- Counseling
- Graduation fees
- School supplies
- Dress code supplies
- Parent involvement

IDEA

Major Budget Category Descriptions

71200- SPECIAL EDUCATION INSTRUCTIONAL PROGRAM

The Special Education Program includes activities that provide learning experiences for students having special needs. This includes pre-school as well as elementary and secondary students.

Services include activities for varying needs. This includes educating the gifted and those with learning, emotional and physical disabilities. A student is educated based on an Individual Education Plan (IEP) developed by a team who address the particular needs of the student.

72120- HEALTH SERVICES

Health Support Services are activities that provide physical and mental health services that are not direct instruction. Services are also provided for appropriate medical and nursing services as required by individual program needs that include medical supplies, materials and equipment.

72220- SPECIAL EDUCATION INSTRUCTIONAL STAFF SUPPORT

Special Education Instruction Support includes activities primarily for assisting instructional staff in planning, developing, and evaluating the process of providing learning experiences for students with special needs. These activities include curriculum development, techniques of instruction, child development and understanding, and staff training.

72710- TRANSPORTATION

Transportation includes activities concerned with conveying students for Regular, Vocational, and Special Educational instruction, as provided by State and Federal law. This includes trips between home and school, and trips to school activities. Transportation includes operation expenses for system-owned vehicles involved in the transportation function. Vehicle servicing, maintenance, and contracts for transporting services should also be recorded in this category.

IDEA

PART 300—ASSISTANCE TO STATES FOR THE EDUCATION OF CHILDREN WITH DISABILITIES

Subpart C—Local Educational Agency Eligibility

- § 300.200 Condition of assistance.
- § 300.201 Consistency with State policies.
- § 300.202 Use of amounts.
- § 300.203 Maintenance of effort.*
- § 300.204 Exception to maintenance of effort.
- § 300.205 Adjustment to local fiscal efforts in certain fiscal years.
- § 300.206 Schoolwide programs under title I of the ESEA.
- § 300.207 Personnel development.
- § 300.208 Permissive use of funds.
- § 300.209 Treatment of charter schools and their students.
- § 300.210 Purchase of instructional materials.*
- § 300.211 Information for SEA.
- § 300.212 Public information.
- § 300.213 Records regarding migratory children with disabilities.
- §§ 300.214-300.219 [Reserved] § 300.220 Exception for prior local plans.
- § 300.221 Notification of LEA or State agency in case of ineligibility.
- § 300.222 LEA and State agency compliance.
- § 300.223 Joint establishment of eligibility.
- § 300.224 Requirements for establishing eligibility.
- § 300.225 [Reserved] § 300.226 Early intervening services.*
- § 300.227 Direct services by the SEA.
- § 300.228 State agency eligibility.
- § 300.229 Disciplinary information.
- § 300.230 SEA flexibility.

Back to top

Subpart C—Local Educational Agency Eligibility

- § 300.200 Condition of assistance.

An LEA is eligible for assistance under Part B of the Act for a fiscal year if the agency submits a plan that provides assurances to the SEA that the LEA meets each of the conditions in §§300.201 through 300.213.

(Authority: 20 U.S.C. 1413(a))

- § 300.201 Consistency with State policies.

The LEA, in providing for the education of children with disabilities within its jurisdiction, must have in effect policies, procedures, and programs that are consistent with the State policies and procedures established under §§300.101 through 300.163, and §§300.165 through 300.174.

(Approved by the Office of Management and Budget under control number 1820–0600)
(Authority: 20 U.S.C. 1413(a)(1))

- § 300.202 Use of amounts.

(a) General. Amounts provided to the LEA under Part B of the Act—

(1) Must be expended in accordance with the applicable provisions of this part;

(2) Must be used only to pay the excess costs of providing special education and related services to children with disabilities, consistent with paragraph (b) of this section; and

(3) Must be used to supplement State, local, and other Federal funds and not to supplant those funds.

(b) Excess cost requirement — (1) General. (i) The excess cost requirement prevents an LEA from using funds provided under Part B of the Act to pay for all of the costs directly attributable to the education of a child with a disability, subject to paragraph (b)(1)(ii) of this section.

(ii) The excess cost requirement does not prevent an LEA from using Part B funds to pay for all of the costs directly attributable to the education of a child with a disability in any of the ages 3, 4, 5, 18, 19, 20, or 21, if no local or State funds are available for nondisabled children of these ages. However, the LEA must comply with the non-supplanting and other requirements of this part in providing the education and services for these children.

(2)(i) An LEA meets the excess cost requirement if it has spent at least a minimum average amount for the education of its children with disabilities before funds under Part B of the Act are used.

(ii) The amount described in paragraph (b)(2)(i) of this section is determined in accordance with the definition of excess costs in §300.16. That amount may not include capital outlay or debt service.

(3) If two or more LEAs jointly establish eligibility in accordance with §300.223, the minimum average amount is the average of the combined minimum average amounts determined in accordance with the definition of excess costs in §300.16 in those agencies for elementary or secondary school students, as the case may be.

(Approved by the Office of Management and Budget under control number 1820–0600)
(Authority: 20 U.S.C. 1413(a)(2)(A))

§ 300.203 Maintenance of effort.

(a) General. Except as provided in §§300.204 and 300.205, funds provided to an LEA under Part B of the Act must not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year.

(b) Standard. (1) Except as provided in paragraph (b)(2) of this section, the SEA must determine that an LEA complies with paragraph (a) of this section for purposes of establishing the LEA's eligibility for an award for a fiscal year if the LEA budgets, for the education of children with disabilities, at least the same total or per capita amount from either of the following sources as the LEA spent for that purpose from the same source for the most recent prior year for which information is available:

(i) Local funds only.

(ii) The combination of State and local funds.

(2) An LEA that relies on paragraph (b)(1)(i) of this section for any fiscal year must ensure that the amount of local funds it budgets for the education of children with disabilities in that year is at least the same, either in total or per capita, as the amount it spent for that purpose in the most recent fiscal year for which information is available and the standard in paragraph (b)(1)(i) of this section was used to establish its compliance with this section.

(3) The SEA may not consider any expenditures made from funds provided by the Federal Government for which the SEA is required to account to the Federal Government or for which the LEA is required to account to the Federal Government directly or through the SEA in determining an LEA's compliance with the requirement in paragraph (a) of this section.

(Approved by the Office of Management and Budget under control number 1820–0600)
(Authority: 20 U.S.C. 1413(a)(2)(A))

§ 300.204 Exception to maintenance of effort.

Notwithstanding the restriction in §300.203(a), an LEA may reduce the level of expenditures by the LEA under Part B of the Act below the level of those expenditures for the preceding fiscal year if the reduction is attributable to any of the following:

(a) The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel.

(b) A decrease in the enrollment of children with disabilities.

(c) The termination of the obligation of the agency, consistent with this part, to provide a program of special education to a particular child with a disability that is an exceptionally costly program, as determined by the SEA, because the child—

(1) Has left the jurisdiction of the agency;

(2) Has reached the age at which the obligation of the agency to provide FAPE to the child has terminated; or

(3) No longer needs the program of special education.

(d) The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities.

(e) The assumption of cost by the high cost fund operated by the SEA under §300.704(c).

(Approved by the Office of Management and Budget under control number 1820–0600)
(Authority: 20 U.S.C. 1413(a)(2)(B))

§ 300.205 Adjustment to local fiscal efforts in certain fiscal years.

(a) Amounts in excess. Notwithstanding §300.202(a)(2) and (b) and §300.203(a), and except as provided in paragraph (d) of this section and §300.230(e)(2), for any fiscal year for which the allocation received by an LEA under §300.705 exceeds the amount the LEA received for the previous fiscal year, the LEA may reduce the level of expenditures otherwise required by §300.203(a) by not more than 50 percent of the amount of that excess.

(b) Use of amounts to carry out activities under ESEA. If an LEA exercises the authority under paragraph (a) of this section, the LEA must use an amount of local funds equal to the reduction in expenditures under paragraph (a) of this section to carry out activities that could be supported with funds under the ESEA regardless of whether the LEA is using funds under the ESEA for those activities.

(c) State prohibition. Notwithstanding paragraph (a) of this section, if an SEA determines that an LEA is unable to establish and maintain programs of FAPE that meet the requirements of section 613(a) of the Act and this part or the SEA has taken action against the LEA under section 616 of the Act and subpart F of these regulations, the SEA must prohibit the LEA from reducing the level of expenditures under paragraph (a) of this section for that fiscal year.

(d) Special rule. The amount of funds expended by an LEA for early intervening services under §300.226 shall count toward the maximum amount of expenditures that the LEA may reduce under paragraph (a) of this section.

(Approved by the Office of Management and Budget under control number 1820–0600)
(Authority: 20 U.S.C. 1413(a)(2)(C))

§ 300.206 Schoolwide programs under title I of the ESEA.

(a) General. Notwithstanding the provisions of §§300.202 and 300.203 or any other provision of Part B of the Act, an LEA may use funds received under Part B of the Act for any fiscal year to carry out a schoolwide program under section 1114 of the ESEA, except that the amount used in any schoolwide program may not exceed—

(1)(i) The amount received by the LEA under Part B of the Act for that fiscal year; divided by

(ii) The number of children with disabilities in the jurisdiction of the LEA; and multiplied by

(2) The number of children with disabilities participating in the schoolwide program.

(b) Funding conditions. The funds described in paragraph (a) of this section are subject to the following conditions:

(1) The funds must be considered as Federal Part B funds for purposes of the calculations required by §300.202(a)(2) and (a)(3).

(2) The funds may be used without regard to the requirements of §300.202(a)(1).

(c) Meeting other Part B requirements. Except as provided in paragraph (b) of this section, all other requirements of Part B of the Act must be met by an LEA using Part B funds in accordance with paragraph (a) of this section, including ensuring that children with disabilities in schoolwide program schools—

(1) Receive services in accordance with a properly developed IEP; and

(2) Are afforded all of the rights and services guaranteed to children with disabilities under the Act.

(Approved by the Office of Management and Budget under control number 1820–0600)
(Authority: 20 U.S.C. 1413(a)(2)(D))

§ 300.207 Personnel development.

The LEA must ensure that all personnel necessary to carry out Part B of the Act are appropriately and adequately prepared, subject to the requirements of §300.156 (related to personnel qualifications) and section 2122 of the ESEA.

(Approved by the Office of Management and Budget under control number 1820–0600)
(Authority: 20 U.S.C. 1413(a)(3))

§ 300.208 Permissive use of funds.

(a) Uses. Notwithstanding §§300.202, 300.203(a), and 300.162(b), funds provided to an LEA under Part B of the Act may be used for the following activities:

(1) Services and aids that also benefit nondisabled children. For the costs of special education and related services, and supplementary aids and services, provided in a regular class or other education-related setting to a child with a disability in accordance with the IEP of the child, even if one or more nondisabled children benefit from these services.

(2) Early intervening services. To develop and implement coordinated, early intervening educational services in accordance with §300.226.

(3) High cost special education and related services. To establish and implement cost or risk sharing funds, consortia, or cooperatives for the LEA itself, or for LEAs working in a consortium of which the LEA is a part, to pay for high cost special education and related services.

(b) Administrative case management. An LEA may use funds received under Part B of the Act to purchase appropriate technology for recordkeeping, data collection, and related case management activities of teachers and related services personnel providing services described in the IEP of children with disabilities that is needed for the implementation of those case management activities.

(Approved by the Office of Management and Budget under control number 1820–0600)
(Authority: 20 U.S.C. 1413(a)(4))

§ 300.209 Treatment of charter schools and their students.

(a) Rights of children with disabilities. Children with disabilities who attend public charter schools and their parents retain all rights under this part.

(b) Charter schools that are public schools of the LEA. (1) In carrying out Part B of the Act and these regulations with respect to charter schools that are public schools of the LEA, the LEA must—

(i) Serve children with disabilities attending those charter schools in the same manner as the LEA serves children with disabilities in its other schools, including providing supplementary and related services on site at the charter school to the same extent to which the LEA has a policy or practice of providing such services on the site to its other public schools; and

(ii) Provide funds under Part B of the Act to those charter schools—

(A) On the same basis as the LEA provides funds to the LEA's other public schools, including proportional distribution based on relative enrollment of children with disabilities; and

(B) At the same time as the LEA distributes other Federal funds to the LEA's other public schools, consistent with the State's charter school law.

(2) If the public charter school is a school of an LEA that receives funding under §300.705 and includes other public schools—

(i) The LEA is responsible for ensuring that the requirements of this part are met, unless State law assigns that responsibility to some other entity; and

(ii) The LEA must meet the requirements of paragraph (b)(1) of this section.

(c) Public charter schools that are LEAs. If the public charter school is an LEA, consistent with §300.28, that receives funding under §300.705, that charter school is responsible for ensuring that the requirements of this part are met, unless State law assigns that responsibility to some other entity.

(d) Public charter schools that are not an LEA or a school that is part of an LEA. (1) If the public charter school is not an LEA receiving funding under §300.705, or a school that is part of an LEA receiving funding under §300.705, the SEA is responsible for ensuring that the requirements of this part are met.

(2) Paragraph (d)(1) of this section does not preclude a State from assigning initial responsibility for ensuring the requirements of this part are met to another entity. However, the SEA must maintain the ultimate responsibility for ensuring compliance with this part, consistent with §300.149.

(Approved by the Office of Management and Budget under control number 1820-0600)
(Authority: 20 U.S.C. 1413(a)(5))

§ 300.210 Purchase of instructional materials.

(a) General. Not later than December 3, 2006, an LEA that chooses to coordinate with the National Instructional Materials Access Center (NIMAC), when purchasing print instructional materials, must acquire those instructional materials in the same manner, and subject to the same conditions as an SEA under §300.172.

(b) Rights of LEA. (1) Nothing in this section shall be construed to require an LEA to coordinate with the NIMAC.

(2) If an LEA chooses not to coordinate with the NIMAC, the LEA must provide an assurance to the SEA that the LEA will provide instructional materials to blind persons or other persons with print disabilities in a timely manner.

(3) Nothing in this section relieves an LEA of its responsibility to ensure that children with disabilities who need instructional materials in accessible formats but are not included under the definition of blind or other persons with print disabilities in §300.172(e)(1)(i) or who need materials that cannot be produced from NIMAS files, receive those instructional materials in a timely manner.

(Approved by the Office of Management and Budget under control number 1820-0600)
(Authority: 20 U.S.C. 1413(a)(6))

§ 300.211 Information for SEA.

The LEA must provide the SEA with information necessary to enable the SEA to carry out its duties under Part B of the Act, including, with respect to §§300.157 and 300.160, information relating to the performance of children with disabilities participating in programs carried out under Part B of the Act.

(Approved by the Office of Management and Budget under control number 1820–0600)
(Authority: 20 U.S.C. 1413(a)(7))

§ 300.212 Public information.

The LEA must make available to parents of children with disabilities and to the general public all documents relating to the eligibility of the agency under Part B of the Act.

(Approved by the Office of Management and Budget under control number 1820–0600)
(Authority: 20 U.S.C. 1413(a)(8))

§ 300.213 Records regarding migratory children with disabilities.

The LEA must cooperate in the Secretary’s efforts under section 1308 of the ESEA to ensure the linkage of records pertaining to migratory children with disabilities for the purpose of electronically exchanging, among the States, health and educational information regarding those children.

(Approved by the Office of Management and Budget under control number 1820–0600)
(Authority: 20 U.S.C. 1413(a)(9))

§§ 300.214-300.219 [Reserved]

§ 300.220 Exception for prior local plans.

(a) General. If an LEA or a State agency described in §300.228 has on file with the SEA policies and procedures that demonstrate that the LEA or State agency meets any requirement of §300.200, including any policies and procedures filed under Part B of the Act as in effect before December 3, 2004, the SEA must consider the LEA or State agency to have met that requirement for purposes of receiving assistance under Part B of the Act.

(b) Modification made by an LEA or State agency. Subject to paragraph (c) of this section, policies and procedures submitted by an LEA or a State agency in accordance with this subpart remain in effect until the LEA or State agency submits to the SEA the modifications that the LEA or State agency determines are necessary.

(c) Modifications required by the SEA. The SEA may require an LEA or a State agency to modify its policies and procedures, but only to the extent necessary to ensure the LEA’s or State agency’s compliance with Part B of the Act or State law, if—

(1) After December 3, 2004, the effective date of the Individuals with Disabilities Education Improvement Act of 2004, the applicable provisions of the Act (or the regulations developed to carry out the Act) are amended;

(2) There is a new interpretation of an applicable provision of the Act by Federal or State courts; or

(3) There is an official finding of noncompliance with Federal or State law or regulations.

(Authority: 20 U.S.C. 1413(b))

§ 300.221 Notification of LEA or State agency in case of ineligibility.

If the SEA determines that an LEA or State agency is not eligible under Part B of the Act, then the SEA must—

(a) Notify the LEA or State agency of that determination; and

(b) Provide the LEA or State agency with reasonable notice and an opportunity for a hearing.

(Authority: 20 U.S.C. 1413(c))

§ 300.222 LEA and State agency compliance.

(a) General. If the SEA, after reasonable notice and an opportunity for a hearing, finds that an LEA or State agency that has been determined to be eligible under this subpart is failing to comply with any requirement described in §§300.201 through 300.213, the SEA must reduce or must not provide any further payments to the LEA or State agency until the SEA is satisfied that the LEA or State agency is complying with that requirement.

(b) Notice requirement. Any State agency or LEA in receipt of a notice described in paragraph (a) of this section must, by means of public notice, take the measures necessary to bring the pendency of an action pursuant to this section to the attention of the public within the jurisdiction of the agency.

(c) Consideration. In carrying out its responsibilities under this section, each SEA must consider any decision resulting from a hearing held under §§300.511 through 300.533 that is adverse to the LEA or State agency involved in the decision.

(Authority: 20 U.S.C. 1413(d))

§ 300.223 Joint establishment of eligibility.

(a) General. An SEA may require an LEA to establish its eligibility jointly with another LEA if the SEA determines that the LEA will be ineligible under this subpart because the agency will not be able to establish and maintain programs of sufficient size and scope to effectively meet the needs of children with disabilities.

(b) Charter school exception. An SEA may not require a charter school that is an LEA to jointly establish its eligibility under paragraph (a) of this section unless the charter school is explicitly permitted to do so under the State's charter school statute.

(c) Amount of payments. If an SEA requires the joint establishment of eligibility under paragraph (a) of this section, the total amount of funds made available to the affected LEAs must be equal to the sum of the payments that each LEA would have received under §300.705 if the agencies were eligible for those payments.

(Authority: 20 U.S.C. 1413(e)(1) and (2))

§ 300.224 Requirements for establishing eligibility.

(a) Requirements for LEAs in general. LEAs that establish joint eligibility under this section must—

(1) Adopt policies and procedures that are consistent with the State's policies and procedures under §§300.101 through 300.163, and §§300.165 through 300.174; and

(2) Be jointly responsible for implementing programs that receive assistance under Part B of the Act.

(b) Requirements for educational service agencies in general. If an educational service agency is required by State law to carry out programs under Part B of the Act, the joint responsibilities given to LEAs under Part B of the Act—

(1) Do not apply to the administration and disbursement of any payments received by that educational service agency; and

(2) Must be carried out only by that educational service agency.

(c) Additional requirement. Notwithstanding any other provision of §§300.223 through 300.224, an educational service agency must provide for the education of children with disabilities in the least restrictive environment, as required by §300.112.

(Approved by the Office of Management and Budget under control number 1820-0600)

(Authority: 20 U.S.C. 1413(e)(3) and (4))

§ 300.225 [Reserved]

§ 300.226 Early intervening services.

(a) General. An LEA may not use more than 15 percent of the amount the LEA receives under Part B of the Act for any fiscal year, less any amount reduced by the LEA pursuant to §300.205, if any, in combination with other amounts (which may include amounts other than education funds), to develop and implement coordinated, early intervening services, which may include interagency financing structures, for students in kindergarten through grade 12 (with a particular emphasis on students in kindergarten through grade three) who are not currently identified as needing special education or related services, but who need additional academic and behavioral support to succeed in a general education environment. (See Appendix D for examples of how §300.205(d), regarding local maintenance of effort, and §300.226(a) affect one another.)

(b) Activities. In implementing coordinated, early intervening services under this section, an LEA may carry out activities that include—

(1) Professional development (which may be provided by entities other than LEAs) for teachers and other school staff to enable such personnel 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; and

(2) Providing educational and behavioral evaluations, services, and supports, including scientifically based literacy instruction.

(c) Construction. Nothing in this section shall be construed to either limit or create a right to FAPE under Part B of the Act or to delay appropriate evaluation of a child suspected of having a disability.

(d) Reporting. Each LEA that develops and maintains coordinated, early intervening services under this section must annually report to the SEA on—

(1) The number of children served under this section who received early intervening services; and

(2) The number of children served under this section who received early intervening services and subsequently receive special education and related services under Part B of the Act during the preceding two year period.

(e) Coordination with ESEA. Funds made available to carry out this section may be used to carry out coordinated, early intervening services aligned with activities funded by, and carried out under the ESEA if those funds are used to supplement, and not supplant, funds made available under the ESEA for the activities and services assisted under this section.

(Approved by the Office of Management and Budget under control number 1820-0600)

(Authority: 20 U.S.C. 1413(f))

§ 300.227 Direct services by the SEA.

(a) General. (1) An SEA must use the payments that would otherwise have been available to an LEA or to a State agency to provide special education and related services directly to children with disabilities residing in the area served by that LEA, or for whom that State agency is responsible, if the SEA determines that the LEA or State agency—

(i) Has not provided the information needed to establish the eligibility of the LEA or State agency, or elected not to apply for its Part B allotment, under Part B of the Act;

(ii) Is unable to establish and maintain programs of FAPE that meet the requirements of this part;

(iii) Is unable or unwilling to be consolidated with one or more LEAs in order to establish and maintain the programs;
or

(iv) Has one or more children with disabilities who can best be served by a regional or State program or service delivery system designed to meet the needs of these children.

(2) SEA administrative procedures. (i) In meeting the requirements in paragraph (a)(1) of this section, the SEA may provide special education and related services directly, by contract, or through other arrangements.

(ii) The excess cost requirements of §300.202(b) do not apply to the SEA.

(b) Manner and location of education and services. The SEA may provide special education and related services under paragraph (a) of this section in the manner and at the locations (including regional or State centers) as the SEA considers appropriate. The education and services must be provided in accordance with this part.

(Authority: 20 U.S.C. 1413(g))

§ 300.228 State agency eligibility.

Any State agency that desires to receive a subgrant for any fiscal year under §300.705 must demonstrate to the satisfaction of the SEA that—

(a) All children with disabilities who are participating in programs and projects funded under Part B of the Act receive FAPE, and that those children and their parents are provided all the rights and procedural safeguards described in this part; and

(b) The agency meets the other conditions of this subpart that apply to LEAs.

(Authority: 20 U.S.C. 1413(h))

§ 300.229 Disciplinary information.

(a) The State may require that a public agency include in the records of a child with a disability a statement of any current or previous disciplinary action that has been taken against the child and transmit the statement to the same extent that the disciplinary information is included in, and transmitted with, the student records of nondisabled children.

(b) The statement may include a description of any behavior engaged in by the child that required disciplinary action, a description of the disciplinary action taken, and any other information that is relevant to the safety of the child and other individuals involved with the child.

(c) If the State adopts such a policy, and the child transfers from one school to another, the transmission of any of the child's records must include both the child's current IEP and any statement of current or previous disciplinary action that has been taken against the child.

(Authority: 20 U.S.C. 1413(i))

§ 300.230 SEA flexibility.

(a) Adjustment to State fiscal effort in certain fiscal years. For any fiscal year for which the allotment received by a State under §300.703 exceeds the amount the State received for the previous fiscal year and if the State in school year 2003–2004 or any subsequent school year pays or reimburses all LEAs within the State from State revenue 100 percent of the non-Federal share of the costs of special education and related services, the SEA, notwithstanding §§300.162 through 300.163 (related to State-level non supplanting and maintenance of effort), and §300.175 (related to direct services by the SEA) may reduce the level of expenditures from State sources for the education of children with disabilities by not more than 50 percent of the amount of such excess.

(b) Prohibition. Notwithstanding paragraph (a) of this section, if the Secretary determines that an SEA is unable to establish, maintain, or oversee programs of FAPE that meet the requirements of this part, or that the State needs assistance, intervention, or substantial intervention under §300.603, the Secretary prohibits the SEA from exercising the authority in paragraph (a) of this section.

(c) Education activities. If an SEA exercises the authority under paragraph (a) of this section, the agency must use funds from State sources, in an amount equal to the amount of the reduction under paragraph (a) of this section, to support activities authorized under the ESEA, or to support need-based student or teacher higher education programs.

(d) Report. For each fiscal year for which an SEA exercises the authority under paragraph (a) of this section, the SEA must report to the Secretary—

(1) The amount of expenditures reduced pursuant to that paragraph; and

(2) The activities that were funded pursuant to paragraph (c) of this section.

(e) Limitation. (1) Notwithstanding paragraph (a) of this section, an SEA may not reduce the level of expenditures described in paragraph (a) of this section if any LEA in the State would, as a result of such reduction, receive less than 100 percent of the amount necessary to ensure that all children with disabilities served by the LEA receive FAPE from the combination of Federal funds received under Part B of the Act and State funds received from the SEA.

(2) If an SEA exercises the authority under paragraph (a) of this section, LEAs in the State may not reduce local effort under §300.205 by more than the reduction in the State funds they receive.

(Authority: 20 U.S.C. 1413(j))



2021-22 Pre-Kindergarten Enrollment, Scheduling and Attendance Guidelines Summary

There are a few points of note in the attached guidelines that we want to bring to your attention when you are enrolling and coding pre-kindergarten (pre-K) students who participate in Tennessee's Voluntary Pre-K (VPK) classes.

- Pre-K coding: All students who participate in Tennessee's VPK (expansion or pilot funded) classes must be coded correctly to allow us to account for our students. **All of Tennessee's VPK classes are state funded.**
All students in VPK classes should be coded Q.
All students who were accepted into the VPK classroom by meeting income eligibility guidelines which define economically disadvantaged shall be coded in the student management student with **(L)**.
- Pilot classes: Pilot classes are part of Tennessee's original VPK program and students in these programs are also coded Q. It is to the LEA's benefit to retain the pilot status of these classes. During the grant application process (where applicable) LEAs are asked to designate which class locations are pilot classes.
- Age requirements: To participate in state funded VPK classes, students must meet the age requirement by August 15 of the enrolling year. If the child does not meet the age requirement by Aug. 15, he or she is not eligible to participate in the VPK classes until the following year. Students who are kindergarten entrance age, five years old on or before Aug. 15 of enrolling year, are not generally eligible for VPK enrollment. The exception to this rule is the five-year-old who receives special education services with a current IEP in which the IEP team recommends the VPK program as the most appropriate placement. Exception requires prior communication with the Director of Voluntary Pre-K Programs in the Office of Early Learning and is contingent upon available space once all first-tier eligible at-risk students are admitted. Effective with the 2014-15 school year, the birthday cutoff date for kindergarten eligibility is five by August 15 of the enrolling year.
- At-risk students: Beginning in the 2011-12 school year a universal income eligibility application was implemented for all children and families applying for admission to the VPK program. The application identifies at-risk children/families who meet the U.S. Department of Health and Human Services (HHS) federal income poverty guidelines, which are equivalent to the income guidelines defined by TCA 49-6-101, for VPK eligibility purposes. Students who meet the HHS income poverty guidelines are given first tier priority for admission into Tennessee's VPK classes and should be coded L (Economically Disadvantaged Pre-K) in EIS. Please note: As indicated in the VPK Income Eligibility Application and in accordance with USDA Guidelines, all students who participate in a Head Start VPK class automatically qualify as economically disadvantaged and should be coded (L).
- Eligibility for National School Lunch/School Breakfast Program: Eligibility for the VPK program does not qualify the family for free or reduced-price meals. If a family chooses to participate in the National School Lunch/School Breakfast program, they must be

directly certified (SNAP benefits, Families First, Homeless, Migrant) or complete an application. The school system will notify the parents if they are directly certified. If not, the interested parents should complete an application for this program. This application is available after July 1 through the Office of School Nutrition. It should be included in the packet every student receives. If the parent has questions, please have them contact the local School Nutrition Program supervisor. All VPK students are to be assigned a lunch designation. If a student does not have an assigned lunch designation, he or she is presumed to be student paid full price lunch.

- Flexible/staggered scheduling: We have modified the guidelines to allow a maximum of 10 days per school year for staggered (flexible) scheduling. All 10 days may be used at the beginning of the school year or the LEA may schedule five of the allowable 10 days at other times during the school year as deemed necessary and appropriate. However, **none of the 10 days may be used during the last 30 days of the school year.**

If you have any questions, please contact the Tennessee Department of Education, Office of Early Learning, Division of Early Learning and Literacy.



TENNESSEE VOLUNTARY PRE-K

Procedure for Documenting Enrollment of Five Year-old Students with IEPs into the VPK Program

Once an LEA has held an IEP team meeting for a child age-eligible for kindergarten and a recommendation for placement in Pre-K is made, a letter (or secure email) should be sent to the director of early childhood programs acknowledging the request for a five year old to remain in Pre-K. It is not necessary to send a copy of the child's IEP.

You should include the following information:

- Child's Name
- Date of Birth
- Primary disability
- Past school year's educational program attended by the child (i.e. Pre-kindergarten, Special Ed Pre-K, Head Start, etc.)
- Suggested educational program placement for upcoming school year (include school name once it is identified in the fall)
- General reason as to why IEP team determined kindergarten was not an appropriate placement for the child.

As you know, four year old children with IEPs fall into the second tier of eligibility for the VPK program. As such, any four year old who meets the first eligibility requirement (income eligibility) has priority for enrollment over any other child. If there is no space available for a five year old with an IEP recommending placement in a Pre-K program, the LEA would need to find another appropriate program to meet this child's needs. If these guidelines are followed and a request to enroll the five year old is made to our office, we are quick to approve the child's enrollment eliminating the need to hold the space for the child. We do not allow the LEA to hold spaces for "potential" children. Once an IEP meeting is held and a recommendation for Pre-K placement is made, the letter should be sent to our office as soon as possible so that approval can be made as quickly as possible. Approval for enrollment from our office can come at any time. However, the LEA's determination of available space in any specific classroom most likely cannot occur until after registration is held closer to the beginning of the school year for the VPK classroom.

We certainly understand that there are occasions when Pre-K is a better fit for children but ask you to keep in mind two very important issues:

1. The VPK program is the only program available for four year old children deemed to make the program's definition of "at-risk". A five year old child with an IEP is legally guaranteed to receive services to meet the IEP goals and therefore if a space is not available in the VPK classroom, the LEA is still responsible for providing services to this child. The at-risk four year old has no other options.
2. VPK is not and should not be considered a program that suggests a child "failed" and must therefore repeat Pre-K. The VPK does need to be accountable for preparing children for kindergarten but the formal K-12 educational system must also provide appropriate programming and accommodations for children to be successful. Again, funding and eligibility is limited for the VPK program so we must strive to enroll and serve the population defined by law.

Questions concerning these guidelines should be addressed to:

Program Area	Email Address
Chief Academic Officer	Lisa.Coons@tn.gov
Senior Director of Early Childhood Quality and Supports	Misty.Moody@tn.gov
Director of Early Childhood Instruction	Jessica.Franklin@tn.gov
Head Start State Collaboration Director	Henri.Murphy@tn.gov
Regional Director: West and Middle TN	Jennifer.Patrick@tn.gov
Regional Director: East TN	Billy.e.Benton@tn.gov

Safe and Supportive Schools (SAFE)

Overview/Purpose

The Safe Schools Act of 1998 provides funding to local school systems for one or more of the following purposes:

- Innovative violence prevention programs
- School Resource Officers
- Conflict resolution
- Disruptive or assaultive behavior management
- Improved school security
- Peer mediation
- Training for employees on the identification of possible perpetrators of school-related violence.

Funding/Match Requirements

Funds are allocated to local school systems based upon their relative share of BEP funding and are subject to a local match requirement. The local match may be cash or in-kind and may be provided by an entity other than the school system.

Disbursements of grant funds are made on a reimbursement basis and may be requested as often as monthly by utilizing the *Safe Schools Act Reimbursement Request Form* on the website at: www.eplan.tn.gov

Each district should maintain appropriate documentation of expenditures including expenditures of in-kind contributions made or provided for the local match.

Significant changes to a Safe Schools project should be approved in advance by using the Safe Schools Act *Budget Amendment Form* (located on the above-noted website). Project amendments should be requested when budget line item variances greater than 15 % of the approved amount are desired or whenever substantial changes in the nature or scope of the project are planned.

The Safe Schools Act of 1998 Program is an element of the Audit Review Program of the Department's Office of Internal Audit.

General Guidelines

The following guidelines are provided to help ensure that funding is utilized efficiently and effectively.

1. *Base programs/expenditures on a thorough assessment of your system's needs.* Take advantage of existing needs assessments conducted for the mandated school safety plan (SAFE Act), consolidated federal programs, school improvement, etc. A variety of excellent

web-based resources is provided below. Districts are specifically encouraged to review the *Serious Incident Index* for each school provided in the *School Safety Index* located at http://tennessee.gov/education/safe_schls/safety_cntr/SAVE_act.shtml

2. Involve a wide range of stakeholders in your planning efforts including building administrators, law enforcement and other public safety personnel as well as teachers, students, parents, juvenile court, social services, civic groups and clergy. School safety is a community issue and the community should be an active partner in your efforts.

3. Design or select programs based on research or evaluation data that indicates a likelihood of success in addressing your system's specific needs. The resources identified below may be helpful.

4. When purchasing security equipment, be aware that prices can vary tremendously for similar items. As with any technology-based product, dramatic improvements in performance can be expected and should be considered when making purchasing decisions. Training and product support are also important considerations. Your local law enforcement agency or a business that utilizes security systems may be helpful in making an informed decision.

5. School resource officer programs or similar local partnerships involving shared responsibilities and/or expenditures should include written contracts or letters of agreement between the various parties involved. Expenditures made by schools to community agencies or other units of local government without a written agreement or contract will almost always result in an audit exception. Examples of such agreements are available from the Office of Safe & Supportive Schools by calling (615) 741-3248 or http://www.tn.gov/education/safe_schls/safety_cntr/schl_resource_officer.shtml

Recommended Resources

http://tennessee.gov/education/safe_schls/safety_cntr/SAVE_act.shtml

provides an overview of the Schools Against Violence in Education (SAVE) Act including specific quality indicators and links to resources specific to each requirement.

http://www.state.tn.us/education/safe_schls/index.shtml is the website for the Tennessee Department of Education's Office of School Safety and Learning Support and includes a listing of currently-available training programs as well as links to a number of state and federal policy and guidance documents

Safeguarding Our Children: An Action Guide and *Early Warning and Timely Response: A Guide to Safe Schools* are two excellent publications produced by the U.S. Departments of Education and Justice. Both are available free-of-charge by calling 800-872-5327.

The Appropriate and Effective Use of Security Technologies in U.S. Schools: A Guide for Schools and Law Enforcement Agencies reviews existing, commercially available technologies and considers both the potential safety benefits of the technology and its cost to the school. The

140- page report can be ordered by calling 1-800-638-8736 and asking for publication # NCJ 178265.

<http://rem.ed.gov> - The REMS TA Center disseminates information about emergency management to help schools, school districts, and institutions of higher education learn more about developing, implementing, and evaluating crisis plans.

21st Century Community Learning Centers (CCLC) and Lottery for Education Afterschool Programs (LEAPs)

This program supports the creation of community learning centers that provide academic enrichment opportunities during non-school hours for children, particularly students who attend high-poverty and low-performing schools. The program helps students meet state and local student standards in core academic subjects, such as reading and math; offers students a broad array of enrichment activities that can complement their regular academic programs; and offers literacy and other educational services to the families of participating children.

21st CCLC Principals of Effectiveness

- a) be based upon an assessment of objective data regarding the need for before and after school programs ... (including during summer recess periods) and activities in the schools and communities;
- b) be based upon an established set of performance measures aimed at ensuring the availability of high quality academic enrichment opportunities; and
- c) if appropriate, be based upon scientifically based research that provides evidence that the program or activity will help students meet the State and local student academic achievement standards

21st CCLC Performance Indicators

Achievement: Students regularly participating in the program will show continuous improvement in achievement through measures such as test scores, grades and/or teacher reports.

Behavior: Students participating in the program will show improvement on measures such as school attendance, classroom performance and decreased disciplinary actions or other adverse behaviors.

Approved 21st CCLC Activities

- Remedial Education Recreational Activities
- Academic Enrichment Technology Programs/Telecommunication
- Math & Science Activities Expanded Library Hours
- Arts & Music Activities Parent Involvement/Family Literacy
- Limited English Proficient Classes Drug & Violence Prevention
- Tutoring & Mentoring Programs Counseling Programs
- Assistance to Truant, Suspended, or Expelled Students
- Character Education
- Entrepreneurial Education

Overview of 21st Community Learning Centers

Program Hours

- Grades K–6: Minimum 12-15 hours per week of programming
- Grades 7–12: Minimum 10-12 hours per week of programming

Overview of LEAPs

Eligible Participants

Youth 5-18 years old and enrolled in elementary or secondary school;

– 50% of students enrolled must also meet one of the following criteria:

- qualify for free/reduced lunch;
- be at risk of educational disadvantage and failure due to circumstances of abuse, neglect or disability;

-
- be at risk of state custody due to family dysfunction;
 - be enrolled in and attending a public school failing to make adequate yearly progress (AYP);
 - be attending a public school, including a public charter school, instead of a public school failing to make AYP as a result of parent choice; or
 - be at risk of failing one or more subjects or are behind grade level by at least one year.

Program Priorities

- Services to students for 15 hours per week;
- Reading skills development and enhancement;
- Math or science skills development and enhancement;
- Academic mentoring or tutorial assistance; and
- Sports or leisure opportunities.

Program Hours

- LEAPs programs must operate for 15 hours per week for a minimum of 180 days.
- Programs will work with the department’s school-based support services division to receive a certificate of approval for operations.

LEAPs Performance Measures

Achievement:

- Students regularly participating in the program will show continuous improvement in achievement through measures such as test scores, grades and/or teacher reports.

Behavior:

- Students participating in the program will show improvement on measures such as school attendance, classroom performance and decreased disciplinary actions or other adverse behaviors.

Attendance:

- Implementation of strategies associated through research and best practice with the ability to increase the range, availability, quantity and quality of services available to students.

Allowable Expenditures

- Salaries and benefits for program staff
- Professional development workshops that are required and/or relate to grant objectives, including travel
- Educational equipment required for implementing program activities
- Materials and supplies associated with hands-on, active, and project-based learning
- Student transportation

Non-allowable Expenditures

- Promotional or marketing items such as flags or banners

-
- Decorative items
 - Bonuses or incentives for personnel including cash or material items
 - Incentives for students including banners, plaques, t-shirts, prizes, and clothing
 - Entertainment such as amusement, diversion, and social activities
 - Non-academic field trips
 - Gift cards
 - Activities that take place during the regular school day
 - Textbooks and workbooks to be used during the regular school day
 - Unhealthy food
 - Expenses not directly or clearly related to the program
 - Facilities or vehicles
 - Furniture
 - Salary of any type paid to the school superintendent or non-program employees
 - Travel expenses for individuals not involved with the project
 - Lobbying
 - Grant writing services
 - Interest rates on credit cards
 - Late fee payments on credit cards
 - New construction or capital improvements such as permanent fixtures or renovations

Resources

The [You for Youth](http://y4y.ed.gov) (y4y.ed.gov) online professional learning community helps State and local 21st CCLC program staffs and their stakeholders connect with one another and share best practices. The site provides instructional and professional development resources in (1) supporting positive relationships with children and youth, (2) providing professional development and technical assistance opportunities, (3) creating partnerships, (4) managing a 21st CCLC program, and (5) leading program staff. The site includes hundreds of searchable webinars, tools and resources, including the [Afterschool Training Toolkit](#) to create positive experiences for all children in 21st CCLC programs.

Career and Technical Education (CTE): Program of Study

Tennessee's Career and Technical Education (CTE) programs of study are meant to provide a relevant framework of industry-aligned, rigorous courses that progress a student in knowledge and skills year over year. They provide invaluable opportunities for students to experience a subject they are passionate about and explore interests that lead to postsecondary learning and future career paths. These sequenced courses also reflect and support the three credit elective focus requirement for graduation. Level one courses are encouraged to be taken by students in ninth grade; however, districts may make scheduling decisions that work best for their communities and students.

Work-based learning (WBL) is seen as a valuable opportunity for all CTE students. The **Work-Based Learning: Career Practicum** course may substitute for the Level 4 offering in all Programs of Study. For more information, please refer to the department's Work-Based Learning Policy Guide at https://www.tn.gov/content/dam/tn/education/ccte/wbl/wbl_policy_guide.pdf. Early postsecondary opportunities (EPSO), such as dual enrollment and dual credit courses, are also a valuable opportunity for all students.

The **dual enrollment course** codes may substitute for the Level 3 or 4 course offerings in any aligned career cluster's programs of study where those course codes represent postsecondary courses. **Aligned industry certifications** have been placed under the corresponding CTE course within the program of study to demonstrate where students have the opportunity to sit for industry and postsecondary aligned industry certifications.

Career Exploration (6166) is available to orient eighth- and ninth-grade students to high school, postsecondary, and career options and develop 21st century skills. This course can serve as a prerequisite for any CTE course and program of study; however, it is not a required part of any program of study and should not be counted toward CTE concentrator status. For additional information about courses or programs of study, please reach out to the career cluster consultants or visit our webpage at: <https://www.tn.gov/education/career-and-technical-education/career-clusters.html>

Program of Study Justification Process

The division of college, career and technical education's programs of study in career and technical education (CTE) are designed to be reflective of statewide labor, economic, and postsecondary opportunities that provide students with viable career paths. This statewide focus gives districts the ability to offer high school students coursework that provides sequential and progressive learning and allows for students to transition seamlessly into industry and postsecondary.

In order to ensure that students have relevant options for a career path in the state, the office of CTE undertakes an annual review of its programs of study and courses using labor and economic development data and a review of postsecondary program and certificate offerings from Tennessee Colleges of Applied Technology (TCATs), community colleges, and four-year universities to determine which programs of study should be promoted. **As a result of this annual process, referred to as “program of study justifications,” the office of CTE makes adjustments to programs of study and the corresponding courses to continue the vertical alignment between secondary education, postsecondary, and the statewide labor market.** This can result in the creation of new courses to fill a gap for growing occupations or the retirement of courses and programs of study which may have become obsolete or which no longer represent areas of growth within the statewide labor market.

The process of program of study justification should be repeated at the district level to verify that the programs offered in schools are leading to postsecondary and employment in the region so that students have the ability to continue their education and career path after high school graduation. CTE directors should use the data to decide which programs of study provide students with career paths within their region. This will assist in determining which programs of study to open in order to address a growing workforce area or close due to lack of opportunities for students within the occupation.

The office of CTE is releasing program of study justifications to provide districts with easier access to statewide data. These justifications will be on the corresponding career cluster webpages.

Learn more about this process and how to apply economic and community development and labor data by reading an article from ACTE Techniques written by Candi Norwood and Heather Justice.

2021-2022 CTE Programs of Study

Overview

Tennessee's career and technical education (CTE) programs of study are meant to provide a relevant framework of industry-aligned, rigorous courses that progress a student in knowledge and skills year after year. They provide invaluable opportunities for students to experience a subject that they are passionate about and explore interests that lead to postsecondary learning and future career paths. These sequenced courses also reflect and support the three-credit elective focus requirement for graduation. Level 1 courses are encouraged to be taken by students in ninth grade; however, districts may make scheduling decisions that work best for their communities and students. Work-based learning (WBL) is seen as a valuable opportunity for all students.

The Work-Based Learning: Career Practicum (6105) course may substitute for the Level 4 offering in all programs of study. Additionally, the Work-Based Learning: Career Practicum (6105) course can make a student a concentrator when taken as the third course in a program of study if the student's placement in is an aligned occupation. For more information, please refer to the department's [Work-Based Learning Policy Guide](https://www.tn.gov/content/dam/tn/education/ccte/wbl/wbl_policy_guide.pdf) at: https://www.tn.gov/content/dam/tn/education/ccte/wbl/wbl_policy_guide.pdf. Early postsecondary opportunities (EPSOs), such as dual enrollment, dual credit courses, and college level examination program exams (CLEP) are also valuable opportunities for all students and should be provided within the program of study.

The dual enrollment course codes may substitute for the Level 3 or 4 course offerings in any aligned career cluster's programs of study where those course codes represent postsecondary courses. Aligned industry certifications have been placed under the corresponding CTE course within the program of study to demonstrate where students have the opportunity to sit for industry and postsecondary recognized credential.

Career Exploration (6166) is available to orient eighth and ninth grade students to high school, postsecondary, and career options and develop employability skills. This course can serve as a prerequisite for any CTE course and program of study; however, it is not a required part of any program of study and should not be counted toward CTE concentrator status. For additional information about courses or programs of study, please reach out to the program managers, or visit our webpage at: <https://www.tn.gov/education/career-and-technical-education.html>.

Career Cluster	Manager	Email	Phone
Advanced Manufacturing	John Mummert	John.Mummert@tn.gov	(615) 532-2835
Agriculture, Food, & Natural Resources	Steven Gass	Steven.Gass@tn.gov	(615) 532-2847
Architecture & Construction	John Mummert	John.Mummert@tn.gov	(615) 532-2835
Arts, Audio/Visual Technology, & Communications	Bryant Nall	Bryant.Nall@tn.gov	(615) 532-6248
Business Management & Administration	Deborah Knoll	Deborah.Knoll@tn.gov	(615) 532-2844
Education & Training	Elizabeth Rafferty	Elizabeth.Rafferty@tn.gov	(615) 532-2840
Finance	Deborah Knoll	Deborah.Knoll@tn.gov	(615) 532-2844
Government & Public Administration	Sloan Hudson	Sloan.Hudson@tn.gov	(615) 532-2839
Health Science	Sloan Hudson	Sloan.Hudson@tn.gov	(615) 532-2839
Hospitality & Tourism	Elizabeth Rafferty	Elizabeth.Rafferty@tn.gov	(615) 532-2840

Human Services	Elizabeth Rafferty	Elizabeth.Rafferty@tn.gov	(615) 532-2840
Information Technology	Bryant Nall	Bryant.Nall@tn.gov	(615) 532-6248
Law, Public Safety, Corrections, & Security	Sloan Hudson	Sloan.Hudson@tn.gov	(615) 532-2839
Marketing	Deborah Knoll	Deborah.Knoll@tn.gov	(615) 532-2844
Science, Technology, Engineering, & Mathematics (STEM)	Bryant Nall	Bryant.Nall@tn.gov	(615) 532-6248
Transportation	John Mummert	John.Mummert@tn.gov	(615) 532-2835

ESSER 3.0 FUNDING

The COVID-19 pandemic has been unlike any other time in our lives and has shifted the way we educate students in the state of Tennessee. It has elevated known gaps and created tremendous urgency for a child-centered strategy. This is especially true for our youngest learners, those with existing achievement gaps, those in rural communities, and those who need additional school-based services.

The impact of the pandemic on students will take months, and likely years to address – especially for our most vulnerable students. Recognizing these challenges, the federal government has made historic investments in public education over the last year, through the provision of three relief packages (referred to in Tennessee as ESSER 1.0, ESSER 2.0, and ESSER 3.0). Tennessee public schools will receive over \$4.5 billion in federal relief funding for use between spring of 2020 and fall of 2021.

The U.S. Department of Education recently released guidance for states and LEAs outlining expectations for stakeholder engagement, planning, and data reporting related to use of these funds. As a result, the department is offering grants to districts to support their strategic planning for use of ESSER funds, public-facing communication related to plans for these funds, capacity for implementation planning and execution, and development of data collection and monitoring plans.

Among the supports the department is seeking related to district ESSER planning and implementation are:

1. Execution of stakeholder engagement activities with or on behalf of the district
2. Facilitation of on-site (or virtual) planning session(s) for district teams and/or stakeholders, and/or drafting district ESSER plans and completing required updates
3. Assistance drafting and implementing a data collection and monitoring plan
4. District-wide programmatic planning and implementation support for programs funded by district and state ESSER funds
5. Planning and implementation support for the TN All Corps tutoring program
6. Other supports as requested by the district

NOTES

- ✓ Grant Application Submission Deadline Date-August 27, 2021(Recently Extended)
- ✓ Grant Period: January 5, 2020-September 30, 2023
- ✓ Funds may be used for pre-award costs dating back to March 13, 2020, when the national emergency was declared.
- ✓ Funds will be available through September 30, 2023.
- ✓ An LEA must reserve not less than 20 percent of its total ARP ESSER allocation to address learning loss through the implementation of evidence-based interventions, such as summer learning or summer enrichment, extended day, comprehensive afterschool programs, or extended school year programs, and ensure that such interventions respond to students' academic, social, and emotional needs and address the disproportionate impact of COVID-19 on underrepresented student subgroups.
- ✓ The remaining ARP ESSER funds may be used for the same allowable purposes as ESSER and ESSER II, including hiring new staff and avoiding layoffs.
- ✓ Note that section 2001(e) specifically authorizes an LEA to use ARP ESSER funds to develop strategies and implement public health protocols including, to the greatest extent practicable, policies in line with guidance from the CDC for the reopening and operation of school facilities to effectively maintain the health and safety of students, educators, and other staff.
- ✓ LEAs do not provide equitable services to private schools under ARP ESSER.

-
- ✓ Required Forms-the LEA must complete the following forms by August 27, 2021 and upload them to ePlan in the LEA Document Library. In addition to uploading the LEA Public ESSER Plan in the LEA Document Library, it is also required to email the ESSER Plan to Commissioner.Schwinn@tn.gov.
 - LEA Public ESSER Plan (i.e. Public-Facing ESSER Plan or ESSER Public Plan),
 - LEA Needs Assessment,
 - LEA Community Engagement Checklist, and
 - LEA Health and Safety Plan.
 - ✓ An LEA that receives ARP ESSER funds must, within 30 days of receiving the funds, make publicly available on its website a plan for the safe return to in-person instruction and continuity of services. Before making the plan publicly available, the LEA must seek public comment on the plan.
 - ✓ Needs Assessment-This needs assessment for ESSER 3.0 is built to be a summary of the major elements to consider in strategic planning for effective resource allocation for those funds. The department also encourages updates to ESSER 1.0 and 2.0 spending plans to align with needs as they are updated and develop. Local plans and those submitted through InformTN for the comprehensive district plans will likely be more detailed and thorough, with specific call-outs by individual school need. The state template is intended to provide the public with a data snapshot to inform community engagement related to the needs of the district that ESSER 3.0 dollars may support.
 - ✓ Assurances
 1. LEAs must develop and make publicly available their ARP ESSER Funding Application no later than Aug. 1, 2021. All plans must be made publicly available on the LEA's website and published on the Tennessee Department of Education's (department) website within thirty (30) days of approval.
 2. All plans must be developed with meaningful public consultation with stakeholder groups (i.e., families, students, teachers, principals, school and district administrators, school leaders, other educators, school staff, advocacy organizations representing student groups). The consultation process must include an opportunity for input and meaning consideration of that input.
 3. ESSER plans must be in an understandable and uniform format; to the extent practicable, written in a language that parents can understand or, if not practicable, orally interpreted; and upon request by a parent who is an individual with a disability, provided in an accessible format to that parent.
 4. LEAs must update the Safe Return to In-Person Instruction and Continuity of Services Plan at least every six months through Sept. 30, 2023, seek public input on the plan and any revisions, and take such input into account. All revisions must include an explanation and rationale of why the revisions were made.
 - ✓ Budget -Focus Areas (highlighted in red are newly added items)
 1. Addressing Learning Loss- 20% of district allocation
 2. Addressing Learning Acceleration
 3. Addressing Facility Needs and Deferred Maintenance
 4. Purchasing Education Technology
 5. Addressing the Unique Needs of Special Populations
 6. School Facility Repairs
 7. Providing Mental Health Supports
 8. High Quality Instructional Materials for Math Adoption
 9. High Quality Instructional Materials for Early Literacy Adoption
 10. Public Health Coordination and Protocols
 11. Conducting Other Necessary Activities

ESSER Planning Grant Vendor Guide: https://www.tn.gov/content/dam/tn/education/esser-planning-resources/ESSER%20Planning%20Grants_Vendor%20Guide.pdf

ASD ESSER Grants Manager/Point of Contact:

Jessica Johnson, Jessica.johnson@tn.gov, 615-964-1813

Federal Programs Guidelines

§200.420 Considerations for selected items of cost.

This section provides principles to be applied in establishing the allowability of certain items involved in determining cost, in addition to the requirements of Subtitle II. Basic Considerations of this subpart. These principles apply whether or not a particular item of cost is properly treated as direct cost or indirect (F&A) cost. Failure to mention a particular item of cost is not intended to imply that it is either allowable or unallowable; rather, determination as to allowability in each case should be based on the treatment provided for similar or related items of cost, and based on the principles described in §§200.402 Composition of costs through 200.411 Adjustment of previously negotiated indirect (F&A) cost rates containing unallowable costs. In case of a discrepancy between the provisions of a specific Federal award and the provisions below, the Federal award governs. Criteria outlined in §200.403 Factors affecting allowability of *costs* must be applied in determining allowability. See also §200.102 Exceptions.

§200.421 Advertising and public relations.

- (a) The term advertising costs means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television, direct mail, exhibits, electronic or computer transmittals, and the like.
- (b) The only allowable advertising costs are those which are solely for:
 - (1) The recruitment of personnel required by the non-Federal entity for performance of a Federal award (See also §200.463 Recruiting costs);
 - (2) The procurement of goods and services for the performance of a Federal award;
 - (3) The disposal of scrap or surplus materials acquired in the performance of a Federal award except when non-Federal entities are reimbursed for disposal costs at a predetermined amount; or
 - (4) Program outreach and other specific purposes necessary to meet the requirements of the Federal award.
- (c) The term “public relations” includes community relations and means those activities dedicated to maintaining the image of the non-Federal entity or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.
- (d) The only allowable public relations costs are:
 - (1) Costs specifically required by the Federal award;
 - (2) Costs of communicating with the public and press pertaining to specific activities or accomplishments which result from performance of the Federal award (these costs are considered necessary as part of the outreach effort for the Federal award); or
 - (3) Costs of conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern, such as notices of funding opportunities, financial matters, etc.
- (e) Unallowable advertising and public relations costs include the following:
 - (1) All advertising and public relations costs other than as specified in paragraphs (b) and (d) of this section;

(2) Costs of meetings, conventions, convocations, or other events related to other activities of the entity (see also §200.432 Conferences), including:

(i) Costs of displays, demonstrations, and exhibits;

(ii) Costs of meeting rooms, hospitality suites, and other special facilities used in conjunction with shows and other special events; and

(iii) Salaries and wages of employees engaged in setting up and displaying exhibits, making demonstrations, and providing briefings;

(3) Costs of promotional items and memorabilia, including models, gifts, and souvenirs;

(4) Costs of advertising and public relations designed solely to promote the non-Federal entity.

§200.422 Advisory councils.

Costs incurred by advisory councils or committees are unallowable unless authorized by statute, the Federal awarding agency or as an indirect cost where allocable to Federal awards. See §200.444 General costs of government, applicable to states, local governments and Indian tribes.

§200.423 Alcoholic beverages.

Costs of alcoholic beverages are unallowable.

§200.424 Alumni/ae activities.

Costs incurred by IHEs for, or in support of, alumni/ae activities are unallowable.

§200.425 Audit services.

(a) A reasonably proportionate share of the costs of audits required by, and performed in accordance with, the Single Audit Act Amendments of 1996 (31 U.S.C. 7501-7507), as implemented by requirements of this part, are allowable. However, the following audit costs are unallowable:

(1) Any costs when audits required by the Single Audit Act and Subpart F—Audit Requirements of this part have not been conducted or have been conducted but not in accordance therewith; and

(2) Any costs of auditing a non-Federal entity that is exempted from having an audit conducted under the Single Audit Act and Subpart F—Audit Requirements of this part because its expenditures under Federal awards are less than \$750,000 during the non-Federal entity's fiscal year.

(b) The costs of a financial statement audit of a non-Federal entity that does not currently have a Federal award may be included in the indirect cost pool for a cost allocation plan or indirect cost proposal.

(c) Pass-through entities may charge Federal awards for the cost of agreed-upon-procedures engagements to monitor subrecipients (in accordance with Subpart D—Post Federal Award Requirements of this part, §§200.330 Subrecipient and contractor determinations through 200.332 Fixed Amount Subawards) who are exempted from the requirements of the Single Audit Act and Subpart F—Audit Requirements of this part. This cost is allowable only if the agreed-upon-procedures engagements are:

(1) Conducted in accordance with GAGAS attestation standards;

-
- (2) Paid for and arranged by the pass-through entity; and
 - (3) Limited in scope to one or more of the following types of compliance requirements: activities allowed or unallowed; allowable costs/cost principles; eligibility; and reporting.

§200.426 Bad debts.

Bad debts (debts which have been determined to be uncollectable), including losses (whether actual or estimated) arising from uncollectable accounts and other claims, are unallowable. Related collection costs, and related legal costs, arising from such debts after they have been determined to be uncollectable are also unallowable. See also §200.428 Collections of improper payments.

§200.427 Bonding costs.

- (a) Bonding costs arise when the Federal awarding agency requires assurance against financial loss to itself or others by reason of the act or default of the non-Federal entity. They arise also in instances where the non-Federal entity requires similar assurance, including: bonds as bid, performance, payment, advance payment, infringement, and fidelity bonds for employees and officials.
- (b) Costs of bonding required pursuant to the terms and conditions of the Federal award are allowable.
- (c) Costs of bonding required by the non-Federal entity in the general conduct of its operations are allowable as an indirect cost to the extent that such bonding is in accordance with sound business practice and the rates and premiums are reasonable under the circumstances.

§200.428 Collections of improper payments.

The costs incurred by a non-Federal entity to recover improper payments are allowable as either direct or indirect costs, as appropriate. Amounts collected may be used by the non-Federal entity in accordance with cash management standards set forth in §200.305 *Payment*.

§200.429 Commencement and convocation costs.

For IHEs, costs incurred for commencements and convocations are unallowable, except as provided for in Appendix III to Part 200—Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs), paragraph (B)(9) Student Administration and Services, as student activity costs.

§200.430 Compensation—personal services.

- (a) *General.* Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits which are addressed in §200.431 Compensation—fringe benefits. Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees:
 - (1) Is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities;
 - (2) Follows an appointment made in accordance with a non-Federal entity's laws and/or rules or written policies and meets the requirements of Federal statute, where applicable; and

-
- (3) Is determined and supported as provided in paragraph (i) of this section, Standards for Documentation of Personnel Expenses, when applicable.
- (b) *Reasonableness.* Compensation for employees engaged in work on Federal awards will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the non-Federal entity. In cases where the kinds of employees required for Federal awards are not found in the other activities of the non-Federal entity, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the non-Federal entity competes for the kind of employees involved.
- (c) *Professional activities outside the non-Federal entity.* Unless an arrangement is specifically authorized by a Federal awarding agency, a non-Federal entity must follow its written non-Federal entity-wide policies and practices concerning the permissible extent of professional services that can be provided outside the non-Federal entity for non-organizational compensation. Where such non-Federal entity-wide written policies do not exist or do not adequately define the permissible extent of consulting or other non-organizational activities undertaken for extra outside pay, the Federal Government may require that the effort of professional staff working on Federal awards be allocated between:
- (1) Non-Federal entity activities, and
 - (2) Non-organizational professional activities. If the Federal awarding agency considers the extent of non-organizational professional effort excessive or inconsistent with the conflicts-of-interest terms and conditions of the Federal award, appropriate arrangements governing compensation will be negotiated on a case-by-case basis.
- (d) *Unallowable costs.* (1) Costs which are unallowable under other sections of these principles must not be allowable under this section solely on the basis that they constitute personnel compensation.
- (2) The allowable compensation for certain employees is subject to a ceiling in accordance with statute. For the amount of the ceiling for cost-reimbursement contracts, the covered compensation subject to the ceiling, the covered employees, and other relevant provisions, see 10 U.S.C. 2324(e)(1)(P), and 41 U.S.C. 1127 and 4304(a)(16). For other types of Federal awards, other statutory ceilings may apply.
- (e) *Special considerations.* Special considerations in determining allowability of compensation will be given to any change in a non-Federal entity's compensation policy resulting in a substantial increase in its employees' level of compensation (particularly when the change was concurrent with an increase in the ratio of Federal awards to other activities) or any change in the treatment of allowability of specific types of compensation due to changes in Federal policy.
- (f) *Incentive compensation.* Incentive compensation to employees based on cost reduction, or efficient performance, suggestion awards, safety awards, etc., is allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the non-Federal entity and the employees before the services were rendered, or pursuant to an established plan followed by the non-Federal entity so consistently as to imply, in effect, an agreement to make such payment.
- (g) *Nonprofit organizations.* For compensation to members of nonprofit organizations, trustees, directors, associates, officers, or the immediate families thereof, determination must be made that such compensation is reasonable for the actual personal services rendered rather than a distribution of earnings in excess of costs. This may include director's and executive committee member's fees, incentive awards, allowances for off-site pay, incentive pay, location allowances, hardship pay, and cost-of-living differentials.
- (h) *Institutions of higher education (IHEs).* (1) Certain conditions require special consideration and possible limitations in determining allowable personnel compensation costs under Federal awards. Among such conditions are the following:

-
- (i) Allowable activities. Charges to Federal awards may include reasonable amounts for activities contributing and directly related to work under an agreement, such as delivering special lectures about specific aspects of the ongoing activity, writing reports and articles, developing and maintaining protocols (human, animals, etc.), managing substances/chemicals, managing and securing project-specific data, coordinating research subjects, participating in appropriate seminars, consulting with colleagues and graduate students, and attending meetings and conferences.
- (ii) Incidental activities. Incidental activities for which supplemental compensation is allowable under written institutional policy (at a rate not to exceed institutional base salary) need not be included in the records described in paragraph (i) of this section to directly charge payments of incidental activities, such activities must either be specifically provided for in the Federal award budget or receive prior written approval by the Federal awarding agency.
- (2) *Salary basis.* Charges for work performed on Federal awards by faculty members during the academic year are allowable at the IBS rate. Except as noted in paragraph (h)(1)(ii) of this section, in no event will charges to Federal awards, irrespective of the basis of computation, exceed the proportionate share of the IBS for that period. This principle applies to all members of faculty at an institution. IBS is defined as the annual compensation paid by an IHE for an individual's appointment, whether that individual's time is spent on research, instruction, administration, or other activities. IBS excludes any income that an individual earns outside of duties performed for the IHE. Unless there is prior approval by the Federal awarding agency, charges of a faculty member's salary to a Federal award must not exceed the proportionate share of the IBS for the period during which the faculty member worked on the award.
- (3) *Intra-Institution of Higher Education (IHE) consulting.* Intra-IHE consulting by faculty is assumed to be undertaken as an IHE obligation requiring no compensation in addition to IBS. However, in unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work performed by the faculty member is in addition to his or her regular responsibilities, any charges for such work representing additional compensation above IBS are allowable provided that such consulting arrangements are specifically provided for in the Federal award or approved in writing by the Federal awarding agency.
- (4) Extra Service Pay normally represents overload compensation, subject to institutional compensation policies for services above and beyond IBS. Where extra service pay is a result of Intra-IHE consulting, it is subject to the same requirements of paragraph (b) above. It is allowable if all of the following conditions are met:
- (i) The non-Federal entity establishes consistent written policies which apply uniformly to all faculty members, not just those working on Federal awards.
- (ii) The non-Federal entity establishes a consistent written definition of work covered by IBS which is specific enough to determine conclusively when work beyond that level has occurred. This may be described in appointment letters or other documentations.
- (iii) The supplementation amount paid is commensurate with the IBS rate of pay and the amount of additional work performed. See paragraph (h)(2) of this section.
- (iv) The salaries, as supplemented, fall within the salary structure and pay ranges established by and documented in writing or otherwise applicable to the non-Federal entity.
- (v) The total salaries charged to Federal awards including extra service pay are subject to the Standards of Documentation as described in paragraph (i) of this section.
- (5) *Periods outside the academic year.* (i) Except as specified for teaching activity in paragraph (h)(5)(ii) of this section, charges for work performed by faculty members on Federal awards during periods not included in the base salary period will be at a rate not in excess of the IBS.

(ii) Charges for teaching activities performed by faculty members on Federal awards during periods not included in IBS period will be based on the normal written policy of the IHE governing compensation to faculty members for teaching assignments during such periods.

(6) *Part-time faculty.* Charges for work performed on Federal awards by faculty members having only part-time appointments will be determined at a rate not in excess of that regularly paid for part-time assignments.

(7) *Sabbatical leave costs.* Rules for sabbatical leave are as follow:

(i) Costs of leaves of absence by employees for performance of graduate work or sabbatical study, travel, or research are allowable provided the IHE has a uniform written policy on sabbatical leave for persons engaged in instruction and persons engaged in research. Such costs will be allocated on an equitable basis among all related activities of the IHE.

(ii) Where sabbatical leave is included in fringe benefits for which a cost is determined for assessment as a direct charge, the aggregate amount of such assessments applicable to all work of the institution during the base period must be reasonable in relation to the IHE's actual experience under its sabbatical leave policy.

(8) *Salary rates for non-faculty members.* Non-faculty full-time professional personnel may also earn "extra service pay" in accordance with the non-Federal entity's written policy and consistent with paragraph (h)(1)(i) of this section.

(i) *Standards for Documentation of Personnel Expenses* (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

(i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;

(ii) Be incorporated into the official records of the non-Federal entity;

(iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);

(iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;

(v) Comply with the established accounting policies and practices of the non-Federal entity (See paragraph (h)(1)(ii) above for treatment of incidental work for IHEs.); and

(vi) [Reserved]

(vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

(viii) Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:

(A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;

(B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and

(C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

(ix) Because practices vary as to the activity constituting a full workload (for IHEs, IBS), records may reflect categories of activities expressed as a percentage distribution of total activities.

(x) It is recognized that teaching, research, service, and administration are often inextricably intermingled in an academic setting. When recording salaries and wages charged to Federal awards for IHEs, a precise assessment of factors that contribute to costs is therefore not always feasible, nor is it expected.

(2) For records which meet the standards required in paragraph (i)(1) of this section, the non-Federal entity will not be required to provide additional support or documentation for the work performed, other than that referenced in paragraph (i)(3) of this section.

(3) In accordance with Department of Labor regulations implementing the Fair Labor Standards Act (FLSA) (29 CFR part 516), charges for the salaries and wages of nonexempt employees, in addition to the supporting documentation described in this section, must also be supported by records indicating the total number of hours worked each day.

(4) Salaries and wages of employees used in meeting cost sharing or matching requirements on Federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from Federal awards.

(5) For states, local governments and Indian tribes, substitute processes or systems for allocating salaries and wages to Federal awards may be used in place of or in addition to the records described in paragraph (1) if approved by the cognizant agency for indirect cost. Such systems may include, but are not limited to, random moment sampling, "rolling" time studies, case counts, or other quantifiable measures of work performed.

(i) Substitute systems which use sampling methods (primarily for Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance Program (SNAP), Medicaid, and other public assistance programs) must meet acceptable statistical sampling standards including:

(A) The sampling universe must include all of the employees whose salaries and wages are to be allocated based on sample results except as provided in paragraph (i)(5)(iii) of this section;

(B) The entire time period involved must be covered by the sample; and

(C) The results must be statistically valid and applied to the period being sampled.

(ii) Allocating charges for the sampled employees' supervisors, clerical and support staffs, based on the results of the sampled employees, will be acceptable.

(iii) Less than full compliance with the statistical sampling standards noted in subsection (5)(i) may be accepted by the cognizant agency for indirect costs if it concludes that the amounts to be allocated to Federal awards will be minimal, or if it concludes that the system proposed by the non-Federal entity will result in lower costs to Federal awards than a system which complies with the standards.

(6) Cognizant agencies for indirect costs are encouraged to approve alternative proposals based on outcomes and milestones for program performance where these are clearly documented. Where approved by the Federal cognizant agency for indirect costs, these plans are acceptable as an alternative to the requirements of paragraph (i)(1) of this section.

(7) For Federal awards of similar purpose activity or instances of approved blended funding, a non-Federal entity may submit performance plans that incorporate funds from multiple Federal awards and account for their combined use based on performance-oriented metrics, provided that such plans are approved in advance by all involved Federal awarding agencies. In these instances, the non-Federal entity must submit a request for waiver of the requirements based on documentation that describes the method of charging costs, relates the charging of costs to the specific activity that is applicable to all fund sources, and is based on quantifiable measures of the activity in relation to time charged.

(8) For a non-Federal entity where the records do not meet the standards described in this section, the Federal Government may require personnel activity reports, including prescribed certifications, or equivalent documentation that support the records as required in this section.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75886, Dec. 19, 2014]

§200.431 Compensation—fringe benefits.

(a) Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave (vacation, family-related, sick or military), employee insurance, pensions, and unemployment benefit plans. Except as provided elsewhere in these principles, the costs of fringe benefits are allowable provided that the benefits are reasonable and are required by law, non-Federal entity-employee agreement, or an established policy of the non-Federal entity.

(b) *Leave.* The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:

(1) They are provided under established written leave policies;

(2) The costs are equitably allocated to all related activities, including Federal awards; and,

(3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.

(i) When a non-Federal entity uses the cash basis of accounting, the cost of leave is recognized in the period that the leave is taken and paid for. Payments for unused leave when an employee retires or terminates employment are allowable in the year of payment.

(ii) The accrual basis may be only used for those types of leave for which a liability as defined by GAAP exists when the leave is earned. When a non-Federal entity uses the accrual basis of accounting, allowable leave costs are the lesser of the amount accrued or funded.

(c) The cost of fringe benefits in the form of employer contributions or expenses for social security; employee life, health, unemployment, and worker's compensation insurance (except as indicated in §200.447 Insurance and indemnification); pension plan costs (see paragraph (i) of this section); and other similar benefits are allowable, provided such benefits are granted under established written policies. Such benefits, must be allocated to Federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or

group(s) of employees whose salaries and wages are chargeable to such Federal awards and other activities, and charged as direct or indirect costs in accordance with the non-Federal entity's accounting practices.

(d) Fringe benefits may be assigned to cost objectives by identifying specific benefits to specific individual employees or by allocating on the basis of entity-wide salaries and wages of the employees receiving the benefits. When the allocation method is used, separate allocations must be made to selective groupings of employees, unless the non-Federal entity demonstrates that costs in relationship to salaries and wages do not differ significantly for different groups of employees.

(e) *Insurance.* See also §200.447 Insurance and indemnification, paragraphs (d)(1) and (2).

(1) Provisions for a reserve under a self-insurance program for unemployment compensation or workers' compensation are allowable to the extent that the provisions represent reasonable estimates of the liabilities for such compensation, and the types of coverage, extent of coverage, and rates and premiums would have been allowable had insurance been purchased to cover the risks. However, provisions for self-insured liabilities which do not become payable for more than one year after the provision is made must not exceed the present value of the liability.

(2) Costs of insurance on the lives of trustees, officers, or other employees holding positions of similar responsibility are allowable only to the extent that the insurance represents additional compensation. The costs of such insurance when the non-Federal entity is named as beneficiary are unallowable.

(3) Actual claims paid to or on behalf of employees or former employees for workers' compensation, unemployment compensation, severance pay, and similar employee benefits (e.g., post-retirement health benefits), are allowable in the year of payment provided that the non-Federal entity follows a consistent costing policy.

(f) *Automobiles.* That portion of automobile costs furnished by the entity that relates to personal use by employees (including transportation to and from work) is unallowable as fringe benefit or indirect (F&A) costs regardless of whether the cost is reported as taxable income to the employees.

(g) *Pension Plan Costs.* Pension plan costs which are incurred in accordance with the established policies of the non-Federal entity are allowable, provided that:

(1) Such policies meet the test of reasonableness.

(2) The methods of cost allocation are not discriminatory.

(3) For entities using accrual based accounting, the cost assigned to each fiscal year is determined in accordance with GAAP.

(4) The costs assigned to a given fiscal year are funded for all plan participants within six months after the end of that year. However, increases to normal and past service pension costs caused by a delay in funding the actuarial liability beyond 30 calendar days after each quarter of the year to which such costs are assignable are unallowable. Non-Federal entity may elect to follow the "Cost Accounting Standard for Composition and Measurement of Pension Costs" (48 CFR 9904.412).

(5) Pension plan termination insurance premiums paid pursuant to the Employee Retirement Income Security Act (ERISA) of 1974 (29 U.S.C. 1301-1461) are allowable. Late payment charges on such premiums are unallowable. Excise taxes on accumulated funding deficiencies and other penalties imposed under ERISA are unallowable.

(6) Pension plan costs may be computed using a pay-as-you-go method or an acceptable actuarial cost method in accordance with established written policies of the non-Federal entity.

-
- (i) For pension plans financed on a pay-as-you-go method, allowable costs will be limited to those representing actual payments to retirees or their beneficiaries.
- (ii) Pension costs calculated using an actuarial cost-based method recognized by GAAP are allowable for a given fiscal year if they are funded for that year within six months after the end of that year. Costs funded after the six month period (or a later period agreed to by the cognizant agency for indirect costs) are allowable in the year funded. The cognizant agency for indirect costs may agree to an extension of the six month period if an appropriate adjustment is made to compensate for the timing of the charges to the Federal Government and related Federal reimbursement and the non-Federal entity's contribution to the pension fund. Adjustments may be made by cash refund or other equitable procedures to compensate the Federal Government for the time value of Federal reimbursements in excess of contributions to the pension fund.
- (iii) Amounts funded by the non-Federal entity in excess of the actuarially determined amount for a fiscal year may be used as the non-Federal entity's contribution in future periods.
- (iv) When a non-Federal entity converts to an acceptable actuarial cost method, as defined by GAAP, and funds pension costs in accordance with this method, the unfunded liability at the time of conversion is allowable if amortized over a period of years in accordance with GAAP.
- (v) The Federal Government must receive an equitable share of any previously allowed pension costs (including earnings thereon) which revert or inure to the non-Federal entity in the form of a refund, withdrawal, or other credit.
- (h) *Post-Retirement Health.* Post-retirement health plans (PRHP) refers to costs of health insurance or health services not included in a pension plan covered by paragraph (g) of this section for retirees and their spouses, dependents, and survivors. PRHP costs may be computed using a pay-as-you-go method or an acceptable actuarial cost method in accordance with established written policies of the non-Federal entity.
- (1) For PRHP financed on a pay-as-you-go method, allowable costs will be limited to those representing actual payments to retirees or their beneficiaries.
- (2) PRHP costs calculated using an actuarial cost method recognized by GAAP are allowable if they are funded for that year within six months after the end of that year. Costs funded after the six month period (or a later period agreed to by the cognizant agency) are allowable in the year funded. The Federal cognizant agency for indirect costs may agree to an extension of the six month period if an appropriate adjustment is made to compensate for the timing of the charges to the Federal Government and related Federal reimbursements and the non-Federal entity's contributions to the PRHP fund. Adjustments may be made by cash refund, reduction in current year's PRHP costs, or other equitable procedures to compensate the Federal Government for the time value of Federal reimbursements in excess of contributions to the PRHP fund.
- (3) Amounts funded in excess of the actuarially determined amount for a fiscal year may be used as the non-Federal entity contribution in a future period.
- (4) When a non-Federal entity converts to an acceptable actuarial cost method and funds PRHP costs in accordance with this method, the initial unfunded liability attributable to prior years is allowable if amortized over a period of years in accordance with GAAP, or, if no such GAAP period exists, over a period negotiated with the cognizant agency for indirect costs.
- (5) To be allowable in the current year, the PRHP costs must be paid either to:
- (i) An insurer or other benefit provider as current year costs or premiums, or

(ii) An insurer or trustee to maintain a trust fund or reserve for the sole purpose of providing post-retirement benefits to retirees and other beneficiaries.

(6) The Federal Government must receive an equitable share of any amounts of previously allowed post-retirement benefit costs (including earnings thereon) which revert or inure to the non-Federal entity in the form of a refund, withdrawal, or other credit.

(i) *Severance Pay.* (1) Severance pay, also commonly referred to as dismissal wages, is a payment in addition to regular salaries and wages, by non-Federal entities to workers whose employment is being terminated. Costs of severance pay are allowable only to the extent that in each case, it is required by (a) law, (b) employer-employee agreement, (c) established policy that constitutes, in effect, an implied agreement on the non-Federal entity's part, or (d) circumstances of the particular employment.

(2) Costs of severance payments are divided into two categories as follows:

(i) Actual normal turnover severance payments must be allocated to all activities; or, where the non-Federal entity provides for a reserve for normal severances, such method will be acceptable if the charge to current operations is reasonable in light of payments actually made for normal severances over a representative past period, and if amounts charged are allocated to all activities of the non-Federal entity.

(ii) Measurement of costs of abnormal or mass severance pay by means of an accrual will not achieve equity to both parties. Thus, accruals for this purpose are not allowable. However, the Federal Government recognizes its obligation to participate, to the extent of its fair share, in any specific payment. Prior approval by the Federal awarding agency or cognizant agency for indirect cost, as appropriate, is required.

(3) Costs incurred in certain severance pay packages which are in an amount in excess of the normal severance pay paid by the non-Federal entity to an employee upon termination of employment and are paid to the employee contingent upon a change in management control over, or ownership of, the non-Federal entity's assets, are unallowable.

(4) Severance payments to foreign nationals employed by the non-Federal entity outside the United States, to the extent that the amount exceeds the customary or prevailing practices for the non-Federal entity in the United States, are unallowable, unless they are necessary for the performance of Federal programs and approved by the Federal awarding agency.

(5) Severance payments to foreign nationals employed by the non-Federal entity outside the United States due to the termination of the foreign national as a result of the closing of, or curtailment of activities by, the non-Federal entity in that country, are unallowable, unless they are necessary for the performance of Federal programs and approved by the Federal awarding agency.

(j)(1) *For IHEs only.* Fringe benefits in the form of undergraduate and graduate tuition or remission of tuition for individual employees are allowable, provided such benefits are granted in accordance with established non-Federal entity policies, and are distributed to all non-Federal entity activities on an equitable basis. Tuition benefits for family members other than the employee are unallowable.

(2) Fringe benefits in the form of tuition or remission of tuition for individual employees not employed by IHEs are limited to the tax-free amount allowed per section 127 of the Internal Revenue Code as amended.

(3) IHEs may offer employees tuition waivers or tuition reductions, provided that the benefit does not discriminate in favor of highly compensated employees. Employees can exercise these benefits at other institutions according to institutional policy. See §200.466 Scholarships and student aid costs, for treatment of tuition remission provided to students.

(k) For IHEs whose costs are paid by state or local governments, fringe benefit programs (such as pension costs and FICA) and any other benefits costs specifically incurred on behalf of, and in direct benefit to, the non-Federal entity, are allowable costs of such non-Federal entities whether or not these costs are recorded in the accounting records of the non-Federal entities, subject to the following:

- (1) The costs meet the requirements of Basic Considerations in §§200.402 Composition of costs through 200.411 Adjustment of previously negotiated indirect (F&A) cost rates containing unallowable costs of this subpart;
- (2) The costs are properly supported by approved cost allocation plans in accordance with applicable Federal cost accounting principles; and
- (3) The costs are not otherwise borne directly or indirectly by the Federal Government.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75886, Dec. 19, 2014; 80 FR 54409, Sept. 10, 2015]

§200.432 Conferences.

A conference is defined as a meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information beyond the non-Federal entity and is necessary and reasonable for successful performance under the Federal award. Allowable conference costs paid by the non-Federal entity as a sponsor or host of the conference may include rental of facilities, speakers' fees, costs of meals and refreshments, local transportation, and other items incidental to such conferences unless further restricted by the terms and conditions of the Federal award. As needed, the costs of identifying, but not providing, locally available dependent-care resources are allowable. Conference hosts/sponsors must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary and managed in a manner that minimizes costs to the Federal award. The Federal awarding agency may authorize exceptions where appropriate for programs including Indian tribes, children, and the elderly. See also §§200.438 Entertainment costs, 200.456 Participant support costs, 200.474 Travel costs, and 200.475 Trustees.

§200.433 Contingency provisions.

(a) Contingency is that part of a budget estimate of future costs (typically of large construction projects, IT systems, or other items as approved by the Federal awarding agency) which is associated with possible events or conditions arising from causes the precise outcome of which is indeterminable at the time of estimate, and that experience shows will likely result, in aggregate, in additional costs for the approved activity or project. Amounts for major project scope changes, unforeseen risks, or extraordinary events may not be included.

(b) It is permissible for contingency amounts other than those excluded in paragraph (a) of this section to be explicitly included in budget estimates, to the extent they are necessary to improve the precision of those estimates. Amounts must be estimated using broadly-accepted cost estimating methodologies, specified in the budget documentation of the Federal award, and accepted by the Federal awarding agency. As such, contingency amounts are to be included in the Federal award. In order for actual costs incurred to be allowable, they must comply with the cost principles and other requirements in this part (see also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of Subpart D of this part and 200.403 Factors affecting allowability of costs); be necessary and reasonable for proper and efficient accomplishment of project or program objectives, and be verifiable from the non-Federal entity's records.

(c) Payments made by the Federal awarding agency to the non-Federal entity's "contingency reserve" or any similar payment made for events the occurrence of which cannot be foretold with certainty as to the time or intensity, or with an assurance of their happening, are unallowable, except as noted in §§200.431 Compensation— fringe benefits regarding self-insurance, pensions, severance and post-retirement health costs and 200.447 Insurance and indemnification.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75886, Dec. 19, 2014]

§200.434 Contributions and donations.

- (a) Costs of contributions and donations, including cash, property, and services, from the non-Federal entity to other entities, are unallowable.
- (b) The value of services and property donated to the non-Federal entity may not be charged to the Federal award either as a direct or indirect (F&A) cost. The value of donated services and property may be used to meet cost sharing or matching requirements (see §200.306 Cost sharing or matching). Depreciation on donated assets is permitted in accordance with §200.436 Depreciation, as long as the donated property is not counted towards cost sharing or matching requirements.
- (c) Services donated or volunteered to the non-Federal entity may be furnished to a non-Federal entity by professional and technical personnel, consultants, and other skilled and unskilled labor. The value of these services may not be charged to the Federal award either as a direct or indirect cost. However, the value of donated services may be used to meet cost sharing or matching requirements in accordance with the provisions of §200.306 Cost sharing or matching.
- (d) To the extent feasible, services donated to the non-Federal entity will be supported by the same methods used to support the allocability of regular personnel services.
- (e) The following provisions apply to nonprofit organizations. The value of services donated to the nonprofit organization utilized in the performance of a direct cost activity must be considered in the determination of the non-Federal entity's indirect cost rate(s) and, accordingly, must be allocated a proportionate share of applicable indirect costs when the following circumstances exist:
 - (1) The aggregate value of the services is material;
 - (2) The services are supported by a significant amount of the indirect costs incurred by the non-Federal entity;
- (i) In those instances where there is no basis for determining the fair market value of the services rendered, the non-Federal entity and the cognizant agency for indirect costs must negotiate an appropriate allocation of indirect cost to the services.
- (ii) Where donated services directly benefit a project supported by the Federal award, the indirect costs allocated to the services will be considered as a part of the total costs of the project. Such indirect costs may be reimbursed under the Federal award or used to meet cost sharing or matching requirements.
- (f) Fair market value of donated services must be computed as described in §200.306 Cost sharing or matching.
- (g) Personal Property and Use of Space.
 - (1) Donated personal property and use of space may be furnished to a non-Federal entity. The value of the personal property and space may not be charged to the Federal award either as a direct or indirect cost.
 - (2) The value of the donations may be used to meet cost sharing or matching share requirements under the conditions described in §§200.300 Statutory and national policy requirements through 200.309 Period of performance of subpart D of this part. The value of the donations must be determined in accordance with §§200.300 Statutory and national policy requirements through 200.309 Period of performance. Where donations are treated as indirect costs, indirect cost rates will separate the value of the donations so that reimbursement will not be made.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75886, Dec. 19, 2014]

§200.435 Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements.

- (a) *Definitions for the purposes of this section.* (1) *Conviction* means a judgment or conviction of a criminal offense by any court of competent jurisdiction, whether entered upon verdict or a plea, including a conviction due to a plea of nolo contendere.
- (2) *Costs* include the services of in-house or private counsel, accountants, consultants, or others engaged to assist the non-Federal entity before, during, and after commencement of a judicial or administrative proceeding, that bear a direct relationship to the proceeding.
- (3) *Fraud* means:
- (i) Acts of fraud or corruption or attempts to defraud the Federal Government or to corrupt its agents,
 - (ii) Acts that constitute a cause for debarment or suspension (as specified in agency regulations), and
 - (iii) Acts which violate the False Claims Act (31 U.S.C. 3729-3732) or the Anti-kickback Act (41 U.S.C. 1320a-7b(b)).
- (4) *Penalty* does not include restitution, reimbursement, or compensatory damages.
- (5) *Proceeding* includes an investigation.
- (b) *Costs.* (1) Except as otherwise described herein, costs incurred in connection with any criminal, civil or administrative proceeding (including filing of a false certification) commenced by the Federal Government, a state, local government, or foreign government, or joined by the Federal Government (including a proceeding under the False Claims Act), against the non-Federal entity, (or commenced by third parties or a current or former employee of the non-Federal entity who submits a whistleblower complaint of reprisal in accordance with 10 U.S.C. 2409 or 41 U.S.C. 4712), are not allowable if the proceeding:
- (i) Relates to a violation of, or failure to comply with, a Federal, state, local or foreign statute, regulation or the terms and conditions of the Federal award, by the non-Federal entity (including its agents and employees); and
 - (ii) Results in any of the following dispositions:
 - (A) In a criminal proceeding, a conviction.
 - (B) In a civil or administrative proceeding involving an allegation of fraud or similar misconduct, a determination of non-Federal entity liability.
 - (C) In the case of any civil or administrative proceeding, the disallowance of costs or the imposition of a monetary penalty, or an order issued by the Federal awarding agency head or delegate to the non-Federal entity to take corrective action under 10 U.S.C. 2409 or 41 U.S.C. 4712.
 - (D) A final decision by an appropriate Federal official to debar or suspend the non-Federal entity, to rescind or void a Federal award, or to terminate a Federal award by reason of a violation or failure to comply with a statute, regulation, or the terms and conditions of the Federal award.
 - (E) A disposition by consent or compromise, if the action could have resulted in any of the dispositions described in paragraphs (b)(1)(ii)(A) through (D) of this section.

(2) If more than one proceeding involves the same alleged misconduct, the costs of all such proceedings are unallowable if any results in one of the dispositions shown in paragraph (b) of this section.

(c) If a proceeding referred to in paragraph (b) of this section is commenced by the Federal Government and is resolved by consent or compromise pursuant to an agreement by the non-Federal entity and the Federal Government, then the costs incurred may be allowed to the extent specifically provided in such agreement.

(d) If a proceeding referred to in paragraph (b) of this section is commenced by a state, local or foreign government, the authorized Federal official may allow the costs incurred if such authorized official determines that the costs were incurred as a result of:

(1) A specific term or condition of the Federal award, or

(2) Specific written direction of an authorized official of the Federal awarding agency.

(e) Costs incurred in connection with proceedings described in paragraph (b) of this section, which are not made unallowable by that subsection, may be allowed but only to the extent that:

(1) The costs are reasonable and necessary in relation to the administration of the Federal award and activities required to deal with the proceeding and the underlying cause of action;

(2) Payment of the reasonable, necessary, allocable and otherwise allowable costs incurred is not prohibited by any other provision(s) of the Federal award;

(3) The costs are not recovered from the Federal Government or a third party, either directly as a result of the proceeding or otherwise; and,

(4) An authorized Federal official must determine the percentage of costs allowed considering the complexity of litigation, generally accepted principles governing the award of legal fees in civil actions involving the United States, and such other factors as may be appropriate. Such percentage must not exceed 80 percent. However, if an agreement reached under paragraph (c) of this section has explicitly considered this 80 percent limitation and permitted a higher percentage, then the full amount of costs resulting from that agreement are allowable.

(f) Costs incurred by the non-Federal entity in connection with the defense of suits brought by its employees or ex-employees under section 2 of the Major Fraud Act of 1988 (18 U.S.C. 1031), including the cost of all relief necessary to make such employee whole, where the non-Federal entity was found liable or settled, are unallowable.

(g) Costs of prosecution of claims against the Federal Government, including appeals of final Federal agency decisions, are unallowable.

(h) Costs of legal, accounting, and consultant services, and related costs, incurred in connection with patent infringement litigation, are unallowable unless otherwise provided for in the Federal award.

(i) Costs which may be unallowable under this section, including directly associated costs, must be segregated and accounted for separately. During the pendency of any proceeding covered by paragraphs (b) and (f) of this section, the Federal Government must generally withhold payment of such costs. However, if in its best interests, the Federal Government may provide for conditional payment upon provision of adequate security, or other adequate assurance, and agreement to repay all unallowable costs, plus interest, if the costs are subsequently determined to be unallowable.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75886, Dec. 19, 2014]

§200.436 Depreciation.

-
- (a) Depreciation is the method for allocating the cost of fixed assets to periods benefitting from asset use. The non-Federal entity may be compensated for the use of its buildings, capital improvements, equipment, and software projects capitalized in accordance with GAAP, provided that they are used, needed in the non-Federal entity's activities, and properly allocated to Federal awards. Such compensation must be made by computing depreciation.
- (b) The allocation for depreciation must be made in accordance with Appendices III through IX.
- (c) Depreciation is computed applying the following rules. The computation of depreciation must be based on the acquisition cost of the assets involved. For an asset donated to the non-Federal entity by a third party, its fair market value at the time of the donation must be considered as the acquisition cost. Such assets may be depreciated or claimed as matching but not both. For the purpose of computing depreciation, the acquisition cost will exclude:
- (1) The cost of land;
 - (2) Any portion of the cost of buildings and equipment borne by or donated by the Federal Government, irrespective of where title was originally vested or where it is presently located;
 - (3) Any portion of the cost of buildings and equipment contributed by or for the non-Federal entity where law or agreement prohibits recovery; and
 - (4) Any asset acquired solely for the performance of a non-Federal award.
- (d) When computing depreciation charges, the following must be observed:
- (1) The period of useful service or useful life established in each case for usable capital assets must take into consideration such factors as type of construction, nature of the equipment, technological developments in the particular area, historical data, and the renewal and replacement policies followed for the individual items or classes of assets involved.
 - (2) The depreciation method used to charge the cost of an asset (or group of assets) to accounting periods must reflect the pattern of consumption of the asset during its useful life. In the absence of clear evidence indicating that the expected consumption of the asset will be significantly greater in the early portions than in the later portions of its useful life, the straight-line method must be presumed to be the appropriate method. Depreciation methods once used may not be changed unless approved in advance by the cognizant agency. The depreciation methods used to calculate the depreciation amounts for indirect (F&A) rate purposes must be the same methods used by the non-Federal entity for its financial statements.
 - (3) The entire building, including the shell and all components, may be treated as a single asset and depreciated over a single useful life. A building may also be divided into multiple components. Each component item may then be depreciated over its estimated useful life. The building components must be grouped into three general components of a building: building shell (including construction and design costs), building services systems (e.g., elevators, HVAC, plumbing system and heating and air-conditioning system) and fixed equipment (e.g., sterilizers, casework, fume hoods, cold rooms and glassware/washers). In exceptional cases, a cognizant agency may authorize a non-Federal entity to use more than these three groupings. When a non-Federal entity elects to depreciate its buildings by its components, the same depreciation methods must be used for indirect (F&A) purposes and financial statements purposes, as described in paragraphs (d)(1) and (2) of this section.
 - (4) No depreciation may be allowed on any assets that have outlived their depreciable lives.
 - (5) Where the depreciation method is introduced to replace the use allowance method, depreciation must be computed as if the asset had been depreciated over its entire life (i.e., from the date the asset was acquired and ready for use to the date of disposal or withdrawal from service). The total amount of use allowance and depreciation for

an asset (including imputed depreciation applicable to periods prior to the conversion from the use allowance method as well as depreciation after the conversion) may not exceed the total acquisition cost of the asset.

(e) Charges for depreciation must be supported by adequate property records, and physical inventories must be taken at least once every two years to ensure that the assets exist and are usable, used, and needed. Statistical sampling techniques may be used in taking these inventories. In addition, adequate depreciation records showing the amount of depreciation taken each period must also be maintained.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75886, Dec. 19, 2014]

§200.437 Employee health and welfare costs.

(a) Costs incurred in accordance with the non-Federal entity's documented policies for the improvement of working conditions, employer-employee relations, employee health, and employee performance are allowable.

(b) Such costs will be equitably apportioned to all activities of the non-Federal entity. Income generated from any of these activities will be credited to the cost thereof unless such income has been irrevocably sent to employee welfare organizations.

(c) Losses resulting from operating food services are allowable only if the non-Federal entity's objective is to operate such services on a break-even basis. Losses sustained because of operating objectives other than the above are allowable only:

- (1) Where the non-Federal entity can demonstrate unusual circumstances; and
- (2) With the approval of the cognizant agency for indirect costs.

§200.438 Entertainment costs.

Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the Federal awarding agency.

§200.439 Equipment and other capital expenditures.

(a) See §§200.13 Capital expenditures, 200.33 Equipment, 200.89 Special purpose equipment, 200.48 General purpose equipment, 200.2 Acquisition cost, and 200.12 Capital assets.

(b) The following rules of allowability must apply to equipment and other capital expenditures:

(1) Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the Federal awarding agency or pass-through entity.

(2) Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5,000 or more have the prior written approval of the Federal awarding agency or pass-through entity.

(3) Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior written approval of the Federal awarding agency, or pass-through entity. See §200.436 Depreciation, for rules on the allowability of depreciation on buildings, capital improvements, and equipment. See also §200.465 Rental costs of real property and equipment.

(4) When approved as a direct charge pursuant to paragraphs (b)(1) through (3) of this section, capital expenditures will be charged in the period in which the expenditure is incurred, or as otherwise determined appropriate and negotiated with the Federal awarding agency.

(5) The unamortized portion of any equipment written off as a result of a change in capitalization levels may be recovered by continuing to claim the otherwise allowable depreciation on the equipment, or by amortizing the amount to be written off over a period of years negotiated with the Federal cognizant agency for indirect cost.

(6) Cost of equipment disposal. If the non-Federal entity is instructed by the Federal awarding agency to otherwise dispose of or transfer the equipment the costs of such disposal or transfer are allowable.

(7) Equipment and other capital expenditures are unallowable as indirect costs. See §200.436 Depreciation.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75886, Dec. 19, 2014]

§200.440 Exchange rates.

(a) Cost increases for fluctuations in exchange rates are allowable costs subject to the availability of funding. Prior approval of exchange rate fluctuations is required only when the change results in the need for additional Federal funding, or the increased costs result in the need to significantly reduce the scope of the project. The Federal awarding agency must however ensure that adequate funds are available to cover currency fluctuations in order to avoid a violation of the Anti-Deficiency Act.

(b) The non-Federal entity is required to make reviews of local currency gains to determine the need for additional federal funding before the expiration date of the Federal award. Subsequent adjustments for currency increases may be allowable only when the non-Federal entity provides the Federal awarding agency with adequate source documentation from a commonly used source in effect at the time the expense was made, and to the extent that sufficient Federal funds are available.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75886, Dec. 19, 2014]

§200.441 Fines, penalties, damages and other settlements.

Costs resulting from non-Federal entity violations of, alleged violations of, or failure to comply with, Federal, state, tribal, local or foreign laws and regulations are unallowable, except when incurred as a result of compliance with specific provisions of the Federal award, or with prior written approval of the Federal awarding agency. See also §200.435 Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements.

§200.442 Fund raising and investment management costs.

(a) Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable. Fund raising costs for the purposes of meeting the Federal program objectives are allowable with prior written approval from the Federal awarding agency. Proposal costs are covered in §200.460 Proposal costs.

(b) Costs of investment counsel and staff and similar expenses incurred to enhance income from investments are unallowable except when associated with investments covering pension, self-insurance, or other funds which include Federal participation allowed by this part.

(c) Costs related to the physical custody and control of monies and securities are allowable.

(d) Both allowable and unallowable fund raising and investment activities must be allocated as an appropriate share of indirect costs under the conditions described in §200.413 Direct costs.

§200.443 Gains and losses on disposition of depreciable assets.

- (a) Gains and losses on the sale, retirement, or other disposition of depreciable property must be included in the year in which they occur as credits or charges to the asset cost grouping(s) in which the property was included. The amount of the gain or loss to be included as a credit or charge to the appropriate asset cost grouping(s) is the difference between the amount realized on the property and the undepreciated basis of the property.
- (b) Gains and losses from the disposition of depreciable property must not be recognized as a separate credit or charge under the following conditions:
- (1) The gain or loss is processed through a depreciation account and is reflected in the depreciation allowable under §§200.436 Depreciation and 200.439 Equipment and other capital expenditures.
 - (2) The property is given in exchange as part of the purchase price of a similar item and the gain or loss is taken into account in determining the depreciation cost basis of the new item.
 - (3) A loss results from the failure to maintain permissible insurance, except as otherwise provided in §200.447 Insurance and indemnification.
 - (4) Compensation for the use of the property was provided through use allowances in lieu of depreciation.
 - (5) Gains and losses arising from mass or extraordinary sales, retirements, or other dispositions must be considered on a case-by-case basis.
- (c) Gains or losses of any nature arising from the sale or exchange of property other than the property covered in paragraph (a) of this section, e.g., land, must be excluded in computing Federal award costs.
- (d) When assets acquired with Federal funds, in part or wholly, are disposed of, the distribution of the proceeds must be made in accordance with §§200.310 Insurance Coverage through 200.316 Property trust relationship.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75886, Dec. 19, 2014]

§200.444 General costs of government.

- (a) For states, local governments, and Indian Tribes, the general costs of government are unallowable (except as provided in §200.474 Travel costs). Unallowable costs include:
- (1) Salaries and expenses of the Office of the Governor of a state or the chief executive of a local government or the chief executive of an Indian tribe;
 - (2) Salaries and other expenses of a state legislature, tribal council, or similar local governmental body, such as a county supervisor, city council, school board, etc., whether incurred for purposes of legislation or executive direction;
 - (3) Costs of the judicial branch of a government;
 - (4) Costs of prosecutorial activities unless treated as a direct cost to a specific program if authorized by statute or regulation (however, this does not preclude the allowability of other legal activities of the Attorney General as described in §200.435 Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements); and

(5) Costs of other general types of government services normally provided to the general public, such as fire and police, unless provided for as a direct cost under a program statute or regulation.

(b) For Indian tribes and Councils of Governments (COGs) (see §200.64 Local government), up to 50% of salaries and expenses directly attributable to managing and operating Federal programs by the chief executive and his or her staff can be included in the indirect cost calculation without documentation.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75886, Dec. 19, 2014]

§200.445 Goods or services for personal use.

(a) Costs of goods or services for personal use of the non-Federal entity's employees are unallowable regardless of whether the cost is reported as taxable income to the employees.

(b) Costs of housing (e.g., depreciation, maintenance, utilities, furnishings, rent), housing allowances and personal living expenses are only allowable as direct costs regardless of whether reported as taxable income to the employees. In addition, to be allowable direct costs must be approved in advance by a Federal awarding agency.

§200.446 Idle facilities and idle capacity.

(a) As used in this section the following terms have the meanings set forth in this section:

(1) Facilities means land and buildings or any portion thereof, equipment individually or collectively, or any other tangible capital asset, wherever located, and whether owned or leased by the non-Federal entity.

(2) Idle facilities means completely unused facilities that are excess to the non-Federal entity's current needs.

(3) Idle capacity means the unused capacity of partially used facilities. It is the difference between:

(i) That which a facility could achieve under 100 percent operating time on a one-shift basis less operating interruptions resulting from time lost for repairs, setups, unsatisfactory materials, and other normal delays and;

(ii) The extent to which the facility was actually used to meet demands during the accounting period. A multi-shift basis should be used if it can be shown that this amount of usage would normally be expected for the type of facility involved.

(4) Cost of idle facilities or idle capacity means costs such as maintenance, repair, housing, rent, and other related costs, e.g., insurance, interest, and depreciation. These costs could include the costs of idle public safety emergency facilities, telecommunications, or information technology system capacity that is built to withstand major fluctuations in load, e.g., consolidated data centers.

(b) The costs of idle facilities are unallowable except to the extent that:

(1) They are necessary to meet workload requirements which may fluctuate and are allocated appropriately to all benefiting programs; or

(2) Although not necessary to meet fluctuations in workload, they were necessary when acquired and are now idle because of changes in program requirements, efforts to achieve more economical operations, reorganization, termination, or other causes which could not have been reasonably foreseen. Under the exception stated in this subsection, costs of idle facilities are allowable for a reasonable period of time, ordinarily not to exceed one year, depending on the initiative taken to use, lease, or dispose of such facilities.

(c) The costs of idle capacity are normal costs of doing business and are a factor in the normal fluctuations of usage or indirect cost rates from period to period. Such costs are allowable, provided that the capacity is reasonably anticipated to be necessary to carry out the purpose of the Federal award or was originally reasonable and is not subject to reduction or elimination by use on other Federal awards, subletting, renting, or sale, in accordance with sound business, economic, or security practices. Widespread idle capacity throughout an entire facility or among a group of assets having substantially the same function may be considered idle facilities.

§200.447 Insurance and indemnification.

(a) Costs of insurance required or approved and maintained, pursuant to the Federal award, are allowable.

(b) Costs of other insurance in connection with the general conduct of activities are allowable subject to the following limitations:

(1) Types and extent and cost of coverage are in accordance with the non-Federal entity's policy and sound business practice.

(2) Costs of insurance or of contributions to any reserve covering the risk of loss of, or damage to, Federal Government property are unallowable except to the extent that the Federal awarding agency has specifically required or approved such costs.

(3) Costs allowed for business interruption or other similar insurance must exclude coverage of management fees.

(4) Costs of insurance on the lives of trustees, officers, or other employees holding positions of similar responsibilities are allowable only to the extent that the insurance represents additional compensation (see §200.431 Compensation—fringe benefits). The cost of such insurance when the non-Federal entity is identified as the beneficiary is unallowable.

(5) Insurance against defects. Costs of insurance with respect to any costs incurred to correct defects in the non-Federal entity's materials or workmanship are unallowable.

(6) Medical liability (malpractice) insurance. Medical liability insurance is an allowable cost of Federal research programs only to the extent that the Federal research programs involve human subjects or training of participants in research techniques. Medical liability insurance costs must be treated as a direct cost and must be assigned to individual projects based on the manner in which the insurer allocates the risk to the population covered by the insurance.

(c) Actual losses which could have been covered by permissible insurance (through a self-insurance program or otherwise) are unallowable, unless expressly provided for in the Federal award. However, costs incurred because of losses not covered under nominal deductible insurance coverage provided in keeping with sound management practice, and minor losses not covered by insurance, such as spoilage, breakage, and disappearance of small hand tools, which occur in the ordinary course of operations, are allowable.

(d) Contributions to a reserve for certain self-insurance programs including workers' compensation, unemployment compensation, and severance pay are allowable subject to the following provisions:

(1) The type of coverage and the extent of coverage and the rates and premiums would have been allowed had insurance (including reinsurance) been purchased to cover the risks. However, provision for known or reasonably estimated self-insured liabilities, which do not become payable for more than one year after the provision is made, must not exceed the discounted present value of the liability. The rate used for discounting the liability must be determined by giving consideration to such factors as the non-Federal entity's settlement rate for those liabilities and its investment rate of return.

(2) Earnings or investment income on reserves must be credited to those reserves.

(3)(i) Contributions to reserves must be based on sound actuarial principles using historical experience and reasonable assumptions. Reserve levels must be analyzed and updated at least biennially for each major risk being insured and take into account any reinsurance, coinsurance, etc. Reserve levels related to employee-related coverages will normally be limited to the value of claims:

(A) Submitted and adjudicated but not paid;

(B) Submitted but not adjudicated; and

(C) Incurred but not submitted.

(ii) Reserve levels in excess of the amounts based on the above must be identified and justified in the cost allocation plan or indirect cost rate proposal.

(4) Accounting records, actuarial studies, and cost allocations (or billings) must recognize any significant differences due to types of insured risk and losses generated by the various insured activities or agencies of the non-Federal entity. If individual departments or agencies of the non-Federal entity experience significantly different levels of claims for a particular risk, those differences are to be recognized by the use of separate allocations or other techniques resulting in an equitable allocation.

(5) Whenever funds are transferred from a self-insurance reserve to other accounts (e.g., general fund or unrestricted account), refunds must be made to the Federal Government for its share of funds transferred, including earned or imputed interest from the date of transfer and debt interest, if applicable, chargeable in accordance with applicable Federal cognizant agency for indirect cost, claims collection regulations.

(e) Insurance refunds must be credited against insurance costs in the year the refund is received.

(f) Indemnification includes securing the non-Federal entity against liabilities to third persons and other losses not compensated by insurance or otherwise. The Federal Government is obligated to indemnify the non-Federal entity only to the extent expressly provided for in the Federal award, except as provided in paragraph (c) of this section.

§200.448 Intellectual property.

(a) *Patent costs.* (1) The following costs related to securing patents and copyrights are allowable:

(i) Costs of preparing disclosures, reports, and other documents required by the Federal award, and of searching the art to the extent necessary to make such disclosures;

(ii) Costs of preparing documents and any other patent costs in connection with the filing and prosecution of a United States patent application where title or royalty-free license is required by the Federal Government to be conveyed to the Federal Government; and

(iii) General counseling services relating to patent and copyright matters, such as advice on patent and copyright laws, regulations, clauses, and employee intellectual property agreements (See also §200.459 Professional service costs).

(2) The following costs related to securing patents and copyrights are unallowable:

-
- (i) Costs of preparing disclosures, reports, and other documents, and of searching the art to make disclosures not required by the Federal award;
 - (ii) Costs in connection with filing and prosecuting any foreign patent application, or any United States patent application, where the Federal award does not require conveying title or a royalty-free license to the Federal Government.
- (b) *Royalties and other costs for use of patents and copyrights.* (1) Royalties on a patent or copyright or amortization of the cost of acquiring by purchase a copyright, patent, or rights thereto, necessary for the proper performance of the Federal award are allowable unless:
- (i) The Federal Government already has a license or the right to free use of the patent or copyright.
 - (ii) The patent or copyright has been adjudicated to be invalid, or has been administratively determined to be invalid.
 - (iii) The patent or copyright is considered to be unenforceable.
 - (iv) The patent or copyright is expired.
- (2) Special care should be exercised in determining reasonableness where the royalties may have been arrived at as a result of less-than-arm's-length bargaining, such as:
- (i) Royalties paid to persons, including corporations, affiliated with the non-Federal entity.
 - (ii) Royalties paid to unaffiliated parties, including corporations, under an agreement entered into in contemplation that a Federal award would be made.
 - (iii) Royalties paid under an agreement entered into after a Federal award is made to a non-Federal entity.
- (3) In any case involving a patent or copyright formerly owned by the non-Federal entity, the amount of royalty allowed must not exceed the cost which would have been allowed had the non-Federal entity retained title thereto.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75886, Dec. 19, 2014]

§200.449 Interest.

- (a) *General.* Costs incurred for interest on borrowed capital, temporary use of endowment funds, or the use of the non-Federal entity's own funds, however represented, are unallowable. Financing costs (including interest) to acquire, construct, or replace capital assets are allowable, subject to the conditions in this section.
- (b)(1) Capital assets is defined as noted in §200.12 Capital assets. An asset cost includes (as applicable) acquisition costs, construction costs, and other costs capitalized in accordance with GAAP.
- (2) For non-Federal entity fiscal years beginning on or after January 1, 2016, intangible assets include patents and computer software. For software development projects, only interest attributable to the portion of the project costs capitalized in accordance with GAAP is allowable.
- (c) *Conditions for all non-Federal entities.* (1) The non-Federal entity uses the capital assets in support of Federal awards;

-
- (2) The allowable asset costs to acquire facilities and equipment are limited to a fair market value available to the non-Federal entity from an unrelated (arm's length) third party.
- (3) The non-Federal entity obtains the financing via an arm's-length transaction (that is, a transaction with an unrelated third party); or claims reimbursement of actual interest cost at a rate available via such a transaction.
- (4) The non-Federal entity limits claims for Federal reimbursement of interest costs to the least expensive alternative. For example, a capital lease may be determined less costly than purchasing through debt financing, in which case reimbursement must be limited to the amount of interest determined if leasing had been used.
- (5) The non-Federal entity expenses or capitalizes allowable interest cost in accordance with GAAP.
- (6) Earnings generated by the investment of borrowed funds pending their disbursement for the asset costs are used to offset the current period's allowable interest cost, whether that cost is expensed or capitalized. Earnings subject to being reported to the Federal Internal Revenue Service under arbitrage requirements are excludable.
- (7) The following conditions must apply to debt arrangements over \$1 million to purchase or construct facilities, unless the non-Federal entity makes an initial equity contribution to the purchase of 25 percent or more. For this purpose, "initial equity contribution" means the amount or value of contributions made by the non-Federal entity for the acquisition of facilities prior to occupancy.
- (i) The non-Federal entity must reduce claims for reimbursement of interest cost by an amount equal to imputed interest earnings on excess cash flow attributable to the portion of the facility used for Federal awards.
- (ii) The non-Federal entity must impute interest on excess cash flow as follows:
- (A) Annually, the non-Federal entity must prepare a cumulative (from the inception of the project) report of monthly cash inflows and outflows, regardless of the funding source. For this purpose, inflows consist of Federal reimbursement for depreciation, amortization of capitalized construction interest, and annual interest cost. Outflows consist of initial equity contributions, debt principal payments (less the pro-rata share attributable to the cost of land), and interest payments.
- (B) To compute monthly cash inflows and outflows, the non-Federal entity must divide the annual amounts determined in step (i) by the number of months in the year (usually 12) that the building is in service.
- (C) For any month in which cumulative cash inflows exceed cumulative outflows, interest must be calculated on the excess inflows for that month and be treated as a reduction to allowable interest cost. The rate of interest to be used must be the three-month Treasury bill closing rate as of the last business day of that month.
- (8) Interest attributable to a fully depreciated asset is unallowable.
- (d) Additional conditions for states, local governments and Indian tribes. For costs to be allowable, the non-Federal entity must have incurred the interest costs for buildings after October 1, 1980, or for land and equipment after September 1, 1995.
- (1) The requirement to offset interest earned on borrowed funds against current allowable interest cost (paragraph (c)(5), above) also applies to earnings on debt service reserve funds.
- (2) The non-Federal entity will negotiate the amount of allowable interest cost related to the acquisition of facilities with asset costs of \$1 million or more, as outlined in paragraph (c)(7) of this section. For this purpose, a non-Federal entity must consider only cash inflows and outflows attributable to that portion of the real property used for Federal awards.

(e) Additional conditions for IHEs. For costs to be allowable, the IHE must have incurred the interest costs after July 1, 1982, in connection with acquisitions of capital assets that occurred after that date.

(f) Additional condition for nonprofit organizations. For costs to be allowable, the nonprofit organization incurred the interest costs after September 29, 1995, in connection with acquisitions of capital assets that occurred after that date.

(g) The interest allowability provisions of this section do not apply to a nonprofit organization subject to “full coverage” under the Cost Accounting Standards (CAS), as defined at 48 CFR 9903.201-2(a). The non-Federal entity's Federal awards are instead subject to CAS 414 (48 CFR 9904.414), “Cost of Money as an Element of the Cost of Facilities Capital”, and CAS 417 (48 CFR 9904.417), “Cost of Money as an Element of the Cost of Capital Assets Under Construction”.

[78 FR 78608, Dec. 26, 2013, as amended at 80 FR 54409, Sept. 10, 2015]

§200.450 Lobbying.

(a) The cost of certain influencing activities associated with obtaining grants, contracts, cooperative agreements, or loans is an unallowable cost. Lobbying with respect to certain grants, contracts, cooperative agreements, and loans is governed by relevant statutes, including among others, the provisions of 31 U.S.C. 1352, as well as the common rule, “New Restrictions on Lobbying” published at 55 FR 6736 (February 26, 1990), including definitions, and the Office of Management and Budget “Governmentwide Guidance for New Restrictions on Lobbying” and notices published at 54 FR 52306 (December 20, 1989), 55 FR 24540 (June 15, 1990), 57 FR 1772 (January 15, 1992), and 61 FR 1412 (January 19, 1996).

(b) Executive lobbying costs. Costs incurred in attempting to improperly influence either directly or indirectly, an employee or officer of the executive branch of the Federal Government to give consideration or to act regarding a Federal award or a regulatory matter are unallowable. Improper influence means any influence that induces or tends to induce a Federal employee or officer to give consideration or to act regarding a Federal award or regulatory matter on any basis other than the merits of the matter.

(c) In addition to the above, the following restrictions are applicable to nonprofit organizations and IHEs:

(1) Costs associated with the following activities are unallowable:

(i) Attempts to influence the outcomes of any Federal, state, or local election, referendum, initiative, or similar procedure, through in-kind or cash contributions, endorsements, publicity, or similar activity;

(ii) Establishing, administering, contributing to, or paying the expenses of a political party, campaign, political action committee, or other organization established for the purpose of influencing the outcomes of elections in the United States;

(iii) Any attempt to influence:

(A) The introduction of Federal or state legislation;

(B) The enactment or modification of any pending Federal or state legislation through communication with any member or employee of the Congress or state legislature (including efforts to influence state or local officials to engage in similar lobbying activity);

(C) The enactment or modification of any pending Federal or state legislation by preparing, distributing, or using publicity or propaganda, or by urging members of the general public, or any segment thereof, to contribute to

or participate in any mass demonstration, march, rally, fund raising drive, lobbying campaign or letter writing or telephone campaign; or

(D) Any government official or employee in connection with a decision to sign or veto enrolled legislation;

(iv) Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried on in support of or in knowing preparation for an effort to engage in unallowable lobbying.

(2) The following activities are excepted from the coverage of paragraph (c)(1) of this section:

(i) Technical and factual presentations on topics directly related to the performance of a grant, contract, or other agreement (through hearing testimony, statements, or letters to the Congress or a state legislature, or subdivision, member, or cognizant staff member thereof), in response to a documented request (including a Congressional Record notice requesting testimony or statements for the record at a regularly scheduled hearing) made by the non-Federal entity's member of congress, legislative body or a subdivision, or a cognizant staff member thereof, provided such information is readily obtainable and can be readily put in deliverable form, and further provided that costs under this section for travel, lodging or meals are unallowable unless incurred to offer testimony at a regularly scheduled Congressional hearing pursuant to a written request for such presentation made by the Chairman or Ranking Minority Member of the Committee or Subcommittee conducting such hearings;

(ii) Any lobbying made unallowable by paragraph (c)(1)(iii) of this section to influence state legislation in order to directly reduce the cost, or to avoid material impairment of the non-Federal entity's authority to perform the grant, contract, or other agreement; or

(iii) Any activity specifically authorized by statute to be undertaken with funds from the Federal award.

(iv) Any activity excepted from the definitions of "lobbying" or "influencing legislation" by the Internal Revenue Code provisions that require nonprofit organizations to limit their participation in direct and "grass roots" lobbying activities in order to retain their charitable deduction status and avoid punitive excise taxes, I.R.C. §§501(c)(3), 501(h), 4911(a), including:

(A) Nonpartisan analysis, study, or research reports;

(B) Examinations and discussions of broad social, economic, and similar problems; and

(C) Information provided upon request by a legislator for technical advice and assistance, as defined by I.R.C. §4911(d)(2) and 26 CFR 56.4911-2(c)(1)-(c)(3).

(v) When a non-Federal entity seeks reimbursement for indirect (F&A) costs, total lobbying costs must be separately identified in the indirect (F&A) cost rate proposal, and thereafter treated as other unallowable activity costs in accordance with the procedures of §200.413 Direct costs.

(vi) The non-Federal entity must submit as part of its annual indirect (F&A) cost rate proposal a certification that the requirements and standards of this section have been complied with. (See also §200.415 Required certifications.)

(vii)(A) Time logs, calendars, or similar records are not required to be created for purposes of complying with the record keeping requirements in §200.302 Financial management with respect to lobbying costs during any particular calendar month when:

(1) The employee engages in lobbying (as defined in paragraphs (c)(1) and (c)(2) of this section) 25 percent or less of the employee's compensated hours of employment during that calendar month; and

(2) Within the preceding five-year period, the non-Federal entity has not materially misstated allowable or unallowable costs of any nature, including legislative lobbying costs.

(B) When conditions in paragraph (c)(2)(vii)(A)(I) and (2) of this section are met, non-Federal entities are not required to establish records to support the allowability of claimed costs in addition to records already required or maintained. Also, when conditions in paragraphs (c)(2)(vii)(A)(I) and (2) of this section are met, the absence of time logs, calendars, or similar records will not serve as a basis for disallowing costs by contesting estimates of lobbying time spent by employees during a calendar month.

(viii) The Federal awarding agency must establish procedures for resolving in advance, in consultation with OMB, any significant questions or disagreements concerning the interpretation or application of this section. Any such advance resolutions must be binding in any subsequent settlements, audits, or investigations with respect to that grant or contract for purposes of interpretation of this part, provided, however, that this must not be construed to prevent a contractor or non-Federal entity from contesting the lawfulness of such a determination.

§200.451 Losses on other awards or contracts.

Any excess of costs over income under any other award or contract of any nature is unallowable. This includes, but is not limited to, the non-Federal entity's contributed portion by reason of cost-sharing agreements or any under-recoveries through negotiation of flat amounts for indirect (F&A) costs. Also, any excess of costs over authorized funding levels transferred from any award or contract to another award or contract is unallowable. All losses are not allowable indirect (F&A) costs and are required to be included in the appropriate indirect cost rate base for allocation of indirect costs.

§200.452 Maintenance and repair costs.

Costs incurred for utilities, insurance, security, necessary maintenance, janitorial services, repair, or upkeep of buildings and equipment (including Federal property unless otherwise provided for) which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition, are allowable. Costs incurred for improvements which add to the permanent value of the buildings and equipment or appreciably prolong their intended life must be treated as capital expenditures (see §200.439 Equipment and other capital expenditures). These costs are only allowable to the extent not paid through rental or other agreements.

§200.453 Materials and supplies costs, including costs of computing devices.

(a) Costs incurred for materials, supplies, and fabricated parts necessary to carry out a Federal award are allowable.

(b) Purchased materials and supplies must be charged at their actual prices, net of applicable credits. Withdrawals from general stores or stockrooms must be charged at their actual net cost under any recognized method of pricing inventory withdrawals, consistently applied. Incoming transportation charges are a proper part of materials and supplies costs.

(c) Materials and supplies used for the performance of a Federal award may be charged as direct costs. In the specific case of computing devices, charging as direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a Federal award.

(d) Where federally-donated or furnished materials are used in performing the Federal award, such materials will be used without charge.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75887, Dec. 19, 2014]

§200.454 Memberships, subscriptions, and professional activity costs.

- (a) Costs of the non-Federal entity's membership in business, technical, and professional organizations are allowable.
- (b) Costs of the non-Federal entity's subscriptions to business, professional, and technical periodicals are allowable.
- (c) Costs of membership in any civic or community organization are allowable with prior approval by the Federal awarding agency or pass-through entity.
- (d) Costs of membership in any country club or social or dining club or organization are unallowable.
- (e) Costs of membership in organizations whose primary purpose is lobbying are unallowable. See also §200.450 Lobbying.

§200.455 Organization costs.

Costs such as incorporation fees, brokers' fees, fees to promoters, organizers or management consultants, attorneys, accountants, or investment counselor, whether or not employees of the non-Federal entity in connection with establishment or reorganization of an organization, are unallowable except with prior approval of the Federal awarding agency.

§200.456 Participant support costs.

Participant support costs as defined in §200.75 Participant support costs are allowable with the prior approval of the Federal awarding agency.

§200.457 Plant and security costs.

Necessary and reasonable expenses incurred for protection and security of facilities, personnel, and work products are allowable. Such costs include, but are not limited to, wages and uniforms of personnel engaged in security activities; equipment; barriers; protective (non-military) gear, devices, and equipment; contractual security services; and consultants. Capital expenditures for plant security purposes are subject to §200.439 Equipment and other capital expenditures.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75887, Dec. 19, 2014]

§200.458 Pre-award costs.

Pre-award costs are those incurred prior to the effective date of the Federal award directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency.

§200.459 Professional service costs.

- (a) Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the non-Federal entity, are allowable, subject to paragraphs (b) and (c) when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Federal Government. In addition, legal and related services are limited under §200.435 Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements.

(b) In determining the allowability of costs in a particular case, no single factor or any special combination of factors is necessarily determinative. However, the following factors are relevant:

- (1) The nature and scope of the service rendered in relation to the service required.
 - (2) The necessity of contracting for the service, considering the non-Federal entity's capability in the particular area.
 - (3) The past pattern of such costs, particularly in the years prior to Federal awards.
 - (4) The impact of Federal awards on the non-Federal entity's business (i.e., what new problems have arisen).
 - (5) Whether the proportion of Federal work to the non-Federal entity's total business is such as to influence the non-Federal entity in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under Federal awards.
 - (6) Whether the service can be performed more economically by direct employment rather than contracting.
 - (7) The qualifications of the individual or concern rendering the service and the customary fees charged, especially on non-federally funded activities.
 - (8) Adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation, and termination provisions).
- (c) In addition to the factors in paragraph (b) of this section, to be allowable, retainer fees must be supported by evidence of bona fide services available or rendered.

§200.460 Proposal costs.

Proposal costs are the costs of preparing bids, proposals, or applications on potential Federal and non-Federal awards or projects, including the development of data necessary to support the non-Federal entity's bids or proposals. Proposal costs of the current accounting period of both successful and unsuccessful bids and proposals normally should be treated as indirect (F&A) costs and allocated currently to all activities of the non-Federal entity. No proposal costs of past accounting periods will be allocable to the current period.

§200.461 Publication and printing costs.

- (a) Publication costs for electronic and print media, including distribution, promotion, and general handling are allowable. If these costs are not identifiable with a particular cost objective, they should be allocated as indirect costs to all benefiting activities of the non-Federal entity.
- (b) Page charges for professional journal publications are allowable where:
- (1) The publications report work supported by the Federal Government; and
 - (2) The charges are levied impartially on all items published by the journal, whether or not under a Federal award.
 - (3) The non-Federal entity may charge the Federal award before closeout for the costs of publication or sharing of research results if the costs are not incurred during the period of performance of the Federal award.

§200.462 Rearrangement and reconversion costs.

(a) Costs incurred for ordinary and normal rearrangement and alteration of facilities are allowable as indirect costs. Special arrangements and alterations costs incurred specifically for a Federal award are allowable as a direct cost with the prior approval of the Federal awarding agency or pass-through entity.

(b) Costs incurred in the restoration or rehabilitation of the non-Federal entity's facilities to approximately the same condition existing immediately prior to commencement of Federal awards, less costs related to normal wear and tear, are allowable.

§200.463 Recruiting costs.

(a) Subject to paragraphs (b) and (c) of this section, and provided that the size of the staff recruited and maintained is in keeping with workload requirements, costs of "help wanted" advertising, operating costs of an employment office necessary to secure and maintain an adequate staff, costs of operating an aptitude and educational testing program, travel costs of employees while engaged in recruiting personnel, travel costs of applicants for interviews for prospective employment, and relocation costs incurred incident to recruitment of new employees, are allowable to the extent that such costs are incurred pursuant to the non-Federal entity's standard recruitment program. Where the non-Federal entity uses employment agencies, costs not in excess of standard commercial rates for such services are allowable.

(b) Special emoluments, fringe benefits, and salary allowances incurred to attract professional personnel that do not meet the test of reasonableness or do not conform with the established practices of the non-Federal entity, are unallowable.

(c) Where relocation costs incurred incident to recruitment of a new employee have been funded in whole or in part to a Federal award, and the newly hired employee resigns for reasons within the employee's control within 12 months after hire, the non-Federal entity will be required to refund or credit the Federal share of such relocation costs to the Federal Government. See also §200.464 Relocation costs of employees.

(d) Short-term, travel visa costs (as opposed to longer-term, immigration visas) are generally allowable expenses that may be proposed as a direct cost. Since short-term visas are issued for a specific period and purpose, they can be clearly identified as directly connected to work performed on a Federal award. For these costs to be directly charged to a Federal award, they must:

- (1) Be critical and necessary for the conduct of the project;
- (2) Be allowable under the applicable cost principles;
- (3) Be consistent with the non-Federal entity's cost accounting practices and non-Federal entity policy; and
- (4) Meet the definition of "direct cost" as described in the applicable cost principles.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75887, Dec. 19, 2014]

§200.464 Relocation costs of employees.

(a) Relocation costs are costs incident to the permanent change of duty assignment (for an indefinite period or for a stated period of not less than 12 months) of an existing employee or upon recruitment of a new employee. Relocation costs are allowable, subject to the limitations described in paragraphs (b), (c), and (d) of this section, provided that:

- (1) The move is for the benefit of the employer.

-
- (2) Reimbursement to the employee is in accordance with an established written policy consistently followed by the employer.
- (3) The reimbursement does not exceed the employee's actual (or reasonably estimated) expenses.
- (b) Allowable relocation costs for current employees are limited to the following:
- (1) The costs of transportation of the employee, members of his or her immediate family and his household, and personal effects to the new location.
- (2) The costs of finding a new home, such as advance trips by employees and spouses to locate living quarters and temporary lodging during the transition period, up to maximum period of 30 calendar days.
- (3) Closing costs, such as brokerage, legal, and appraisal fees, incident to the disposition of the employee's former home. These costs, together with those described in (4), are limited to 8 per cent of the sales price of the employee's former home.
- (4) The continuing costs of ownership (for up to six months) of the vacant former home after the settlement or lease date of the employee's new permanent home, such as maintenance of buildings and grounds (exclusive of fixing-up expenses), utilities, taxes, and property insurance.
- (5) Other necessary and reasonable expenses normally incident to relocation, such as the costs of canceling an unexpired lease, transportation of personal property, and purchasing insurance against loss of or damages to personal property. The cost of canceling an unexpired lease is limited to three times the monthly rental.
- (c) Allowable relocation costs for new employees are limited to those described in paragraphs (b)(1) and (2) of this section. When relocation costs incurred incident to the recruitment of new employees have been charged to a Federal award and the employee resigns for reasons within the employee's control within 12 months after hire, the non-Federal entity must refund or credit the Federal Government for its share of the cost. However, the costs of travel to an overseas location must be considered travel costs in accordance with §200.474 Travel costs, and not this §200.464 Relocation costs of employees, for the purpose of this paragraph if dependents are not permitted at the location for any reason and the costs do not include costs of transporting household goods.
- (d) The following costs related to relocation are unallowable:
- (1) Fees and other costs associated with acquiring a new home.
- (2) A loss on the sale of a former home.
- (3) Continuing mortgage principal and interest payments on a home being sold.
- (4) Income taxes paid by an employee related to reimbursed relocation costs.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75887, Dec. 19, 2014]

§200.465 Rental costs of real property and equipment.

- (a) Subject to the limitations described in paragraphs (b) through (d) of this section, rental costs are allowable to the extent that the rates are reasonable in light of such factors as: rental costs of comparable property, if any; market conditions in the area; alternatives available; and the type, life expectancy, condition, and value of the property leased. Rental arrangements should be reviewed periodically to determine if circumstances have changed and other options are available.

(b) Rental costs under “sale and lease back” arrangements are allowable only up to the amount that would be allowed had the non-Federal entity continued to own the property. This amount would include expenses such as depreciation, maintenance, taxes, and insurance.

(c) Rental costs under “less-than-arm's-length” leases are allowable only up to the amount (as explained in paragraph (b) of this section). For this purpose, a less-than-arm's-length lease is one under which one party to the lease agreement is able to control or substantially influence the actions of the other. Such leases include, but are not limited to those between:

(1) Divisions of the non-Federal entity;

(2) The non-Federal entity under common control through common officers, directors, or members; and

(3) The non-Federal entity and a director, trustee, officer, or key employee of the non-Federal entity or an immediate family member, either directly or through corporations, trusts, or similar arrangements in which they hold a controlling interest. For example, the non-Federal entity may establish a separate corporation for the sole purpose of owning property and leasing it back to the non-Federal entity.

(4) Family members include one party with any of the following relationships to another party:

(i) Spouse, and parents thereof;

(ii) Children, and spouses thereof;

(iii) Parents, and spouses thereof;

(iv) Siblings, and spouses thereof;

(v) Grandparents and grandchildren, and spouses thereof;

(vi) Domestic partner and parents thereof, including domestic partners of any individual in 2 through 5 of this definition; and

(vii) Any individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship.

(5) Rental costs under leases which are required to be treated as capital leases under GAAP are allowable only up to the amount (as explained in paragraph (b) of this section) that would be allowed had the non-Federal entity purchased the property on the date the lease agreement was executed. The provisions of GAAP must be used to determine whether a lease is a capital lease. Interest costs related to capital leases are allowable to the extent they meet the criteria in §200.449 Interest. Unallowable costs include amounts paid for profit, management fees, and taxes that would not have been incurred had the non-Federal entity purchased the property.

(6) The rental of any property owned by any individuals or entities affiliated with the non-Federal entity, to include commercial or residential real estate, for purposes such as the home office workspace is unallowable.

§200.466 Scholarships and student aid costs.

(a) Costs of scholarships, fellowships, and other programs of student aid at IHEs are allowable only when the purpose of the Federal award is to provide training to selected participants and the charge is approved by the Federal awarding agency. However, tuition remission and other forms of compensation paid as, or in lieu of, wages to students performing necessary work are allowable provided that:

-
- (1) The individual is conducting activities necessary to the Federal award;
 - (2) Tuition remission and other support are provided in accordance with established policy of the IHE and consistently provided in a like manner to students in return for similar activities conducted under Federal awards as well as other activities; and
 - (3) During the academic period, the student is enrolled in an advanced degree program at a non-Federal entity or affiliated institution and the activities of the student in relation to the Federal award are related to the degree program;
 - (4) The tuition or other payments are reasonable compensation for the work performed and are conditioned explicitly upon the performance of necessary work; and
 - (5) It is the IHE's practice to similarly compensate students under Federal awards as well as other activities.
- (b) Charges for tuition remission and other forms of compensation paid to students as, or in lieu of, salaries and wages must be subject to the reporting requirements in §200.430 Compensation—personal services, and must be treated as direct or indirect cost in accordance with the actual work being performed. Tuition remission may be charged on an average rate basis. See also §200.431 Compensation—fringe benefits.

§200.467 Selling and marketing costs.

Costs of selling and marketing any products or services of the non-Federal entity (unless allowed under §200.421 Advertising and public relations.) are unallowable, except as direct costs, with prior approval by the Federal awarding agency when necessary for the performance of the Federal award.

§200.468 Specialized service facilities.

- (a) The costs of services provided by highly complex or specialized facilities operated by the non-Federal entity, such as computing facilities, wind tunnels, and reactors are allowable, provided the charges for the services meet the conditions of either paragraphs (b) or (c) of this section, and, in addition, take into account any items of income or Federal financing that qualify as applicable credits under §200.406 Applicable credits.
- (b) The costs of such services, when material, must be charged directly to applicable awards based on actual usage of the services on the basis of a schedule of rates or established methodology that:
 - (1) Does not discriminate between activities under Federal awards and other activities of the non-Federal entity, including usage by the non-Federal entity for internal purposes, and
 - (2) Is designed to recover only the aggregate costs of the services. The costs of each service must consist normally of both its direct costs and its allocable share of all indirect (F&A) costs. Rates must be adjusted at least biennially, and must take into consideration over/under applied costs of the previous period(s).
- (c) Where the costs incurred for a service are not material, they may be allocated as indirect (F&A) costs.
- (d) Under some extraordinary circumstances, where it is in the best interest of the Federal Government and the non-Federal entity to establish alternative costing arrangements, such arrangements may be worked out with the Federal cognizant agency for indirect costs.

§200.469 Student activity costs.

Costs incurred for intramural activities, student publications, student clubs, and other student activities, are unallowable, unless specifically provided for in the Federal award.

§200.470 Taxes (including Value Added Tax).

(a) For states, local governments and Indian tribes:

(1) Taxes that a governmental unit is legally required to pay are allowable, except for self-assessed taxes that disproportionately affect Federal programs or changes in tax policies that disproportionately affect Federal programs.

(2) Gasoline taxes, motor vehicle fees, and other taxes that are in effect user fees for benefits provided to the Federal Government are allowable.

(3) This provision does not restrict the authority of the Federal awarding agency to identify taxes where Federal participation is inappropriate. Where the identification of the amount of unallowable taxes would require an inordinate amount of effort, the cognizant agency for indirect costs may accept a reasonable approximation thereof.

(b) For nonprofit organizations and IHEs:

(1) In general, taxes which the non-Federal entity is required to pay and which are paid or accrued in accordance with GAAP, and payments made to local governments in lieu of taxes which are commensurate with the local government services received are allowable, except for:

(i) Taxes from which exemptions are available to the non-Federal entity directly or which are available to the non-Federal entity based on an exemption afforded the Federal Government and, in the latter case, when the Federal awarding agency makes available the necessary exemption certificates,

(ii) Special assessments on land which represent capital improvements, and

(iii) Federal income taxes.

(2) Any refund of taxes, and any payment to the non-Federal entity of interest thereon, which were allowed as Federal award costs, will be credited either as a cost reduction or cash refund, as appropriate, to the Federal Government. However, any interest actually paid or credited to a non-Federal entity incident to a refund of tax, interest, and penalty will be paid or credited to the Federal Government only to the extent that such interest accrued over the period during which the non-Federal entity has been reimbursed by the Federal Government for the taxes, interest, and penalties.

(c) Value Added Tax (VAT) Foreign taxes charged for the purchase of goods or services that a non-Federal entity is legally required to pay in country is an allowable expense under Federal awards. Foreign tax refunds or applicable credits under Federal awards refer to receipts, or reduction of expenditures, which operate to offset or reduce expense items that are allocable to Federal awards as direct or indirect costs. To the extent that such credits accrued or received by the non-Federal entity relate to allowable cost, these costs must be credited to the Federal awarding agency either as costs or cash refunds. If the costs are credited back to the Federal award, the non-Federal entity may reduce the Federal share of costs by the amount of the foreign tax reimbursement, or where Federal award has not expired, use the foreign government tax refund for approved activities under the Federal award with prior approval of the Federal awarding agency.

§200.471 Termination costs.

Termination of a Federal award generally gives rise to the incurrence of costs, or the need for special treatment of costs, which would not have arisen had the Federal award not been terminated. Cost principles covering these

items are set forth in this section. They are to be used in conjunction with the other provisions of this part in termination situations.

(a) The cost of items reasonably usable on the non-Federal entity's other work must not be allowable unless the non-Federal entity submits evidence that it would not retain such items at cost without sustaining a loss. In deciding whether such items are reasonably usable on other work of the non-Federal entity, the Federal awarding agency should consider the non-Federal entity's plans and orders for current and scheduled activity. Contemporaneous purchases of common items by the non-Federal entity must be regarded as evidence that such items are reasonably usable on the non-Federal entity's other work. Any acceptance of common items as allocable to the terminated portion of the Federal award must be limited to the extent that the quantities of such items on hand, in transit, and on order are in excess of the reasonable quantitative requirements of other work.

(b) If in a particular case, despite all reasonable efforts by the non-Federal entity, certain costs cannot be discontinued immediately after the effective date of termination, such costs are generally allowable within the limitations set forth in this part, except that any such costs continuing after termination due to the negligent or willful failure of the non-Federal entity to discontinue such costs must be unallowable.

(c) Loss of useful value of special tooling, machinery, and equipment is generally allowable if:

(1) Such special tooling, special machinery, or equipment is not reasonably capable of use in the other work of the non-Federal entity,

(2) The interest of the Federal Government is protected by transfer of title or by other means deemed appropriate by the Federal awarding agency (see also §200.313 Equipment, paragraph (d), and

(3) The loss of useful value for any one terminated Federal award is limited to that portion of the acquisition cost which bears the same ratio to the total acquisition cost as the terminated portion of the Federal award bears to the entire terminated Federal award and other Federal awards for which the special tooling, machinery, or equipment was acquired.

(d) Rental costs under unexpired leases are generally allowable where clearly shown to have been reasonably necessary for the performance of the terminated Federal award less the residual value of such leases, if:

(1) The amount of such rental claimed does not exceed the reasonable use value of the property leased for the period of the Federal award and such further period as may be reasonable, and

(2) The non-Federal entity makes all reasonable efforts to terminate, assign, settle, or otherwise reduce the cost of such lease. There also may be included the cost of alterations of such leased property, provided such alterations were necessary for the performance of the Federal award, and of reasonable restoration required by the provisions of the lease.

(e) Settlement expenses including the following are generally allowable:

(1) Accounting, legal, clerical, and similar costs reasonably necessary for:

(i) The preparation and presentation to the Federal awarding agency of settlement claims and supporting data with respect to the terminated portion of the Federal award, unless the termination is for cause (see Subpart D—Post Federal Award Requirements of this part, §§200.338 Remedies for Noncompliance through 200.342 Effects of Suspension and termination); and

(ii) The termination and settlement of subawards.

(2) Reasonable costs for the storage, transportation, protection, and disposition of property provided by the Federal Government or acquired or produced for the Federal award.

(f) Claims under subawards, including the allocable portion of claims which are common to the Federal award and to other work of the non-Federal entity, are generally allowable. An appropriate share of the non-Federal entity's indirect costs may be allocated to the amount of settlements with contractors and/or subrecipients, provided that the amount allocated is otherwise consistent with the basic guidelines contained in §200.414 Indirect (F&A) costs. The indirect costs so allocated must exclude the same and similar costs claimed directly or indirectly as settlement expenses.

§200.472 Training and education costs.

The cost of training and education provided for employee development is allowable.

§200.473 Transportation costs.

Costs incurred for freight, express, cartage, postage, and other transportation services relating either to goods purchased, in process, or delivered, are allowable. When such costs can readily be identified with the items involved, they may be charged directly as transportation costs or added to the cost of such items. Where identification with the materials received cannot readily be made, inbound transportation cost may be charged to the appropriate indirect (F&A) cost accounts if the non-Federal entity follows a consistent, equitable procedure in this respect. Outbound freight, if reimbursable under the terms and conditions of the Federal award, should be treated as a direct cost.

§200.474 Travel costs.

(a) *General.* Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-Federal entity. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the non-Federal entity's non-federally-funded activities and in accordance with non-Federal entity's written travel reimbursement policies. Notwithstanding the provisions of §200.444 General costs of government, travel costs of officials covered by that section are allowable with the prior written approval of the Federal awarding agency or pass-through entity when they are specifically related to the Federal award.

(b) *Lodging and subsistence.* Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the non-Federal entity in its regular operations as the result of the non-Federal entity's written travel policy. In addition, if these costs are charged directly to the Federal award documentation must justify that:

(1) Participation of the individual is necessary to the Federal award; and

(2) The costs are reasonable and consistent with non-Federal entity's established travel policy.

(c)(1) Temporary dependent care costs (as dependent is defined in 26 U.S.C. 152) above and beyond regular dependent care that directly results from travel to conferences is allowable provided that:

(i) The costs are a direct result of the individual's travel for the Federal award;

(ii) The costs are consistent with the non-Federal entity's documented travel policy for all entity travel; and

(iii) Are only temporary during the travel period.

(2) Travel costs for dependents are unallowable, except for travel of duration of six months or more with prior approval of the Federal awarding agency. See also §200.432 Conferences.

(d) In the absence of an acceptable, written non-Federal entity policy regarding travel costs, the rates and amounts established under 5 U.S.C. 5701-11, (“Travel and Subsistence Expenses; Mileage Allowances”), or by the Administrator of General Services, or by the President (or his or her designee) pursuant to any provisions of such subchapter must apply to travel under Federal awards (48 CFR 31.205-46(a)).

(e) *Commercial air travel.* (1) Airfare costs in excess of the basic least expensive unrestricted accommodations class offered by commercial airlines are unallowable except when such accommodations would:

(i) Require circuitous routing;

(ii) Require travel during unreasonable hours;

(iii) Excessively prolong travel;

(iv) Result in additional costs that would offset the transportation savings; or

(v) Offer accommodations not reasonably adequate for the traveler's medical needs. The non-Federal entity must justify and document these conditions on a case-by-case basis in order for the use of first-class or business-class airfare to be allowable in such cases.

(2) Unless a pattern of avoidance is detected, the Federal Government will generally not question a non-Federal entity's determinations that customary standard airfare or other discount airfare is unavailable for specific trips if the non-Federal entity can demonstrate that such airfare was not available in the specific case.

(f) *Air travel by other than commercial carrier.* Costs of travel by non-Federal entity-owned, -leased, or -chartered aircraft include the cost of lease, charter, operation (including personnel costs), maintenance, depreciation, insurance, and other related costs. The portion of such costs that exceeds the cost of airfare as provided for in paragraph (d) of this section, is unallowable.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75887, Dec. 19, 2014]

§200.475 Trustees.

Travel and subsistence costs of trustees (or directors) at IHEs and nonprofit organizations are allowable. See also §200.474 Travel costs.

§200.403 Factors affecting allowability of costs.

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.

-
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed 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.
 - (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. See also §200.306 Cost sharing or matching paragraph (b).
 - (g) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.

§200.404 Reasonable costs.

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:

- (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, local, tribal, and other laws and regulations; and terms and conditions of the Federal award.
- (c) Market prices for comparable goods or services for the geographic area.
- (d) Whether the individuals concerned acted with prudence in the 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.
- (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.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014]

§200.405 Allocable costs.

- (a) A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:
 - (1) Is incurred specifically for the Federal award;
 - (2) Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and

(3) Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart.

(b) All activities which benefit from the non-Federal entity's indirect (F&A) cost, including unallowable activities and donated services by the non-Federal entity or third parties, will receive an appropriate allocation of indirect costs.

(c) Any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. However, this prohibition would not preclude the non-Federal entity from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.

(d) Direct cost allocation principles. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, notwithstanding paragraph (c) of this section, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. Where the purchase of equipment or other capital asset is specifically authorized under a Federal award, the costs are assignable to the Federal award regardless of the use that may be made of the equipment or other capital asset involved when no longer needed for the purpose for which it was originally required. See also §§200.310 Insurance coverage through 200.316 Property trust relationship and 200.439 Equipment and other capital expenditures.

(e) If the contract is subject to CAS, costs must be allocated to the contract pursuant to the Cost Accounting Standards. To the extent that CAS is applicable, the allocation of costs in accordance with CAS takes precedence over the allocation provisions in this part.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014]

§200.406 Applicable credits.

(a) Applicable credits refer to those receipts or reduction-of-expenditure-type transactions that offset or reduce expense items allocable to the Federal award as direct or indirect (F&A) costs. Examples of such transactions are: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the non-Federal entity relate to allowable costs, they must be credited to the Federal award either as a cost reduction or cash refund, as appropriate.

(b) In some instances, the amounts received from the Federal Government to finance activities or service operations of the non-Federal entity should be treated as applicable credits. Specifically, the concept of netting such credit items (including any amounts used to meet cost sharing or matching requirements) must be recognized in determining the rates or amounts to be charged to the Federal award. (See §§200.436 Depreciation and 200.468 Specialized service facilities, for areas of potential application in the matter of Federal financing of activities.)

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014]

§200.407 Prior written approval (prior approval).

Under any given Federal award, the reasonableness and allocability of certain items of costs may be difficult to determine. In order to avoid subsequent disallowance or dispute based on unreasonableness or non-allocability, the non-Federal entity may seek the prior written approval of the cognizant agency for indirect costs or the Federal awarding agency in advance of the incurrence of special or unusual costs. Prior written approval should include the timeframe or scope of the agreement. The absence of prior written approval on any element of cost will not, in itself,

affect the reasonableness or allocability of that element, unless prior approval is specifically required for allowability as described under certain circumstances in the following sections of this part:

- (a) §200.201 Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts, paragraph (b)(5);
- (b) §200.306 Cost sharing or matching;
- (c) §200.307 Program income;
- (d) §200.308 Revision of budget and program plans;
- (e) §200.311 Real property;
- (f) §200.313 Equipment;
- (g) §200.332 Fixed amount subawards;
- (h) §200.413 Direct costs, paragraph (c);
- (i) §200.430 Compensation—personal services, paragraph (h);
- (j) §200.431 Compensation—fringe benefits;
- (k) §200.438 Entertainment costs;
- (l) §200.439 Equipment and other capital expenditures;
- (m) §200.440 Exchange rates;
- (n) §200.441 Fines, penalties, damages and other settlements;
- (o) §200.442 Fund raising and investment management costs;
- (p) §200.445 Goods or services for personal use;
- (q) §200.447 Insurance and indemnification;
- (r) §200.454 Memberships, subscriptions, and professional activity costs, paragraph (c);
- (s) §200.455 Organization costs;
- (t) §200.456 Participant support costs;
- (u) §200.458 Pre-award costs;
- (v) §200.462 Rearrangement and reconversion costs;
- (w) §200.467 Selling and marketing costs;
- (x) §200.470 Taxes (including Value Added Tax); and

(y) §200.474 Travel costs.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014]

Non-Public/Private School Compliance

The ASD Federal Programs Team has added the position of Non-Public/Private School Compliance Coordinator. The scope of work for this position is detailed below:

- Provide equitable services, on behalf of the ASD, to non-public/private schools.
- Collaborate with school level operators to collect data to calculate funding opportunities for non-public/private schools.
- Using an assessment, determine the needs of each school and develop an individual service plan for students and/or staff.
- Monitor, track and reconcile the district non-public/private school equitable services budget.
- Meet for quarterly check-ins/meetings to provide guidance and support.
- Provide ongoing communications of the district's policies, processes, expectations, highlights, updates, fiscal changes, etc. for providing equitable services to private schools via email, monthly newsletters, presentations, and webinars.

Point of Contact:

Rica Douglas
ASD, Non-Public/Private School Compliance Coordinator
Andrew Johnson Tower, 12th Floor
710 James Robertson Parkway, Nashville, TN 37243
Cell: (615) 964-3354
Rica.Douglas@tn.gov

Additional Resources

Please visit the Achievement School District Office of Federal Programs [website](#) for additional resources, guidance, and information.



FRAUD, WASTE, or ABUSE

Citizens and agencies are encouraged to report fraud, waste, or abuse in State and Local government.

NOTICE: This agency is a recipient of taxpayer funding. If you observe an agency director or employee engaging in any activity which you consider to be illegal, improper or wasteful, please call the state

**Comptroller's toll-free Hotline: 1-800-232-5454
Notifications can also be submitted electronically at:
<http://www.comptroller.tn.gov/hotline>**