Slide notes

Welcome to Module 4 of the IDEA Fiscal 101 series. In this module, we will be discussing a number of the cross-cutting government requirements that guide the use of IDEA Part C funds.

Slide notes

A major source of information related to the manner in which Part C and other Federal funds can be used is the cost principles of the OMB Uniform Guidance.

Those cost principles include a number of general factors that affect the allowability of all expenditures, including the necessity, reasonableness, and allocability of the expenditure as a direct charge to the IDEA Part C program. Let's take a minute to examine each of these general factors.

Slide notes

The necessity of a given expenditure is driven by the purpose of the IDEA program, the lead agency's mission and vision, and ultimately the needs of infants and toddlers with disabilities and their families. In establishing a system for determining allowability, it is important that there be communication and collaboration between fiscal and program offices in making determinations.

Fiscal staff will likely have knowledge of the cost principles, and items that are generally allowable or unallowable as expenditures under Federal grants, while Part C program staff will know about the specific needs of the program, and the types of expenditures that will commonly be incurred to support those needs. There may be some items purchased for the Part C program that are not routinely procured by other programs within the agency.

Slide notes

The reasonableness of any given expenditure is reliant on a number of variables. In general, though, the Part C program needs to ensure that it is not paying more for goods or services than a typical person, with ordinary prudence, would pay under the same circumstances. This principle is called the "reasonable person standard," and it is largely dictated by the circumstances in which the expenditure is made.

Variables that might affect the reasonableness of any given expenditure include the geographic location of the program, the availability or scarcity or the goods and services, and the urgency of the programs need for those goods and services. This principle acknowledges that goods and services may cost more to provide in a remote location, where there are few providers or limited availability, or when they are needed quickly.

Fiscal 101

-5-

Factors Affecting Use of Funds Allowability

- Necessary
- Reasonable
- **Allocable**
  - Funding = Benefit
  - Shared benefit? Shared cost!

Slide notes

Finally, the allocability of a given expenditure is tied to the amount of benefit that the Part C program receives from the related good or service. In order for an expenditure to be fully funded by IDEA Part C funds, it is necessary that the program receive 100% of the benefit. In instances where there is shared benefit, the programs involved will need to establish a methodology for determining what portion of the costs should be ascribed to each of the programs.

The proportionate share of the costs that should be ascribed to the Part C program should correspond to the amount of benefit that the program is receiving and, if other programs are receiving benefit that they also contribute to the costs. An example of allocability from the field is discussed on the following slide.

Slide notes

A recent state example was a Lead Agency seeking prior approval for funding to support partial funding for a new Early Intervention data system. The state in question submitted an amendment request to OSEP for approval of utilization of funding still available under their obligation period along with supporting materials of the total cost of the new data system.

The amendment also identified the additional larger share bond funding the state would provide. After negotiations with OSEP, the amendment was approved prior to any funds being utilized for the new data system.

An additional example is another state that seeks funding only to support a data system that will be utilized solely for Part C specific functions. In this case, the Lead Agency would seek approval for the total cost of such a system being borne by Part C funding.

A Lead Agency Early Intervention program shares space with the federally supported Home Visiting Program. Both agency programs share use of a rented photocopying machine. The staff sharing use of this machine in total is 12 individuals. Eight (8) of the twelve are Early Intervention staff and four (4) are Home Visiting staff. Utilizing an appropriate allocation (8/12 = 2/3) of use, then two thirds of the cost should be borne by the Early Intervention staff and one third by the Home Visiting staff. Any questions on your methodology should be addressed informally to your OSEP State Lead for guidance before finalizing an internal state agency agreement.

Slide notes

The cost principles in the OMB Uniform Guidance also include 55 Selected Items of Cost, and provide information about the general allowability of each. These include prohibitions on items that are unallowable, like the general costs of government, alcoholic beverages, and fines, penalties and fees; and items that are only allowable with the prior approval of OSEP. A number of those items are described in more detail later in the module.

The selected items also include information related to circumstances under which particular costs are allowable. For example, the item related to compensation for personnel costs requires that those costs be reasonable, describes what reasonable means in the context of personnel expenses, and goes on to describe the standards for documenting those expenses in a manner that makes them allowable charges to the federal award.

Occasionally, in working with the cost principles of the Uniform Guidance, there may be disagreement between those general cross-cutting requirements and the Part C statute and regulations. In those instances, the IDEA Part C requirements should guide your actions. The Uniform Guidance applies to all federal awards, but does not change or modify the requirements of those other statutes and regulations.

In a situation where there is apparent disagreement between the Uniform Guidance and the IDEA Part C purpose and regulations, you may also want to reach out to your OSEP state lead, and they can assist you in looking for any additional Department of Education guidance on the matter.

Slide notes

As we discussed earlier in this module, the Selected Items of Cost in the cost principles include a number of items that are allowable only with OSEP's prior approval. This slide lists those prior approvals most commonly associated with IDEA Part C grants, and a complete list of prior approvals can be found at 2 CFR 200.407.

Please note that, because Part C is a State administered program, and IDEA requires a single line of responsibility under the lead agency, prior approvals for all qualifying expenditures (including those originating from EI programs) should be sent to OSEP by the lead agency.

Slide notes

While these types of expenditures are rare in most Part C programs, because the allowability of the expenditure relies on OSEP's approval, it is worth spending a little time discussing each.

Prior approval for Budget Changes applies to any revision in the lead agency's budget that amounts to 10% or more of the total grant award. The Uniform Guidance has made this requirement optional for government agencies, but OSEP has elected to continue to apply the requirement as an internal control over the use of IDEA Part C funds.

There is not necessarily anything wrong when a program needs to shift funds within its budget, but large shifts may be an indicator of other issues.

Slide notes

Prior approval for Equipment applies to expenditures for assets that have a useful life of more than a year, and an acquisition cost of $5,000.00 or more. This is the most commonly received prior approval by OSEP, and may include expenditures such as the data base described in the scenario we used to discuss allocability. The Uniform Guidance also includes a number of requirements related to the use, inventory, and disposal requirements for these types of assets.

Fiscal 101

Prior Approvals (2 CFR §200.407)

The following are allowable only with prior approval of OSEP:
- Budget changes
- Equipment
- Construction/renovation
- Participant support costs
- Rent

Slide notes

Prior approval for construction or renovation apply to any expenditures that increase the value or useful life of a building or property. The Uniform Guidance refers to this type of expense as Capital Improvements, and any expenditure of IDEA Part C funds for these purposes, regardless of the amount, requires OSEP's prior approval.

Slide notes

Participant Support Costs refer to a subset of each program's overall training budget. Specifically, these are any costs related to trainings and conferences that are paid for by the Part C program to support the participation of non-employees in those training activities.

These expenses typically include things like registration fees, per diem costs, and travel allowances related to trainings and conferences, and may be used to support the participation of individuals like ICC members and parents in training activities.
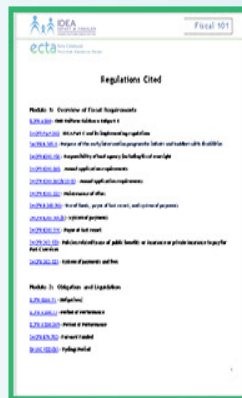
Slide notes

Finally, any direct expenditures for Rent also require OSEP's prior approval. That approval is typically received through the IDEA Part C application process, by including the costs in the State's use of funds section, and indicating that the lead agency intends to charge rent to the Part C award under Section IV of the application.

When requesting approval to expend IDEA Part C Funds on rent, you will want to have information related to the reasonableness of the expenditure. For example, information about the cost of comparable spaces in the area. You will also want to be able to support the allocability of the expense, including how the Part C program is distributing the costs of rent across any programs that share the space.

OSEP has established review processes for each of these prior approvals, and guidance and checklists related to each is available on GRADS 360. And, of course, you can also request information from your OSEP state lead about these requirements.

Slide notes

Two handouts are available here for you to download and either save or print. The document on the left has the content that you just viewed, along with the annotated text that you heard. The document on the right is a complete list of all Code Regulations that are cited in the Fiscal 101 series. Clicking on the images will open the documents in a new window. Use the Continue button when you are finished.

Slide notes

Thanks for watching! You may use the "Return to List" button to go back to the list of modules, or you may exit by closing your browser window.