

# Effective Administration of Federal Grants – Fiscal Practices

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**Virginia Department of Education  
Office of Program Administration and Accountability  
July 2014 Coordinators' Academy**



# Session Overview

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- Federal funding considerations:
  - Cost principles: reasonable, necessary, allowable, advisable
  - Supplement, not Supplant
  - Budget Do's and Don'ts
- Terms to use/Terms to avoid: Words that raise red flags
- To amend or not to amend, that is the question.
  - Program amendment, budget amendment, or both?
  - Budget transfer bloopers
- Transferability, Carry-over, and Spend-down



# Considerations for Planning the Use of Federal Funds

Ask yourself, is it.....

Guiding definitions:

**Allowable?**



- Not prohibited or required by other state or local regulations.
- Supplemental to the basic education program
- Necessary and reasonable for proper and efficient performance and implementation

**Reasonable?**



- Not exceeding sensible limits; not exorbitant
- Market cost for comparable goods

**Necessary?**



- To meet a clear and documented need
- To carry out an approved program/activity or for the success of an approved/adopted initiative
- To increase access, improve quality, support students, etc.

**Advisable?**

- Appropriate infrastructure in place to support the activity
- Aligned with current division initiatives, strategic direction, policies, etc.
- Sufficient time, personnel, funding to fully carry out the initiative

❖ If you can answer **“yes”** to all of the above, then your project *may* be fundable.



# Supplement, not Supplant

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*According to ESEA, Section 1120(A)(b)(i)*

*IN GENERAL:*

*– A state educational agency or local educational agency shall use Federal funds received under this part only to supplement the funds that would, in the absence of such federal funds, be made available from non-federal sources for the education of pupils participating in programs assisted under this part, and not to supplant such funds.*





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# What does that *mean*?

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In general, the term “**Supplement, Not Supplant**” means that federal funds must be used to enhance or increase the level of funding which is normally available from state or local sources; federal funds must **not replace** state and local funds.



# Rebutting the Presumption of Supplanting - Title I:

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A simple three part test for determining **Title I** purchases:

1. Is there other funding available for the item? **No**
2. Is the division providing the item from state or local funds anywhere else? **No**
3. Does the item directly impact achievement in the areas of reading, writing, math, or science? **Yes**

If your answers are as above, then **Title I** *may* approve the expenditure.



# Rebutting the Presumption of Supplanting – Title II:

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1. Is there other funding available for the item/activity/personnel? No
2. Is the division providing the item/activity from state or local funds anywhere else? No
3. Does the item/activity/personnel directly impact achievement or improve teacher quality in the federal core content areas? Yes
4. In the case of class-size reduction, has the division met the mandated staffing ratios outlined in the Standards of Quality ? Yes

**If your answers are as above, then Title II may approve the purchase.**



# Supplement/Not Supplant

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*Consider an ice cream party. What's absolutely necessary?*

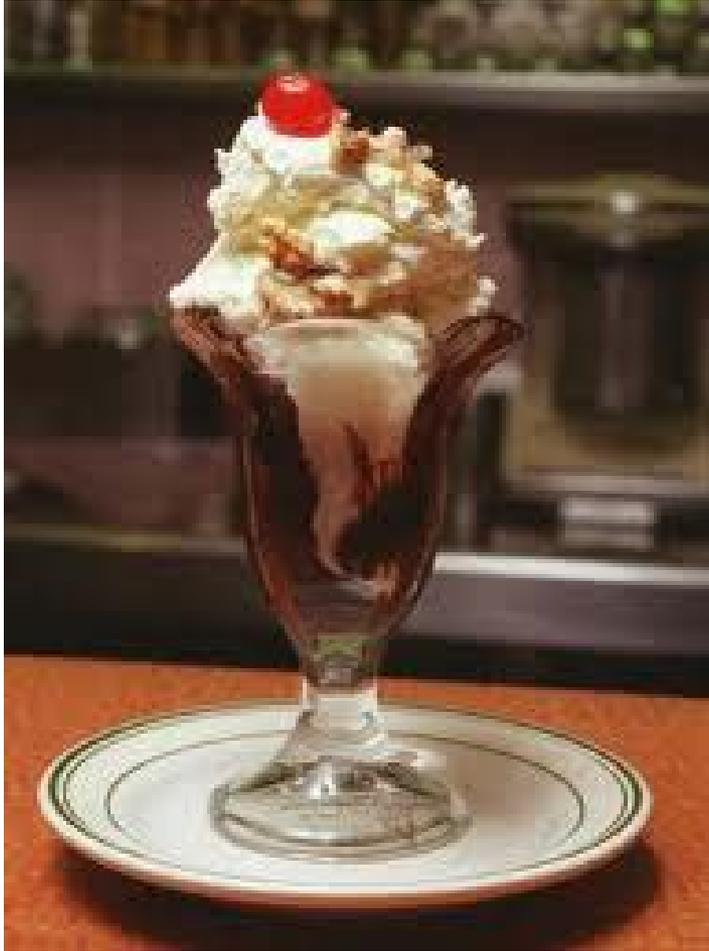
❖ Dish (or cone) and ice cream represent **basic required** elements of program.

You just can't have an ice cream party without them!



# Supplement/Not Supplant

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❖ Additional elements (syrup, cherries, sprinkles, whipped cream, toppings, etc.) represent supplementary services available from federal programs.

They add to the basic “ice cream party” – and hopefully make it even more successful!



# Supplement/Not Supplant

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When planning your program, ask yourself whether the desired activities are for BASICS...

...or the EXTRAS!



# Federal funding considerations: Do's and Don'ts



# The Do's of Title I Programs and Budgets

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## When you plan Title I activities, *do* include in your budget...

- Programs or services that have clear, empirically-proven links to improving student achievement;
- Extended-learning time activities, including staff, supplies, materials, and transportation;
- Parent engagement activities; and
- Activities and school improvement strategies identified in your schoolwide plan, school improvement plan, or other strategic action plan.

## When budgeting Title I funds, *do*...

- Specify your proposed activities and how they are *supplementary* and *connected to student achievement and/or educator quality*;
- Be specific about what you are buying by identifying the types of items and if possible, their unit cost;
- Attempt to accurately project (rather than ballpark) budgets; and
- Specify how supplies, materials, and equipment are supplementary in the justification.



# The Do's of Title II Programs and Budgets

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## When you plan Title II activities, *do* include in your budget...

- Programs that have clear, evidence-based links to improving student achievement and teacher/principal quality and effectiveness; and
- Activities that are designed to meet a particular need as determined through annual needs assessment.

## When budgeting Title II funds, *do*...

- Specify your proposed activities and how they are *supplementary* and *connected to student achievement and/or teacher and principal quality*;
- Be specific about what you are buying by identifying the types of items and if possible, their unit cost;
- Attempt to accurately project (rather than ballpark) budgets; and
- Specify how supplies, materials, and equipment are supplementary in the justification.



# The Don'ts of Title I Programs and Budgets

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## When you plan Title I activities, *do not*...

- Plan to use Title I to pay for activities required under state law or division policy;
- Request to pay for activities or materials that are *core operating expenses* to be used during the school day, such as copy machine toner, paper clips, white out, etc;
- Attempt to pay for activities or items that are not in your approved plans; or
- Request that Title I pay for durable equipment *that is not clearly and explicitly connected to a supplementary program*, such as computers, LCDs, laminating machines, etc.

## When you budget Title I, *do not*...

- Assume that you will be able to use your Title I funds for items or services not specifically identified in your budget;
- Cushion your budgets by intentionally overestimating the cost of proposed items;
- Use loosely calculated projections to create a budget, which results in over-spending/under-spending; or
- Attempt to purchase materials that appear to be core operating expenses, including replacement materials, textbooks, and equipment.



# The Don'ts of Title II Programs and Budgets

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## When you plan Title II activities, *do not*...

- Plan to use Title II to pay for activities required under state law or division policy; (i.e., professional development mandated by Standards of Accreditation; or teachers to meet staffing mandates in Standards of Quality);
- Request to pay for activities or materials that are *core operating expenses* to be used during the school day, such as copy machine toner, paper clips, white out, etc;
- Attempt to pay for activities or items that are not in your approved plans;
- Request that Title II pay for equipment *that is not clearly solely connected to a supplementary professional development program*, and for which usage cannot be tracked, such as computers, LCDs, laminating machines, etc.; or
- Request Title II funds to be used for items that are not NECESSARY for professional development activities (i.e., refreshments).

## When you budget Title II, *do not*...

- Assume that you will be able to use your Title II funds for items or services not specifically identified in your budget; or
- Include professional development for non-federal core content areas.



# Terms to use/Terms to avoid in reimbursement requests:

Words that raise red flags:	Why is this questionable?	Alternative Word Choices
Required/mandated	Suggests a supplant – items/activities “required” or “mandated” by state or local laws, regulations, policies cannot be paid for with federal funds.	Necessary for implementation of... [Title I or Title II program, etc]. “Necessary under Title IIA program” (i.e. highly qualified designation)
Administrator	Is this a principal? Superintendent/Assistant Superintendent? CTE Director? The term is vague and could raise supplanting or overall allowability questions. Be specific.	Title I Program Administrator Title II Coordinator Principal Superintendent
Teachers	A minimum number of teachers are required in core content areas in order to run a school.	Title I Teacher Intervention Teacher Class Size Reduction Teacher



# Terms to use/Terms to avoid in reimbursement requests:

Words that raise red flags:	Why is this questionable?	Alternative Word Choices
Refreshments Food Breakfast	While these may be “nice to have”, they are not <b>necessary</b> in order for teachers to participate in professional development activities	Working lunches (only if agenda indicates critical professional development during lunchtime)
Lodging at conference hotel	If lodging charges are higher than allowable state rates, participants should seek other hotels within zip code search to find lower cost options (or make arrangements to pay the difference)	Specify lodging rate that is clearly within state travel regulation guidelines
Coursework	Since funding may only be used to support courses in <b>federal core content areas</b> , it is advisable to be specific about the particular course/content area to ensure allowability	Coursework for foreign language teacher: French 320; Coursework for biology teacher: Coastal Ecology 825



# Terms to use/Terms to avoid in reimbursement requests:

Words that raise red flags:	Why is this questionable?	Alternative Word Choices
Textbooks; classroom materials	Could be misconstrued as core instructional materials.	Supplemental instructional materials (Title I), or Textbooks for the reading intervention program (Title I textbooks) Teacher coursework (Title II) Supplementary professional development materials.
Equipment (i.e., laptops, tablets, Smartboards)	<p>Equipment purchased with Title I, Part A funds needs to supplement equipment purchased with local funds.</p> <p>Unless use of equipment is <b>NECESSARY</b> for PD and can be <b>tracked</b> to ensure it is <b>ONLY</b> used in PD, it should not be purchased with Title IIA funds.</p>	Equipment <b>necessary</b> to enhance instruction/provide professional development. Purchases are above and beyond the local technology provision. This is new equipment (not replacement) that has never been purchased with other funding sources.

# To amend, or not to amend?

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## Application amendment – when is it necessary?

- After final allocations are released (if application has already been approved programmatically)
- When programmatic changes are made during grant award cycle
- Before **any** budget transfer request is made throughout grant award cycle



# Budget Transfers

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- Use to align budget and actual expenses between object codes.
- Write a complete justification.
- If programmatic or budget changes are required, an application amendment **and** budget transfer must be submitted.



# OMEGA “bloopers”

## *See if you can guess why...*

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Action	Comments or OMEGA error messages
Budget Transfer Request	“Please approve moving available funds from object code 0000 to object code 5000 to close out the 2012-2013 grant. Thanks!”
Amendment Request	“6/3/2014 Revision to 2012-2013, Title I, Part A adjustment”
Amendment Request	“Please approve this application amendment so the budget transfer may be completed. Thank you!”
Amendment Request	Transfer funds



# OMEGA “bloopers”

*See if you can guess why...*

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Action	Comments or OMEGA error messages
Reimbursement Request	“Funds requested must not be negative”
Reimbursement Request	Expenditure start date: 6/15/2014; Expenditure end date: 7/30/14
Reimbursement request	Vendor: Bank of America



# Carryover Provisions

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- Total period of grant award is 27 months for all federal funds.
- 85% of **Title I** funds must be obligated within 15 months
- Up to 15% of **Title I** funds can be carried over for the remaining grant award period.
- **Title II** funds are available throughout the entire 27 month period of availability, but must be encumbered by September 30 of the 27<sup>th</sup> month.



# Spend-Down

- ✓ Submit reimbursements on regular basis. (Monthly draw-down is ideal.)
- ✓ Review spend-down for all open awards regularly. (Use OMEGA's *Spend Down Calendar Report*.)
- ✓ Submit reimbursements for “older funds” prior to accessing “newer funds.”
- ✓ Review OMEGA requests regularly to ensure created requests are submitted and approved through local approval queue by all parties.



# Carryover/Spend-down Timeline

Year of Grant Award	Total Grant Award Period	Deadline to Obligate 85% of Award* (Title I only)	Deadline to Obligate 100% of Award	Deadline to Request Reimbursement for ALL funds
FFY 2012 (2012-2013)	July 1, 2012 – Sept. 30, 2014	Sept. 30, 2013	<b>Sept. 30, 2014</b>	<b>Nov. 15, 2014</b>
FFY 2013 (2013-2014)	July 1, 2013 – Sept. 30, 2015	<b>Sept. 30, 2014</b>	Sept. 30, 2015	Nov. 15, 2015
FFY 2014 (2014-2015)	July 1, 2014 – Sept. 30, 2016	Sept. 30, 2015	Sept. 30, 2016	Nov. 15, 2016

\*Some divisions may receive a waiver to carry over more than 15% of the Title I award



# Definition of Obligation

IF AN OBLIGATION IS FOR --	THE OBLIGATION IS MADE --
(a) Acquisition of real or personal property.	On the date on which the state or subgrantee makes a <b>binding written commitment</b> to acquire the property.
(b) Personal services by an employee of the state or subgrantee.	When the services are performed.
(c) Personal services by a contractor who is not an employee of the state or subgrantee.	On the date on which the state or subgrantee makes a <b>binding written commitment</b> to obtain the services.
(d) Performance of work other than personal services.	On the date on which the state or subgrantee makes a <b>binding written commitment</b> to obtain the work.



# Definition of Obligation

IF AN OBLIGATION IS FOR --	THE OBLIGATION IS MADE --
(e) Public utility services.	When the state or subgrantee receives the services.
<b>(f) Travel.</b>	<b>When the travel is taken.</b>
(g) Rental of real or personal property.	When the state or subgrantee <b>uses</b> the property.
(h) A pre-agreement cost that was properly approved by the state under the applicable cost principles.	On the first day of the subgrant period.



# Transferability

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## What IS Transferability?

- Transferability is a provision that allows local education agencies to transfer formula allocations from Title II, Part A — *Teacher and Principal Training and Recruitment* into Title I, Part A. An LEA may not transfer funds allocated under Title I, Part A, into any other program.
- LEAs with Priority and/or Focus Schools will have the option, under the ESEA Flexibility Waiver, to transfer up to 100 percent of Title II, Part A, funds into Title I, Part A in order to support schoolwide reforms. However, transfers of funding **must not reduce equitable services** available to private school students and staff.



# Transferability

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- Funds may ***not*** be transferred out of Title I, Part A
- Funds may not be transferred into or out of Title III, Part A.
- Once funds are moved into Title I, Part A, the move is permanent. They may not be moved back out.



# Transferability

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- School divisions may transfer up to 100 percent of Title II, Part A, funds \*if there are no private schools participating in Title II, Part A
  - \*If there are participating private schools, school divisions **MUST** consult with private schools prior to transferring funds **AND** must set aside funds to provide services to private schools from Title II, Part A (at least to the amount required under Hold Harmless rules).
  - Additional funding must **also** be set aside in program to which funds are transferred to provide private school services as outlined in that program's regulations.
- Contact Title I or Title IIA specialists at VDOE to initiate Transferability process.



# Questions

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# Contact Information

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# References



- Application Instructions, Guidelines, and Assurances –  
<http://www.doe.virginia.gov/VDOE/Instruction/OCP/nclb-apps/ConsApplGuidelines.pdf>
- OMEGA Help Guide  
[http://www.doe.virginia.gov/school\\_finance/budget/grants\\_account\\_reporting/omega/omega\\_user\\_guide.pdf](http://www.doe.virginia.gov/school_finance/budget/grants_account_reporting/omega/omega_user_guide.pdf)
- State Travel Regulations  
[http://www.doe.virginia.gov/school\\_finance/travel/index.shtml](http://www.doe.virginia.gov/school_finance/travel/index.shtml)
- ESEA Applications, Guidance and Assurance Documents  
<http://www.doe.virginia.gov/VDOE/Instruction/OCP/nclb-apps/ConsApplGuidelines.pdf>



# References

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- Title II, Part A, Improving Teacher Quality Non-regulatory Guidance document (revised October, 2006) from the United States Department of Education may be found at:  
<http://www.ed.gov/programs/teacherqual/guidance.pdf>
- Additional guidance related to highly qualified teacher provisions is currently under development.
- Application Instructions and Guidelines – see Mechanics Module for additional details or visit  
<http://www.doe.virginia.gov/VDOE/Instruction/OCP/nclb-apps/ConsApplGuidelines.pdf>



# Resources

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- Criteria for High Quality Professional Development: available at <http://www.doe.virginia.gov/VDOE/nclb/HQPDcriteria4-04.pdf>
- Virginia Standards of Quality: available at <http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+22.1-253.13C2>

