Ohio Department of Education

Ted Strickland, Governor
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EVEN START FISCAL INFORMATION

I. Guidance To Completing Budget Narrative and Budget Grid

To complete the budget, you must first determine the entire cost of the program. For first year programs, the Federal share (requested award amount) is to be 90 percent of the total cost of the program with the required local share to be 10 percent. To determine the minimum local share from the total cost of the proposed project, the total project cost is to be multiplied by 10 percent. The Federal share (requested award) is then calculated by subtracting the local share from the total project cost.

A: Budget Grid: Complete the Even Start Budget Grid Showing Federal Share

1. The budget needs to address the 12-month funding period July 1, 2010, through June 30, 2011.
2. Enter the proposed expenditures in the cells of the budget grid under the appropriate purpose and object codes found in the Uniform School Accounting System Manual located at http://www.auditor.state.oh.us (click on the words Uniform School Accounting System Manual located in a box in the left margin of the page). See also page 2 of this document for brief definitions of purposes).

B. Budget Grid: Complete the Even Start Budget Grid Showing Local Share

1. Provide the amounts of local share contributions that will support Even Start in the current project year under the column marked "local."
2. The budget grid will only allow the minimum required local match to be entered. (If you want to make note of a larger local contribution, describe the larger contribution in the budget narrative.)

C. Within Text of Application: Compose a Budget Narrative Under the Topic Called "Budget/Allocation of Resources/Costs/Budget Integration" (The information requested in this section of the application must be concise due to the 3,000 character limit for each item in the electronic application.)

1. The budget narrative needs to address the 12-month funding period July 1, 20010, through June 30, 2011. (Carry-over may be approved by the state department after this period of time and that process will be explained during the program year.)
2. For new applicants, the start-up cost should be calculated and explained. (As the program continues and start-up costs are no longer part of the budget, budget revisions will be allowed through the electronic grant budget revision process.)
3. Provide a brief breakdown of specific expenditures using purpose and object codes.
4. The budget/narrative must include funds that will be used for an independent evaluation of the program. Depending on the size of the program, an appropriate range for evaluation costs is $1,500 to $5,000 per program year.
5. For successful program management, a full-time Program Coordinator is strongly recommended, so the coordinator's salary/benefit costs should be included in the proposed budget/narrative.
6. When developing the budget/narrative, applicants should include costs for equipping the program to communicate by electronic mail, supporting staff development (including materials), and funding the coordinator's and evaluator's expenses for Even Start meetings, workshops, and other appropriate professional development events.

7. The narrative needs to address how the local share will support the program and include the sources of the local dollars.

8. Equipment purchases having useful life of more than one year and exceeding $500 per item should be listed in the budget narrative.

9. Remember that the budget needs to be reasonable in relation to the total number of families to be served.

II. FY2011 Electronic Application School Purpose Definitions

- **Instruction**: The activities/costs directly related to teaching. Costs may include services provided by certificated/licensed teachers, substitutes and tutors, which includes; salaries, retirement benefits, supplemental contracts and termination benefits. Additionally, supplies, materials, technology, and equipment for teaching are included.

- **Support Services**: Those services that provide technical and logistical support to facilitate and enhance instruction. This includes expenses related to; program support, curriculum services, teacher aides, paraprofessionals, secretaries, health services food services, library/media services, supplies and materials for instruction.

- **Governance/Administration**: Expenditures for activities related to; fiscal operations, process management, along with directing and managing the operation of a particular program, which may include program over site and/or direct program supervision.

- **Professional Development**: Learning experiences designed to help school and support personnel and parents develop knowledge, skills, attitudes, and behaviors that enhance student success. This includes purchased services related to costs incurred for program related staff development that is program related such as; travel, meals, lodging, stipends, substitute teachers and teacher mentors.

- **Family and Community Involvement**: Activities and programs designed to encourage families and communities to become involved in education. Expenses may include, parenting skills training, family literacy, family liaison, parent mentor, meaningful communications, and purchase of related materials to increase student achievement.

- **Safety**: Activities intended to contribute to creating a safe environment for all persons involved in a given education experience. This includes school safety equipment purchases.

- **Facilities**: Costs associated with the provision of appropriate facilities. This may include the costs associated with the acquisition, maintenance, upgrading and care of physical facilities and property.

- **Transportation**: Costs associated with conveyance of individuals to and from school and school related activities.

• **Nonpublic**: Costs associated with providing services to district students attending nonpublic schools.

Further information about the purpose and object codes can be found in the Uniform School Accounting System Manual located at http://www.auditor.state.oh.us (click on the words Uniform School Accounting System Manual located in a box in the left margin of the page).

III. Excerpt from USDOE Even Start Guidance Document (September 2003):

Fiscal Issues

An Even Start project must use Federal Even Start funds to support the cost of providing family literacy services that involve parents and children, primarily from birth through age seven, in a cooperative effort to help parents become full partners in the education of their children and to assist children in reaching their full potential as learners. (Section 1234(a)) The remaining cost of the program may be provided in cash or in kind from any source, including any Federal funds other than Even Start. (See the Federal and Local Share and Indirect Costs sections of this guidance for further information.)

Title I, Part A Collaboration

If a project collaborates with a program under Title I, Part A, and Title I, Part A contributes to paying the cost of providing programs under this part to children 8 years of age or older, the Even Start project can allow the participation of families with children 8 years of age or older. (See the Continuing Family Eligibility section of this guidance.) However, the focus of the local program must continue to remain on families with young children. (Section 1236(b)(5)) The intent of this provision is not to divert substantial Even Start funds to families with older children, but to encourage greater contribution from the Title I, Part A program.

Allowable Costs

Projects may use Federal Even Start grant funds and matching resources only for the allowable costs of those projects. (EDGAR, section 80.22) For each type of organization, there is a separate set of Federal principles for determining allowable costs. State-administered grants that have LEAs as the fiscal agent, and Indian tribes and tribal organizations, must use the cost principles in *OMB Circular A-87*. Grantees that have institutions of higher education (IHEs) as the fiscal agent must use the cost principles in *OMB Circular A-21*, and non-profit organizations that are fiscal agents must use *OMB Circular A-122*. (www.whitehouse.gov/omb/circulars/index.html)

The cost principles provide general rules for allowability, and in addition, list alphabetically certain specific items of cost (such as “materials cost”), indicating whether those specific cost items are allowable, unallowable, or allowable only with the prior approval of the awarding agency. In general, unless prohibited by the statute, regulations, or cost principles, local projects may use Even Start funds and matching resources for costs that are necessary and reasonable to meet the objectives of their projects and provide each of the 15 required program elements, including the four core family literacy service instructional components.

Following are some examples of allowable costs. Other allowable costs are found in EDGAR and the applicable cost principles.

• Materials and supplies. Generally, a project may use Federal Even Start funds and matching resources to purchase materials and supplies related to the Even Start project. (See the applicable cost principles under "material costs" or "materials and supplies.")

• Equipment. Generally, capital expenditures for equipment are allowable as a direct cost when approved by the awarding agency. The cost principles define "equipment" as an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals the lesser of (a) the capitalization level established by the governmental unit for financial statement purposes, or (b) $5,000. Items of equipment with an acquisition cost of less than $5,000 are considered to be supplies under Circular A-87 and are allowable under all of the cost circulars as direct costs of Federal awards without requiring specific awarding agency approval. (See the applicable cost principles under the paragraph of selected cost items concerning "Equipment and other capital expenditures": *Circular A-87*, Attachment B, paragraph 19; *Circular A-21*, Section J, paragraph 16; *Circular A-122*, Attachment B, paragraph 15.)

• Food and meals for project participants. A project may use Federal Even Start funds to purchase food and meals for project participants to the extent those expenditures are reasonable and necessary as a support service under section 1235(3), when unavailable from other sources and when necessary for a person's participation in the Even Start program. For example, providing food may be reasonable and necessary when academic instruction is provided in the evening and participants do not have time to eat at home before coming to the program, at recruitment functions, or when individuals otherwise would not participate in the program. However, entertainment costs, including meals when provided for the purpose of being a social activity or amusement, are unallowable under all of the cost principles.

• Minor remodeling. Even Start projects may use funds for the reasonable and necessary costs of minor remodeling, as that term is defined in EDGAR, section 77.1. Under that definition, "minor remodeling" means, in general, minor alterations to a previously completed building. The specific term does not include building maintenance and repairs, but both are allowable expenditures to the extent they are necessary and reasonable. The term excludes building construction or structural alterations to buildings, which are unallowable expenditures.

• Rental costs of buildings and equipment. Generally, reasonable rental costs are allowable under all of the OMB cost circulars, subject to specific requirements in each applicable OMB cost circular that should be reviewed before a project enters into a rental agreement. The rental or lease costs of buildings and equipment, which are owned by a partner to an Even Start grant (or to another entity with a less-than-arms-length relationship with any of the partners), generally are valued on a different basis than are buildings and equipment rented or leased from a third-party. (Refer to the applicable OMB cost circulars for more detail about valuation.)

• Transportation. Projects may spend Even Start funds on transportation for participants as a support service under section 1235(3), when unavailable from other sources and when necessary for a person's participation in the Even Start program. Transportation costs must be reasonable and necessary. If a project wishes to provide this transportation through the lease or purchase of a vehicle, such a lease or purchase would be considered a capital expenditure and the applicable OMB cost circular rules for equipment and capital expenditures apply, including the requirement to obtain the approval of the awarding agency.

Unallowable Costs

Following are some examples of unallowable costs. Other unallowable costs are found in EDGAR and the applicable cost principles.

- Indirect costs. Local Even Start projects may not use project funds (including Even Start funds and matching funds) for any indirect costs of a project. (Section 1234(b)(3)) The differences between direct and indirect costs are explained in the applicable cost principles described above. In general, indirect costs are those costs that are incurred for common or joint purposes among multiple cost objectives (for example, the Even Start program and the school district's program) and cannot be readily and specifically identified with a particular final cost objective without effort disproportionate to the results achieved (for example, the cost of heating and lights for a building in which multiple programs are located). States may use the Even Start funds that they reserve for State-level activities for indirect costs at the State level.

Q19: Can a local Even Start program treat a cost, such as an accounting cost, as a direct cost if it treats that same type of accounting cost for the Title I, Part A preschool program, under like circumstances, as an indirect cost?

A19: No. Projects must treat costs consistently across programs as either direct or indirect costs. (OMB Cost Circular A-21, Section C.11; OMB Cost Circular A-87, Section D.2; OMB Cost Circular A-122, Attachment B, Section B.1)

- Constructing, renovating, or acquiring real property. An Even Start project may not use Federal Even Start funds or matching resources to acquire real property, or for construction or renovation. (See EDGAR, section 75.533 for direct grantees of the Department, and section 76.533 for State-administered subgrants.) Construction includes structural alterations to buildings, but does not include minor remodeling (see above).

- Organized fundraising. Under *OMB Cost Circular A-87*, the costs of organized fundraising, including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable. However, expenditures of funds to obtain the statutorily required cost or matching share for Even Start grants are not considered to be unallowable fundraising.

Maintenance of Effort

Beginning with FY 2002, Even Start programs are subject to a maintenance-of-effort requirement (section 9521), which is the same as the requirement that has applied to Title I, Part A for a number of years (section 1120(A)(a)). As applied to Even Start, the maintenance-of-effort requirement means that an Even Start project may receive funds only if the SEA determines that the project's LEA partner's combined fiscal effort per student or the aggregate expenditures of the LEA and the State with respect to the provision of free public education by the LEA for the preceding fiscal year was not less than 90 percent of the combined fiscal effort or aggregate expenditures for the second preceding fiscal year. However, in cases where a school district has failed to maintain effort in education expenditures, ED may waive that requirement if such a waiver would be equitable due to-- (1) exceptional or uncontrollable circumstances such as a natural disaster; or (2) a precipitous decline in the financial resources of the local educational agency. For additional information on the maintenance-of-effort requirement, you may want to talk with your Title I State or LEA director.