

MIGRANT EDUCATION PROGRAM FISCAL HANDBOOK



The California Department of Education
Migrant, Indian, and International Education Office

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Preface

The Migrant Education Program (MEP) was established under the Elementary and Secondary Education Act (ESEA) of 1965 and reauthorized under the No Child Left Behind (NCLB) Act of 2001. The provisions of the MEP are included in Part C of Title I of the ESEA. The MEP is not a flow-through entitlement program such as Title I, Part A, but functions instead as a state-run reimbursement program. The California Department of Education (CDE), Migrant, Indian, and International Education Office (MIIEO) is responsible for leadership, oversight, and ensuring that migrant students receive the full benefits of this funding.

The services offered by the MEP are coordinated with other federal, state, and local educational services to support high-quality, comprehensive educational programs for migrant children to reduce educational disruptions and barriers resulting from repeated moves. States receive annual, federal, formula grants based on the number of migrant students identified within the state. The grants are to establish or improve education programs for migrant children. These grants assist states in improving educational opportunities for migrant children through the provision of supplemental, direct services to ensure migrant students succeed in school, graduate from high school, and make successful transitions to postsecondary education or employment.

The MEP funds are solely for the benefit of migrant students and may not be used to support projects that include non-migrant students. Fiscal requirements for the expenditure of migrant education funds must be met by all fund recipients and operating agencies: MEP regions, districts, and direct-funded regions. Federal and state statutes and regulations require that operating agencies:

- Provide services to migratory children that are at least comparable to services provided to non-migratory children.
- Use MEP funds to supplement, not supplant regular non-federal funds. Thus, MEP funds are supplementary to the base and other special programs.

The purpose of this handbook is to provide basic information and guidelines for the use of migrant education funds. This handbook explains MEP administrative responsibilities, federal authority, resources, cash management, and instructions for grant applications.

1.0 General Policy for Funding of Migrant Education Programs

1.1 Process and Funding Formula

Each approved operating agency is funded by the CDE/MIIEO through a subgranting process. The total amount allocated to applicants is based on the availability of federal funds and on a subgranting (as outlined in 1.2 below) formula determined by the CDE/MIIEO. Migrant Education grant funds are not entitlements.

1.2 Subgranting

As funding is not available to meet all needs of all migrant students, the NCLB implemented a priority for services (PFS) requirement. In compliance with NCLB, recipients of MEP funds must first address the priority needs of migrant students:

who are failing, or most at-risk of failing, to meet the state's academic content and achievement standards; **and** whose education has been interrupted during the regular school year, (NCLB, Part C, section 1304(d)).

The CDE/MIIEO uses the following seven-factor formula in determining subgrants to operating agencies:

1. The availability of funds from other federal, state, and local programs (NCLB, Part C, section 1304(5)(d))
2. Regular school enrollments – Category 1
3. Summer and intersession enrollments – Category 2
4. Number of PFS migrant students
5. Age 19-21 count
6. Number of migrant students that have moved within one year
7. The academic need of migrant students

1.3 Funding Period

The funding period shall be from **July 1 through June 30.**

1.4 Migrant Education Program Costs

All MEP costs are separate and distinct and must directly correlate with a student's migrant status. Migrant program costs are differentiated as above the normal cost of instruction and above all costs normally incurred in the absence of the MEP. The MEP costs are supplemental to the base and to Title I, Part A.

2.0 Federal and State Laws and Regulations, and Local Policies

Migrant education operating agencies and service providers shall comply with all applicable federal and state laws, regulations, policies, guidelines, and operating practices. Federal requirements are the standards for the use of the MEP grant awards. Federal law supersedes all conflicting local practices and procedures for the use of MEP funds. Local policies must conform to applicable federal and state law in regards to the use of MEP funds.

Specifically, the following applies:

Education Department General Administrative Regulations (EDGAR); 34Code of Federal Regulations (CFR)200; NCLB, Public Law (P.L.)107-110,115 Stat.1425 (2002), Title I, Part C, Education of Migratory Children, et seq.; applicable sections within 34CFR74; 34CFR75; 34CFR76; 34CFR80; 69 Federal Register (FR) 40360; Office of Management and Budget (OMB) Circulars A-87, and A-133; and all applicable federal rules and regulations.

- Applicable sections of Title 20 of the *United States Code*
- *California Education Code (EC)* sections 54400, et seq.
- General Education Provisions Act (GEPA)
- *Generally Accepted Accounting Principles*
- Governmental Accounting Standards Board (GASB)
- *California School Accounting Manual (CSAM)*
- *Migrant Education Program Fiscal Handbook*
- All migrant education policy, operational, and informational memoranda
- Regional Application and District Service Agreement Contracts
- CDE/MIIEO Legal Assurances and Certifications for LEAs

- Applicable policies, rules and regulations adopted by counties and districts

NCLB titles and sections will not correspond with the applicable *U.S. Code* title and sections as it takes years for new legislation to appear in print in the official version of the *U.S. Code*.

Special Rule – Notwithstanding 69FR30360, *Notice Authorizing Schoolwide Programs to Consolidate Federal Education Funds and Exempting Them From Complying With Statutory or Regulatory Provisions of Those Programs*. A school that received funds under this part shall continue to address migrant education consistent with 34CFR1306(b)(4) and 200.29(c)(1) before a school operating as a schoolwide program consolidates funds received under Part C, of Title I of the ESEA for the education of migrant children.

The school must, in consultation with parents of migrant children or organizations representing those parents, or both, first meet the unique educational needs of migrant students. The school must address the effects of their migratory lifestyle on learning and address other needs that are necessary for facilitating migrant students effective participation in school. The school must document that those needs have been met. Therefore, a schoolwide plan should address *all* students in school, especially those of the target population of any education program whose funds are included in the schoolwide budget and not just those who attend during the “regular” school year.

3.0 Operating Agency Administrative Responsibilities

3.1 General Administrative Functions

EC section 54444.1, et seq. codifies the migrant education regional service system as the primary method for the delivery of services to migrant students. In compliance with this method of delivering services, the CDE/MIEO requires that all operating agencies, regardless of type, provide centralized services such as administration, staff development, Migrant Student Information Network (MSIN), health resources, parent participation, and local approved programs. The administrative responsibilities are to:

- Serve as the administering agency for the participating school districts and/or counties that enter into service agreements to form such regions.
- Provide services in compliance with applicable state and federal laws and regulations.
- Provide a program consistent with the basic objectives of project requirements contained in 34CFR200.88 regarding, supplementing of non-

federal assistance, comparability of services, and meeting the intent of Title I, Part C.

- Have the necessary legal authority to initiate and negotiate service agreements or other contracts.
- Initiate and implement the necessary interagency agreements with other state and/or local agencies for the provisions of health, social, and other services for migratory children.
- Develop administrative policies for the operating agency to facilitate implementation of the program. These policies cannot conflict with other state or federal laws, regulations, and policies.
- Ensure that services are provided for the children who have been determined to have the greatest need.
- Employ the appropriate staff to carry-out all the central services and administrative functions, and implement staff development plans and practices to meet the needs of students as defined in the program.
- Provide support to staff (e.g., professional development training and materials).
- Provide oversight and technical assistance to agencies operating under service agreements (e.g., budgets, staffing, health resources, MSIN and parent involvement).
- Promote continuity of program services through staff participation in state MEP meetings and professional development activities.
- Ensure interagency collaboration to improve the services available to participating students.
- Promote effective involvement of parent advisory committees at the regional and district level.

3.2 Fiscal Responsibilities

In matters of finance, accounting, budgeting, and purchasing, decisions regarding the classification and appropriateness of expenditures must be in conformity with state and federal statutes and requirements. It is the responsibility of the operating agency's fiscal officer to ensure compliance by maintaining fiscal safeguards and meeting the tests of generally accepted auditing standards.

A. Each operating agency shall:

1. Allocate funds in a manner consistent with program requirements as set forth in federal and state legislation.
2. Establish a written distribution of funds formula reflective of program needs, enrollment and/or other factors such as mobility, age, and grade-level.
3. Reallocate funds, through the specified amendment and revision process.
4. Have written procedures and criteria for amending or revising service agreements including criteria, process, and timelines for reallocating funds.
5. Expend funds only on the basis of applications, amendments, or revisions approved by the CDE/MIIEO.
6. Maintain fiscal procedures in conformity with requirements adopted by the CDE/MIIEO.
7. Use fiscal control and fund accounting procedures that will ensure proper disbursement of and accounting for NCLB Title I, Part C funds.
8. Meet the requirements of the GEPA and the GASB as they relate to fiscal control and fund accounting.
9. Return to the CDE/MIIEO the amount of NCLB Title I, Part C, funds later determined not to have been spent in accordance with applicable law.
10. Have written policies and procedures for collecting money paid to districts for expenditures later determined to be unallowable.
11. Monitor all school district expenditures as deemed appropriate by the operating agency, and maintain a record of the review that shall be kept on file by the operating agency for the amount-of-time specified by law.
12. Use procurement procedures that reflect applicable federal and state statutes and standards. Local procedures must conform to applicable federal laws and to the procurement standards found in 34CFR80.36 and 34CFR89.36. Federal law supersedes any locally developed policies or procedures that is contradictory to federal statutes and requirements for all MEP funding. Therefore, all policies for procurement services under the MEP at the regional and district level *must* be consistent with the requirements in 34CFR80.36, 34CFR89.36, and OMB Circulars A-87 and A-133. The following applies:

- All costs must be reasonable and necessary for proper and efficient performance and administration of the MEP.
- All procurement transactions must be conducted in a manner providing for full and open competition consistent with the standards in 34CFR80.36 and 34CFR89.36.
- Subgrantees will establish a clear process or written criteria for judging proposals, assessing technical qualifications of contracted personnel, and for assessing the quality of a technical approach.
- Subgrantees will establish criteria for a clear cost-benefit analysis for the required service.
- Procurement standards will not contain features that unduly restrict competitive bidding.
- Awards will be made to the bidder whose proposal is most advantageous, with price considered.

13. Operating agencies and districts shall not set-aside contingency funds.

3.3 Administration of District Programs

A. General Guidelines

The regional application includes the operating agency application and all district service agreements. The CDE/MIIEO approves the regional application.

The operating agency is responsible for and has the authority to conditionally approve the district service agreement and any subsequent revisions or amendments submitted to the operating agency by the districts.

The operating agency also has the authority to conditionally reallocate funds from one district to another. Any amendments or reallocations shall not exceed the state-approved aggregate total of all migrant district budgets for the region. All such changes shall be submitted in writing for final approval to the CDE/MIIEO in an amendment or revision.

The general fiscal guidance as noted in this handbook are the minimum requirements for each operating agency.

B. Basic Responsibility

The operating agency and its participating districts are responsible for resolving all fiscal and program audit exceptions related to the service agreements. Every approved activity and budget item shall:

1. Exist for the educational benefit of eligible migrant students based on identified needs
2. Clearly supplement all other services for which the child is eligible and not be used to supplant services which are provided to the general student population

4.0 General Instructions for Grant Applications

4.1 Descriptions and Computations

- A. Descriptions and computations shall be submitted on the forms provided or approved by the CDE/MIIEO.
- B. All salary, benefit, and cost-of-living increases shall be projected in the regional budget and service agreements, and in any subsequent amendments or revisions.

4.2 Contracts

All policies and practices at the district and regional level must be consistent with the requirements in 34CFR89.36 relative to:

1. Competitive bidding for personal services
2. Establishment of a clear process or written criteria for judging proposals or assessing technical qualifications of contracted personnel or quality of technical approach
3. The performance of a clear cost-benefit analysis for the required service

Any purchase for outside services shall be submitted to the CDE/MIIEO as part of the application approval process. For approved applications, the request shall be submitted to the CDE/MIIEO as a written addendum to the application. All requests must be made in advance of purchasing or subcontracting. These requirements shall also apply to subcontracts. Approval of such contracts will be based on the following requirements:

1. The contract shall not remove direct responsibility from the contractor for any portion of the functions for which the CDE/MIIEO holds the operating agency responsible.
2. The contract shall not duplicate services already available from the operating agency, the CDE/MIIEO or other governmental entities.
3. All proposed new or renewal contracts and lease agreements shall be made available to the CDE/MIIEO upon request.
4. Proposed contracts for personal consulting services shall include all necessary information pursuant to the application and the services to be provided.
5. No lease contract shall extend beyond the end of the grant period without a release clause allowing termination with no penalty if the contract is not approved in the succeeding grant period.

4.3 Operating Agency Application for Migrant Education Services

A. Program Application

Operating agencies shall submit to CDE/MIIEO an annual application that contains the following:

1. General information and instructions
2. Organizational chart
3. Cover page, demographic profile, and information on the five programmatic themes:
 - Theme 1 – Standards and Assessments
 - Theme 2 – Teaching and Learning
 - Theme 3 – Professional Growth and Development
 - Theme 4 – Links Among Schools, Families, and Communities
 - Theme 5 – Funding and Governance
4. Documentation of coordination and collaboration
5. Budget information
6. Legal assurances and certifications

7. An annual budget, amendment, and/or revision specific enough to allow the CDE/MIIEO to determine if the proposed local migrant education project satisfies all the applicable requirements

8. Any other information requested by the CDE/MIIEO

B. Required Documentation

Operating agencies shall retain the following records:

1. Salary and benefit schedules
2. Job descriptions
3. Copies of all contracts
4. Other documents as applicable

C. Application Non-transferable/Non-assignable

An application for migrant education services shall not be transferred or assigned to any other agency or party. Only the CDE/MIIEO may transfer or reassign an application. This does not restrict operating agencies from contracting with districts through service agreements.

D. Application Approval

The CDE/MIIEO is responsible for reviewing and approving each operating agency's budget for the migrant education program.

1. Upon submission, applications will be reviewed by the CDE/MIIEO for approval or disapproval.
2. All contracts or leases entered into by operating agencies shall have a release clause contingent upon the availability of funds and approval of applications by the CDE/MIIEO.

3. Application Termination

Either the CDE/MIIEO or the operating agency may terminate the sub-grant. The party terminating shall notify the other party at least forty (40) calendar days in advance. The CDE/MIIEO shall compensate the operating agency for actual services rendered through the date of cancellation.

The CDE/MIIEO may terminate funding for any violation of the terms of the application, the grantee's inadequate performance, or non-compliance with federal or state requirements.

4. Appeal Process

Appeals shall be limited to the grounds that the CDE/MIIEO failed to apply correctly the standards for reviewing the applications as specified in this handbook. An operating agency must file a full and complete written appeal, including the issue(s) in dispute, the legal authority or other basis for the protester's position, and the remedy sought. Appeals must be filed within ten (10) calendar days after receipt of CDE's notice of grant reduction or termination. Operating agencies filing an appeal must submit a letter of appeal by mail, fax, or in person to:

California Department of Education
Anthony Monreal, Deputy Superintendent
Curriculum and Instruction Branch
1430 N Street
Sacramento, CA 95814

The CDE may hold oral hearings, review written briefs, or both. A final decision shall be made by the CDE within thirty (30) calendar days after receipt of the appeal. The decision shall be the final administrative action.

4.4 Application Amendments and Revisions

A. Amendments

Amendments adjust budget line-items within the grant application and either increase or decrease the total grant amount. All budget amendments shall be submitted in writing to the CDE/MIIEO for approval prior to implementation.

B. Revisions

Revisions adjust budget line-items but do not affect the total grant amount. All budget revisions to administration and central service components shall be submitted in writing to the CDE/MIIEO for approval prior to changes.

C. Reimbursements

Expenditures related to an amendment or revision made prior to approval may not be reimbursed.

D. Forms

All budget amendments or revisions shall be submitted on the CDE/MIIEO's Amendment/Revision Transmittal Form and summarize the nature and reason for the change(s).

E. Due Dates and Year-End Deadlines

Amendments or revisions to an approved application may be submitted anytime throughout the year taking into account the year-end deadlines for submission of all requests. The year-end deadlines are as follows:

1. Amendments – No later than **May 15**.
2. Revisions – No later than **June 30**.

4.5 General Instructions for Service Agreements

A. All service agreement budgets shall be on forms provided or approved by the CDE/MIIEO.

B. Required Documentation

The district shall have the following on file:

1. Salary and benefit schedules
2. Job descriptions
3. Copies of all contracts
4. Any other pertinent documents

C. Copies of each service agreement shall be provided to the CDE/MIIEO.

D. Signatures

1. The operating agency shall obtain original signatures from all required parties prior to the services being provided. No reimbursements shall be made for services provided prior to approval of the service agreement.
2. Parent signatures on service agreements and amendments or revisions shall be those of the district parent advisory committee representative(s).

3. The district representative (superintendent or designee) shall sign the service agreement for any project regardless of whether the district or operating agency is providing services.
4. The operating agency shall maintain a complete copy of the service agreement and any amendments or revisions, including the original signature page.

E. Parent Participation Statement

Pursuant to NCLB, in the planning and operation of programs and projects at both the state and local level, consultation with parent advisory councils is required for programs of one school year in duration. Further, all such programs and projects will be carried out:

- in a manner that provides for the same parental involvement as is required for programs and projects under NCLB, Part A, section 1118, unless extraordinary circumstances make such provisions impractical; and
- in a format and language understandable to the parents.

No service agreement and, or regional application shall be approved until it has been documented that there has been parent involvement in accordance with *EC* sections 54444.1(d), 54444.2, et seq., and 54444.4, et seq. The CDE/MIIEO is the authorized agency to approve program applications, service agreements, and the availability of funds.

F. Amendment or Revision Process

1. The operating agency shall process all amendments or revisions to district service agreements by adhering to the following minimum criteria:
 - a. Establish written procedures and criteria for amendments and revisions
 - b. Clearly provide justifications for each change to the local MEP budget and program plan through the use of the amendment/revision transmittal form.

G. Under no circumstances shall a district program budget be amended or revised after the grant period.

5.0 Cash Management, Payments, Fiscal Reports, and Audits

5.1 Cash Management

The 34CFR80.21 provides authority for a state's subrecipients to receive advance payments provided they demonstrate the ability to minimize the amount of time (elapsing) between the receipt and disbursement of federal funds. Otherwise, reimbursement is the preferred method of payment. Further, this section requires a state's subrecipients to promptly pay to the federal agency any interest greater than \$100 earned on cash advances. ME-7 Expenditure Reports submitted with outstanding balances from cash advances or payments must indicate the interest earned and be paid promptly.

5.2 Payments

To receive a cash advance or payment, operating agencies must demonstrate the ability to minimize the amount of time (elapsing) between the receipt and disbursement of federal funds.

To demonstrate the ability to minimize the time elapsing between the receipt and disbursement of funds, operating agencies shall have expended and encumbered at least 90 percent of the current year prior cash advance or payment before a subsequent cash advance or payment will be processed.

With the exception of the first cash advance or payment request, operating agencies shall submit an ME-7 Expenditure Report for each subsequent cash advance or payment request. Adequate completion and disclosure of all expenditures on the ME-7 Expenditure Report is required. Cash advances or payments will only be processed upon the submission of the ME-7 Expenditure Report and in compliance with Sections 5.2 Payments and 5.4 Fiscal Expenditure Reports of this handbook.

A. Grant Award Procedure

1. Annually, upon enactment of the state budget, and approval of the regional application, the CDE/MIIEO allocates and initiates the release of MEP funds to the regions. The CDE/MIIEO does not have the ability to apportion funds or make payments prior to the passage of the state budget. Delays in adoption of the state budget will also delay the release of MEP funds by our office. Following is an outline of the MEP grant allocation process:

- a. Allocations

The CDE/MIIEO allocates MEP funds to regions and direct-funded districts based on the seven-factor funding formula.

b. Grant Award Notification, CDE Form A-400

Upon approval of the regional application and enactment of the state budget, the Grant Award Notification, A-400, is sent to the superintendent of the operating agencies (county offices of education or school districts). The superintendent signs the original Grant Award Notification, A-400, and returns it to the CDE/MIIEO office within ten (10) calendar days. The expectation is that the superintendent's office will inform the MEP regional directors of the grant award allocation.

c. Cash Advances and Quarterly Disbursements

Based on receipt of the signed Grant Award Notification, A-400, the CDE/MIIEO releases the first cash advance, which is 30 percent of the total operating agency budget, to the operating agency.

Throughout the MEP grant cycle, funds are released to operating agencies in quarterly allocations, prorated as follows: 30/30/30/10. The MEP payments are triggered by the agency spending down 90 percent of the current allocation. If the 90 percent spending threshold isn't met the next payment is not released. As soon as the operating agency expends 90 percent of the current cash advance, a ME-7 Expenditure Report may be submitted to the CDE/MIIEO for release of the next cash advance.

At a minimum, ME-7 Expenditure Reports are to be submitted to the CDE/MIIEO at least quarterly throughout the grant cycle. ME-7 Expenditure Reports are required before the second, third, and final cash advances will be released, and in accordance with Section 5.4 of this handbook. Additional ME-7 Expenditure Reports must be submitted if the operating agency does not expend 90 percent of the current cash advance by the expenditure report due dates detailed in Section 5.4 of this handbook.

d. **First Cash Advance**

Released upon submission and approval of the regional application and enactment of the state budget. The first cash advance is 30 percent of the total operating agency budget including indirect costs.

e. **Second Cash Advance - November 15**

The second cash advance is released when the operating agency expends 90 percent of the first cash advance, as substantiated by submission of the ME-7 Expenditure Report. The second cash

advance is 30 percent of the total operating agency budget including indirect costs.

f. Third Cash Advance - February 15

The third cash advance is released only when the operating agency expends 90 percent of the prior cash advance as substantiated by the ME-7 Expenditure Report. The third cash advance is 30 percent of the operating agency budget including indirect costs.

g. Final Expenditure Report - October 31

The final ten percent reimbursement is issued upon submission and approval of the final quarterly, ME-7 Expenditure Report for that award cycle, again substantiating that 90 percent of the funding has been expended from the previous cash advance.

3. Non-Formula Contracts

Cash advances for non-formula contracted services, are not allowed.

5.3 Reimbursements to Districts

A. Documentation substantiating district reimbursement requests shall be:

- Provided to the operating agency with reimbursement claims; or
- Made available to the operating agency for on-site review at the district.

Documentation shall include but is not limited to:

1. Payroll
2. Multi-funded personnel, time accounting records
3. Purchase orders
4. Invoices
5. Travel claims
6. Communication invoices
7. Utility bills
8. Journal entries

B. Documentation shall include verification that:

1. All expenditures are in the correct budget categories.
2. All expenditures are supplemental and correlate to the amounts and categories approved in the service agreements.
3. The personnel reported on the reimbursement claims and/or agency payrolls correspond to staff on the approved service agreements. Changes shall be approved in advance by the operating agency.
4. All supplies purchased are of a supplemental nature.
5. All purchase orders for supplies and materials are approved by an authorized person in accordance with local policy.
6. All travel claims are approved by an authorized person.
7. All travel claims are specifically related to the MEP projects and activities.
8. Parent participation expenditures correspond to the approved service agreement.
9. All utility bills are appropriate and only for migrant education activities.
10. The practices related to expenditures for migrant education are consistent with the policies, regulations, and procedures the district applies to federal and non-federal assisted activities, and consistent with federal law superseding all conflicting local policies and procedures.

5.4 Fiscal Expenditure Reports

ME-7 Expenditure Reports will be deemed approved provided the reports are adequate, complete, and fully disclose expenditures and encumbrances and are in compliance with the following requirements:

A. Due Dates

Operating agencies shall provide expenditure reports as required by the CDE/MIIEO in conformity with state and federal cost principles, rules, regulations, and laws. ME-7 Expenditure Reports shall be submitted to the CDE/MIIEO on a quarterly basis according to the schedule below:

ME-7 Expenditure Report Due Dates

<u>Period Covered</u>	<u>Due Dates</u>
July 1 – September 30	October 31 (current fiscal year)
July 1 – December 31	January 31
July 1 – March 31	April 30
July 1 – June 30 (final report)	October 31 (prior fiscal year)

H. Over-Expenditures

2. To allow flexibility, an operating agency's budget may be over-expended by as much as ten (10) percent or \$1,000 (whichever is greater) of the approved line-item. The local program budget line-items are viewed as the aggregate amount.
3. Any budget series over-expended by more than ten (10) percent or \$1,000 (whichever is greater) of the approved line-item amount will be reviewed and approved or disapproved on a case-by-case basis. The following shall be provided with the year-end and final expenditure report:
 - a. A detailed written explanation citing the specific reasons for the over-expenditure.
 - b. Any additional information or documentation requested by the CDE/MIIEO.
4. Under no circumstances shall an over-expenditure of the total grant amount be approved.

C. Unauthorized Expenditures

Expenditures for items not approved in the application, amendments or revisions will not be allowed.

D. District Expenditures and Financial Reports

The OMB A-87 establishes the cost principles and standards for the administration of the MEP awards. Each operating agency is required to monitor expenditures made by districts contracting for services in their area as all subawards are subject to federal cost principles. The operating agency shall as a minimum ensure that:

- Costs are necessary and reasonable

- Allowable costs must be authorized and not prohibited under state or federal laws and standards
- Allowable costs must be in accordance with generally accepted accounting principles
- Allowable costs must be adequately documented
- Costs must not be included as a cost or used to meet cost sharing or matching requirements of any other federal award
- All costs must conform to any limitations or exclusions set forth in OMB A-87

Additionally operating agencies shall:

- Require documentation substantiating district reimbursement requests and/or perform onsite reviews of the documentation at the district
- Enforce due dates for the monthly and final reimbursement requests
- Require justification for any budget series over-expended by more than ten (10) percent or \$1,000, whichever is greater
- Not reimburse districts for unapproved or unbudgeted expenditures
- Not reimburse district expenditures which exceed the total approved combined regular and summer district budget

5.5 Audit Requirements and Record Retention

A. Audits

Each operating agency shall:

1. Comply with all state and federal regulations and guidelines relating to audits
2. Maintain records that are needed to facilitate an effective audit

B. Accounting Records

1. Accounting Records

Records which identify adequately the source and application of funds for grant or subgrant supported activities shall be maintained. These records shall contain information pertaining to grant or subgrant awards,

authorizations, obligations, unobligated balances, assets, outlays, income, and if the recipient is a government - liabilities.

2. Internal Control

Effective control and accountability shall be maintained for all grant or sub-grant cash, real and personal property and other assets. Recipients shall adequately safeguard all such property and shall assure that it is used solely for authorized purpose.

3. Source documentation

Accounting records shall be supported by source documentation such as purchase orders, invoices, payrolls, contract and sub-grant documents.

C. Record Retention

Federal regulations require that fiscal and program records be retained for audit purposes for five (5) years after the completion of the activity for which the grant or sub-grant funds are used unless an audit is pending. If an audit is pending, records will then be maintained until the final resolution.

The following are the records related to allocations that an operating agency shall keep to fully show:

- The allocation amount
- How the funds were utilized
- The total cost of the project
- The share of that cost provided from other sources
- Other records to facilitate an effective audit

6.0 Capital Outlay and Property

6.1 Capital Outlay

A. Definitions

Capital outlay is an expenditure that results in the acquisition of capital assets or additions to capital assets.

Equipment is tangible personal property having a useful life of more than one year and an acquisition cost, which equals the lesser of the capitalization level established by the operating agency or, \$5,000.

B. Requirements for Approval for Purchase and Reimbursement

1. Capital outlay expenditures for equipment shall be made in compliance with local policies and limitations.
2. Capital outlay expenditures for equipment as defined above or in excess \$5,000 shall be approved in advance and in writing by the CDE/MIIEO through the application or amendment/revision process. Lease-purchase contracts in excess of \$5,000 annually shall be requested in writing in advance for approval.
3. Capital outlay purchases shall be made only by the operating agency.
5. The operating agency may use migrant education funds to purchase equipment only if the agency demonstrates in its migrant education application that:
 - a. The equipment provides a supplementary function over-and-above equipment purchases with district funds
 - b. The equipment is needed to effectively operate the migrant education program
 - c. It has made every reasonable effort to find other funds to pay for the equipment before applying to use migrant education funds for that purpose
5. The operating agency shall demonstrate that the equipment will be used exclusively by the migrant education program.
6. Migrant education program funds shall not be used to pay for site improvement.

A. Inventory

The operating agency is required to maintain an inventory of the equipment (including replacement equipment) until transfer, replacement, or disposition takes place. A physical inventory of equipment shall be taken and the results reconciled with property records at least once every two years.

The records shall include:

1. A description of the equipment, including manufacturer's model number
2. An identification number such as the manufacturer's serial number

3. Acquisition date, unit acquisition, cost, current condition, and location of the equipment as well as the date this information was reported
4. All pertinent information on the ultimate transfer, replacement, or disposition of the equipment

6.2 Property

A. Title

The CDE/MIIEO shall maintain ownership and control over all equipment or property acquired with migrant education funds. All materials developed under the terms of this award will become the property of the CDE. The CDE reserves the exclusive right to copyright such materials and to publish, disseminate, and otherwise use materials developed under the terms of MEP funds.

B. Use for Non-Project Purpose

If equipment is being used less than full-time in the program for which it was originally acquired, the recipient shall make it available for use in other programs currently or previously sponsored by the federal government. First preference for such other use shall be given to programs sponsored by the same granting agency.

Operating agencies shall request in writing, justification(s) for using migrant education equipment in other programs and receive prior written approval from the CDE/MIIEO before any equipment may be used by other programs to include the following:

1. Reason equipment is not being used full-time by the MEP
2. Proposed additional use
3. Program that will share equipment
4. Justification for shared use

C. Equipment

The obligations and conditions for equipment must be followed as set forth in *EDGAR*, Part 80, Subpart C, Section 80.20, Equipment, and OMB Circular A-102.

1. Replacement of Equipment

Equipment may be exchanged for replacement equipment, if needed, through trade-in or sale. The proceeds of the sale or trade-in shall be applied to the acquisition of the replacement equipment. If additional migrant education funds are required to purchase the replacement equipment, the purchase will be subject to the same requirements as new equipment.

2. Transfer of Equipment

If the program for which the equipment was acquired is transferred from one operating agency to another, all items of equipment having a unit acquisition cost of \$5,000 or more shall be transferred to the new operating agency.

The CDE/MIIEO shall require the original recipient to furnish a listing of all items of equipment subject to the transfer. This will enable the CDE/MIIEO to determine which items should be transferred. Reasonable shipping and/or storage costs incurred will be paid by the CDE/MIIEO.

3. Disposition of Equipment

Notify the CDE/MIIEO when disposing of equipment. When original or replacement equipment is no longer used in programs currently sponsored by the federal government, disposition of the equipment shall be made as follows:

- a. Equipment with a current per unit fair market value of less than \$5,000 may be retained, sold, or otherwise disposed of with no further obligation.

Equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold. However, the federal government has a right to an amount calculated by multiplying the current market value or the proceeds from the sale by the federal share of the original purchase. If the equipment is sold, \$100 or 10 percent of the total sales proceeds, whichever is greater, may be retained by the grantee from the amount otherwise due for selling and handling expenses. The amount due from the sale, less selling and handling expenses, shall be remitted to the CDE with a letter listing the item, reason for its disposal, and total amount of the sale.

D. Inventory Disposition

It is the responsibility of the operating agency to record all pertinent information regarding the ultimate disposition of the inventory and to notify the CDE/MIIEO when disposing of inventory with a market value of \$5,000 or more.

7.0 Allowable and Unallowable Expenses

7.1 Operating Agency

Operating agencies assume responsibility for ensuring that federal program funds have been expended and accounted for consistent with applicable OMB cost principles, agency program regulations, and the terms of subgrant agreements to determine the reasonableness, allowability and allocability of costs. OMB Circular A-87, Cost Principles for state and Local Governments establishes, principles and standards for determining costs applicable to grants, contracts, and other agreements with state and local governments. Costs are allowable for federal reimbursement only to the extent of benefits received by federal programs, and costs must meet the basic guidelines of allowability and reasonableness.

A. Allowable Expenses

To be allowable, costs shall meet the following criteria:

1. Be necessary and reasonable for proper and efficient performance, and administration of federal awards, and be allocable under federal and state cost principles.
2. Be consistent with policy, regulations, procedures, and not prohibited under federal, state, or local laws and regulations.
3. Conform with any limitations or exclusions set forth in these principles, federal laws or other governing limitations as to types or amounts of cost items.
4. Be consistent with principles, regulations, and procedures that apply uniformly to federal awards and other activities of the subgrantee.
5. Be accorded consistent treatment. Consequently 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 a federal award as an indirect cost.
6. Not be included as a cost or used to meet cost sharing or matching requirements of any other federal activity in either the current or a prior period.

7. Be adequately documented.

Special Note: Promotional Materials and Gifts of Public Funds

Certain promotional materials, i.e. plaques, lapel pins, bags, t-shirts, etc., and student incentives are allowable if they meet the “necessary and reasonable” standard. To avoid any perception of impropriety, grantees must exercise care in determining when costs for promotional and incentive items are “reasonable and necessary”.

B. Unallowable Expenses

The following expenses are unallowable:

1. Salaries, benefits, and expenses incurred by staff members of the county superintendent/LEA offices not directly related to the Migrant Education Program
2. Expenses of school boards and their members
3. Interest on borrowings, cost of financing and refinancing operations
4. Professional association fees
5. Any excess cost incurred under another grant agreement
6. The development, improvement, maintenance, or repair of any physical facility or property belonging to any county office of education, school district, or any other party, not belonging to the MEP

C. Travel and Conference Expense Guidelines

Record actual and necessary expenses incurred by and/or for employees and other LEA representatives.

D. Conferences

1. Conferences attended shall be related to the identified and prioritized needs of migrant students
2. A list of conferences to be attended (this includes local, state, and out-of-state conferences) in either the regional or district service agreement application and budget documents. Subsequent additions or substitutions to the list must be in writing prior to attendance and funding shall be established in a subsequent budget amendment or revision, as applicable.

3. Requests to attend or participate as a presenter on migrant-related topics at other than MEP sponsored conferences shall include:
 - a. Name of conference
 - b. Cost
4. Number of attendees, presenters and program classification
5. A list of expenses that may be incurred by the operating agency or district in their budget documents of migrant funded personnel and conferences to be attended
6. District staff members shall not use MEP funds to cover the prorated costs of conference attendance

D. Workshops, In-Service Trainings, and Administrative Meetings

The following criteria will apply to workshops, in-service trainings, and administrative meeting attendance by staff employed by the MEP:

1. The activity shall benefit the migrant program
2. Expenses incurred by the operating agency staff shall be budgeted in the appropriate component
3. Expenses incurred by district staff shall be budgeted in the service agreement

E. Field Trips and Other Educational Activities

The activity shall be directly related to instruction and shall not supplant district funded activities.

F. Indirect Costs

Operating agencies may apply for indirect costs by using their approved State Indirect Cost Rate.

G. Parent Participation Expenses

Statewide Parent Advisory Council (SPAC) members shall be compensated at a state established rate. In addition to reimbursement for expenses the foregoing applies if the following criteria are met:

1. The meeting is a regularly scheduled SPAC meeting

2. The meeting is called for by the CDE/MIIEO and the election or selection of a parent representative(s) is recommended or requested
3. Excluded from the above are attendance and participation in the following:
 - a. Local Regional Advisory Councils or Parent Advisory Council committees
 - b. The National Conference
 - c. The State Parent Conference
 - d. Any other voluntary participation in task forces or committees

H. Regional Level Parent Participation Expenses

1. General Expenses - Allowable

- a. Expenses for parent participation training are allowable if training results in direct educational benefits to students
- b. Consultant fees paid to lecturers providing parent training and to persons providing translation/interpretation services
- c. Fees paid to parents for participating in monitoring activities and interview panels, and that does not include any activities performed at the regular parent advisory committee meeting
- d. Reasonable costs for child care while parents attend committee meetings
- e. Training materials, and meeting supplies, including food and refreshments
- f. Expenses related to the State Parent Conference
- g. Meeting room rentals when no free space is available and/or costs such as janitorial services required for meeting room use
- h. Mileage and transportation costs related to attendance at advisory committee meetings
- i. Per diem expenses for parents to attend meetings paid in accordance with local policy
- j. Admissions to facilities when assisting on field trips and excursions

2. General Expenses - Unallowable

- a. Costs related to social activities such as potlucks, dances, holiday and graduation parties
- b. Stipends or compensation for lost wages for participation in PAC activities
- c. Stipends for local meeting attendance
- d. Instruction in English as a second language for parents
- e. Adult education and/or any credit classes
- f. Personal finance classes
- g. Instruction pertaining to immigration requirements
- h. Political activities

7.2 District

A. Allowable Expenses

To be allowable costs shall meet the following criteria:

1. Be necessary and reasonable and not be a general expense required to carry-out the overall responsibility of state or local governments
2. Be consistent with policy, regulations, procedures, and not be prohibited under federal, state or local laws and regulations
3. Be consistent with generally accepted accounting principles
4. Not be allocable to or included as a cost of any other federally funded program

B. Substitute Staff

Migrant education funds may be used to secure substitutes for (1) non-migrant funded classroom teachers who work with migrant students to enable them to participate in activities sponsored by the MEP; and (2) migrant-funded personnel when the absence will make a significantly adverse impact on the program.

C. Multi-Funded Staff

Charges for direct or indirect costs of federal funds for salaries and wages must be made pursuant to the *CSAM*, OMB Circulars A-87 and A-133, and *ED Cross-Cutting Section, III.B.2*

The following minimum requirements shall be met:

1. The services paid for by migrant education shall be clearly supplemental
2. Arrangements shall be made so that multi-funded migrant staff attends appropriate in-service training sessions
3. A list of the names and MSIN numbers of the migrant students served by the multi-funded staff person shall be maintained
4. Records documenting the time spent with migrant students and paid for by migrant education shall be maintained.
5. Each employee paid in part from a single cost objective and in part from other revenue completes a Personnel Activity Report each pay period or an approved sampling method is used.

B. Student Work-Study Program

Documentation, including a source document, such as a timesheet or time-card, containing the following information is required:

1. Name of work-study student
2. Name of employer
3. Type and location of employment
4. Days, dates, time, and hours worked by student
5. Date and signature of student confirming the above information
6. Date and signature of worksite supervisor or a designee confirming and verifying the accuracy of the timekeeping documents and work performance of student(s).
7. Any other federal, state, and local employment requirement guidelines.

C. Field Trips

The activity shall be directly related to instruction. The service agreement shall detail any requested field trips and their estimated costs. Justification shall address issues such as: 1) the supplemental nature; and 2) how the field trip(s) relates to the instructional program. The district shall maintain detailed documentation on field trips indicating the purpose and the cost and how the cost is related to the program.

D. Conferences

1. Conferences attended shall be related to the identified and prioritized needs of migrant students.
2. List the conferences to be attended (this includes local, state, and out-of-state conferences) in either the regional or district service agreement application and budget documents. Subsequent additions or substitutions to the list must be requested in writing and approved in writing prior to attendance. Funding shall be established in a subsequent budget amendment or revision, as applicable. The budget must reflect the number of attendees and estimated costs.
3. Requests to attend or participate as a presenter on migrant-related topics at other than MEP sponsored conferences shall include:
 - a) Name of conference
 - b) Cost
 - c) Number of attendees, presenters, and program classifications
 - d) Expenses may be incurred by the operating agency or district
 - e) A list of expenses that may be incurred by the operating agency or district in their budget documents of migrant funded personnel and conferences to be attended

E. Administrative Costs

Migrant education funds may not be used for any position usually funded at the district base program level.

In coordination and compliance with the Categorical Program Monitoring instrument, each employee funded solely by a single federal program or cost objective shall complete a semiannual certification of such employment.

The operating agency has the discretion of reimbursing the districts for their administrative expenses by passing on a portion of its' indirect cost funds.

F. Allowable Summer School Facility Maintenance Costs

1. Statutory Requirement

Each school district, county office of education, and community college district shall, upon request, make facilities available at cost for the operation of migrant summer school programs whenever they are available. Where available, these facilities shall be suitable for the summer climate.

2. Payment of Maintenance Costs

Payment will be for costs that are incurred as a result of the operation of the Migrant Education Program.

3. Methodology for Cost Determination

- a. Total all the general maintenance costs incurred for the year.
- b. Allocate the costs by the Classroom Units Method for the facilities occupied by the migrant education program.
- c. Prorate the allocated maintenance costs by the number of hours or weeks that a migrant summer program is conducted as compared with the total yearly hours or weeks of use for these facilities for all programs.

I. Transportation

Allowable transportation reimbursement during the regular school year includes field trips for migrant students only and transportation for extended day/week activities. In addition, daily transportation to and from the migrant-funded summer school is allowed. If a district does not provide transportation to the core program for any student, migrant funds may be used to provide such transportation to migrant students.

J. Parent Participation Expenses

1. General Expenses – Allowable

- a. Expenses for parent participation training are allowable if training results in direct educational benefits to students.

- b. Consultant fees paid to lecturers providing parent training and to persons providing translation/interpretation services.
- c. Fees paid to parents for participating in monitoring activities and interview panels, however this does not include any activities performed at the regular parent advisory committee meeting.
- d. Costs for childcare while parents attend committee meetings.
- e. Training materials and meeting supplies, including food and refreshments.
- f. Meeting room rentals when no free space is available and/or costs such as janitorial services that are required for meeting room use.
- g. Per diem expenses for parents to attend meetings in accordance with local policy.
- h. Mileage and transportation costs related to attendance at migrant-related activities.
- i. Admissions to facilities when assisting chaperons on field trips and excursions

2. Unallowable Expenses

The following expenses are unallowable:

- a. Costs related to social activities such as potlucks and dances and holiday and graduation parties
- b. Stipends or compensation for lost wages for participation in Parent Advisory Council activities
- c. Stipends for local meeting attendance
- d. Instruction in English as a second language for parents
- e. Adult education and/or any credit classes
- f. Personal finance classes
- g. Instruction pertaining to immigration requirements
- h. Political activities

i. Equipment

3. Parent Participation Budget Items

All object classification that applies to parent participation activities shall be budgeted separately within the District Service Agreement.

**8.0 Additional Information
Object Classification Codes**

Section 41010 of the *EC* requires LEAs, to follow the definitions, instructions, and procedures in the *California School Accounting Manual (CSAM)*. Operating agencies and districts are mandated to follow *CSAM* guidelines for conformity with generally accepted accounting principles (GAAP). GAAP is essential for consistency and comparability in financial reporting. *CSAM* is to be used for classifying, developing, and recording all revenues and expenditures for the Migrant Education Program. Copies of *CSAM* are available from the CDE Press, Sales Office, 1430 N Street, Suite 3207, Sacramento, CA 95814-5901; (FAX) (916) 323-0823. *CSAM* may be searched electronically at CDE's Web site: <http://www.cde.ca.gov/fg/ac/sa>.

The following object classifications are taken directly from the *CSAM*, but are not intended as the definitive authority as there are omissions in object codes and references due to the volume of information in *CSAM*. It is the responsibility of the operating agencies and districts to verify for modifications in *CSAM*.

Procedure 330 <u>CODE</u>	Object Classifications <u>DEFINITIONS</u>
1000-7999	Expenditures

1100 1999 Certificated Personnel Salaries. Certificated salaries are salaries for positions that require a credential or permit issued by the Commission on Teacher Credentialing. Salaries paid to an employee on leave of absence continue to be charged in the same manner and to the same account classification that was applicable while the employee was in active service of the LEA.

For compensated time off, a substitute for a position recorded in objects 1000–1999 should be charged to the same goal and function as the absent employee. For other than compensated time off, such as released time for negotiations, the substitute should be charged to the applicable goal and function.

Record salaries for certificated personnel employed to teach migrant students. *Classroom teachers may be hired only for migrant summer school programs solely for the provision of instructional services to migrant students.*

1100 - Teachers' Salaries. Record the full-time, part-time, and prorated portions of salaries for all certificated personnel employed to teach the pupils of the district or pupils in schools maintained by a county superintendent of schools. Include salaries for teachers of children in homes or hospitals, all special education resource specialists and teachers, substitute teachers, and instructional television teachers. Include salaries of teachers who provide instruction to students on a pullout basis.

The separate recording of teachers' salaries is required by *Education Code* Section 41011 and is limited to salaries of certificated employees paid to teach the pupils of the district or pupils in schools maintained by a county superintendent.

The following comments, interpretations, and definitions are included to guide school officials in determining whether the total salary or a portion of the salary would be charged to Object 1100, Teachers' Salaries.

The total salary is recorded in Object 1100, Teachers' Salaries, under the following conditions: The teacher is an employee of the district or office of the county superintendent in a position requiring certification qualifications. The teacher's duties require him or her to teach pupils of the district for at least one full instructional period on each school day for which he or she is employed, and he or she is assigned no duties other than those that are connected with, or extensions of, classroom teaching. Such activities are limited to the following:

- Preparation for and evaluation of classroom work
- Extracurricular activities that arise from classroom work and are extensions of it (e.g., class or club sponsorship or supervision at school functions)
- Management of and instruction in a study hall
- Duties that are ordinarily assigned to certificated personnel in connection with the custody and control of pupils at recess or lunchtime, after school, or at other times

If a certificated employee teaches at least one instructional period each day that he or she is employed to teach and is also assigned other duties neither in connection with nor as an extension of classroom teaching, his or her salary must be prorated and recorded in Object 1100, Teachers' Salaries, and in the other objects that provide for recording of expenditures for the other assignment(s). The amount recorded in Object 1100, Teachers' Salaries, is the product of the employee's complete salary and the fraction of the full-time school day that the employee spent as a classroom teacher performing duties

that are in connection with, or an extension of, classroom teaching as limited herein. The remaining portion is then charged to the object(s) in which expenditures for the other assignments are recorded. Some of the other assignments may pertain to work outside the field of teaching. If a teacher performs such assignments, it will be necessary to prorate a portion of the teacher's salary to classifications other than Object 1100, Teachers' Salaries.

The term *other assignments* that must be recorded or prorated to other object codes includes, but is not limited to, assignments usually and specifically assigned to persons employed in the following types of positions:

Certificated:

- General supervisors, coordinators, directors, specialists, consultants, supervisors of special subjects or grades, and certificated assistants (Function 2100, Instructional Supervision and Administration; Object 1300, Certificated Supervisors' and Administrators' Salaries)
- Chairperson of academic department (Function 2700, School Administration; Object 1300, Certificated Supervisors' and Administrators' Salaries)
- Principals, vice principals, assistant principals, deans, and assistant deans in individual schools (Function 2700, School Administration; Object 1300, Certificated Supervisors' and Administrators' Salaries)
- Principals, vice principals, assistant principals, deans, and assistant deans in individual schools (Function 2700, School Administration; Object 1300, Certificated Supervisors' and Administrators' Salaries)
- Librarians, assistant librarians, and audiovisual personnel (Function 2420, Instructional Library, Media, and Technology; Object 1200, Certificated Pupil Support Salaries)
- Counselors, nurses, psychologists, psychometrists, audiometrists, and guidance and attendance personnel (Pupil Service functions 3110 through 3150; Object 1200, Certificated Pupil Support Salaries)

Classified:

- School bus driver, custodian, secretary to the governing board, and supervisor of transportation

Record salaries of supplemental teachers such as certificated personnel providing special supplementary instructions. No teachers of record may be hired during the regular school year or for non-migrant-sponsored summer school programs. Classroom teachers may only be hired for migrant summer school programs. Staff functioning in this classification shall provide instructional services only.

1200 - Certificated Pupil Support Salaries. Record the full-time, part-time, and prorated portions of salaries of all certificated personnel performing

services of librarian, social worker, or certificated personnel doing pupil personnel work; psychologists and psychometrists; counselors, as well as health services rendered by physicians, oculists, dentists, dental hygienists, nurses, optometrists, school audiometrists, psychiatrists, otologists, and other personnel as authorized in the field of physical and mental health and who are on the payroll of the LEA. Health services personnel must possess a services credential (*Education Code* sections 44872–44879 and 49422–49427).

1300 - Certificated Supervisors' and Administrators' Salaries. Record the full-time, part-time, and prorated portions of salaries of principals, vice principals, administrative deans in individual schools, and other personnel performing similar duties; certificated personnel engaged in instructional supervision, including general supervisors, coordinators, directors, consultants, and supervisors of special subjects or grades and their certificated assistants (whether or not they supervise staff); superintendents and/or deputy, associate, area, and assistant superintendents in districts and offices of county superintendents of schools (*Education Code* sections 35028, 35029, 35030, 44065, 44066, and 44069).

Note: The term *supervision* is used to designate those activities having as their purpose the actual improvement of instruction under the direction of supervisors and assistants. Such activities include (1) personal conferences with teachers on instructional problems; (2) classroom visitation; (3) group conferences with teachers; and (4) demonstration teaching

Record salaries of school administrators during summer sessions provided the school district has no summer school program available to migrant students and certificated personnel engaged in the supervision of instruction and supportive services. No principal may be paid for services during the dates included in their regular school year contract.

1900 - Other Certificated Salaries. Record the full-time, part-time, and prorated portions of salaries for all certificated personnel who do not fall within one of the categories previously specified. Examples of such personnel are special education and/or other program specialists, certificated civic center employees, or resource teachers not performing duties as a classroom teacher. Object 1900 is not open to instructional functions.

2000 - 2999 Classified Personnel Salaries. Classified salaries are salaries for services that do not require a credential or permit issued by the Commission on Teacher Credentialing. Salaries paid to an employee on leave of absence will continue to be charged in the same manner and to the same account classification as was applicable while the employee was in active service for the LEA.

For compensated time off, a substitute for a position recorded in objects 2000–2999 should be charged to the same goal and function as the absent

employee. For other than compensated time off, such as released time for negotiations, the substitute should be charged to the applicable goal and function.

Student employees are to be coded to the goal, function, and object that represent the position they are filling. However, if the student is being paid as part of an educational program such as work experience, use Function 1000, Instruction, and Object 2900, Other Classified Salaries.

Record salaries of school administrators during summer sessions provided the school district has no summer school program available to migrant students and certificated personnel such as directors, consultant, coordinators, and supervisors engaged in the supervision of instruction and supportive services. No principal may be paid for services during the dates included in their regular school year contract.

2100 - Instructional Aides' Salaries. Record total salaries paid to instructional aides who are required to perform any portion of their duty under the supervision of a classroom teacher or that of a special education resource specialist teacher (*Education Code* Section 41011). This code also includes other non-certificated instructional personnel, such as classified coaches, tutors, and drug/alcohol program mentors.

Record salaries of those aides working only with migrant students under the supervision of classroom teachers.

2200 - Classified Support Salaries. This code is used to record the full-time, part-time, and prorated portions of salaries of classified employees not defined elsewhere who are working in the instructional media and library, student support, pupil transportation, food services, and maintenance and operations functions.

Salaries for the instructional media and library function include the salaries of library and media aides.

Salaries for the student support function include the salaries of counselor aides and health aides.

Salaries for the pupil transportation function include the salaries of bus drivers, mechanics, field coordinators, gasoline-pump attendants, and all other personnel whose assignments are related to the transportation of students.

Salaries for the food service function include the salaries of nutritionists, cooks, helpers, and all other food service personnel except those engaged in the management of the food service program on a districtwide basis. The

salary of a classified director of food services, if districtwide, is recorded in Object 2300,

Classified Supervisors' and Administrators' Salaries. The salary of a certificated director of food services, if districtwide, is recorded in Object 1300, Certificated Supervisors' and Administrators' Salaries. Salaries for the maintenance function include the salaries of carpenters, painters, plumbers, electricians, and other similar positions.

The salaries for the operations function include the salaries of custodians, matrons, general utility workers, firefighters, dairy workers, guards, gardeners, elevator operators, warehouse workers, delivery personnel, truck drivers, and other similar positions.

Record salaries of classified employees not defined elsewhere who are working in the instructional media and library, student support, pupil transportation, food services, and maintenance and operations functions.

This includes custodians and maintenance personnel paid as a direct result of the district implementing a migrant education program.

2400 - Clerical, Technical, and Office Staff Salaries. Record the full-time, part-time, and prorated portions of salaries paid to clerks, secretaries, accountants, bookkeepers, programmers and computer technical support, machine and computer operators, and others in similar positions.

Record salaries of clerks and secretaries providing supportive services for operation of the migrant education programs. This classification also includes data entry clerks implementing the MSIN.

2900 - Other Classified Salaries. Record the full-time, part-time, and prorated portions of salaries not identifiable with objects 2100 through 2400 (e.g., noon supervision personnel, students employed for work experience, civic center aides, and building inspectors). Students employed as part of a work-study curriculum or job-training grant are coded to Function 1000, Instruction.

Record salaries of supportive service aides/liaisons implementing the identification, recruitment, health, and parent involvement components. This classification includes work-study students.

3000 - Employee Benefits. Record employers' contributions to retirement plans and health and welfare benefits, including cash in lieu of benefits for employees, their dependents, retired employees, and board members. Benefits are separated into two categories. A code that ends in 1 indicates benefits paid to personnel in certificated positions, and a code that ends in 2

indicates those paid to personnel in classified positions. Record benefits as required for employees or their dependents.

4100 - Approved Textbooks and Core Curricula Materials. Record expenditures for classroom instructional materials designed for use by pupils and their teachers as the basic curriculum adopted by the State Board of Education or the district board for required subject matter. Instructional materials may be printed or appear in some other form and may consist of textbooks, technology-based materials, and other educational materials, such as manipulatives (*Education Code* Section 60010(h)). The cost includes all consumable materials available in the approved series, such as kits, audiovisual materials, or workbooks.

Teachers' manuals and editions relate to specific, basic, or supplementary textbooks and are intended for teachers' use rather than for pupils' use. They are part of the approved curriculum used in the classroom and so are part of Object 4100.

Single issues of state-approved textbooks for review by research committees or curriculum directors would be coded to this object with an instruction-related service function, such as Function 2130, Curriculum Development.

4200 - Books and Other Reference Materials. Record expenditures for books and other reference materials used by district personnel. Books used for reference are further identified by the appropriate function. For example, reference books for use in the nurse's office, in the district business office, or in the cafeteria would be coded to Function 3140, Health Services; Function 7200, Other General Administration; or Function 3700, Food Services, respectively. Function 1000, Instruction, would include (1) books that have not been adopted by the proper authority for use as basic curricula; (2) books, such as reference books, that are available for general use by students even though such books may be used solely in the classroom; and (3) all other materials used for reference purposes.

Generally, the purchase of library books or other reference materials is coded to Object 4200. However, expenditures for library books to stock a new school library or for material expansion are recorded in Object 6300, Books and Media for New School Libraries or Major Expansion of School Libraries.

Consumable materials other than those directly related to adopted curricula (Object 4100) have a limited shelf life of less than one year. Such materials as periodicals, magazines, workbooks, drill books, exercise pads, and the like are recorded in Object 4300, Materials and Supplies.

4300 - Materials and Supplies. Record expenditures for consumable materials and supplies to be used by students, teachers, and other LEA personnel. Instructional materials and supplies are those used in the classroom by students and teachers. Other materials and supplies included in Object 4300 are those used in services and auxiliary programs, such as food service supplies; custodial supplies; gardening and maintenance supplies; supplies for operations; transportation supplies, including gasoline; supplies for repair and upkeep of equipment or buildings and grounds; and medical and office supplies.

Expenditures for rentals of materials are coded to Object 5600, Rentals, Leases, Repairs, and Non-capitalized Improvements. Incidental materials and supplies included in payments to outside vendors for repair and maintenance services are coded to Object 5600, Rentals, Leases, Repairs, and Non-capitalized Improvements.

Payments to outside vendors for duplication services should be coded to Object 5800, Professional/Consulting Services and Operating Expenditures.

4400 - Non-capitalized Equipment. Record expenditures for movable personal property of a relatively permanent nature that has an estimated useful life greater than one year and an acquisition cost less than the LEA's capitalization threshold but greater than the LEA's inventory threshold pursuant to *Education Code* Section 35168 or local policy. For information on the capitalization threshold, refer to Procedure 770.

4700 - Food. Record expenditures for food used in food-service activities for which the purpose is nourishment or nutrition (i.e., breakfast, snacks, lunch, and other similar items). Include food purchased by the food service program for student meals on field trips even if not reimbursed through the school lunch program.

4700 - Food. Record expenditures for food, other than food for instructional purposes, used in food service activities (i.e., breakfast, snacks, lunch, and other similar items).

Object 4700, Food, is only used with Function 3700, Food Services. Object 4700, Food, is used only with Function 3700, Food Services. Expenditures for food used for instruction in a regular classroom (e.g., in a cooking class or as an instructional reward) are recorded in Object 4300, Materials and Supplies, with an instructional function. Expenditures for food for staff meetings and similar situations are recorded in Object 4300 and the appropriate function.

5000 - 5999 Services and Other Operating Expenditures. Record expenditures for services, rentals, leases, maintenance contracts, dues,

travel, insurance, utilities, and legal and other operating expenditures. Expenditures may be authorized by contracts, agreements, purchase orders, and so forth.

5100 - Subagreements for Services. Record expenditures for subagreements and subawards pursuant to certain contracts, subcontracts, and subgrants. Subagreements for Services are indicated when a part or all of an instructional or support activity for which the LEA is responsible is conducted by a third party rather than by the LEA (see page 910-2, Categories of Costs, for definitions of instructional and support activities). The LEA's responsibility for the activity may originate from any grant, award, or entitlement, including general purpose entitlements. Some examples of Subagreements for Services include:

- Contracts with a third party to provide services required by a grant, such as the emergency services required by an Emergency Response Safety Grant
- Contracts with other entities to provide home-to-school transportation for the LEA's students
- Contracts with nonpublic schools for services to the LEA's special education students
- Contracts between charter schools and management companies to provide instruction to the charter school's students
- Cooperative projects and pass-through grants in which LEAs have both administrative and direct financial involvement (refer to Procedure 750, Pass-Through Grants and Cooperative Projects)

Subagreements for Services generally exclude:

- Pass-through grants in which LEAs have only administrative involvement (refer to Procedure 750, Pass-Through Grants and Cooperative Projects)
- Contracts for central administrative or "other" services (see page 910-2, Categories of Costs, for definitions of these services)
- Routine purchases of standard commercial goods or services from a vendor (refer to Object 5800, Professional/Consulting Services and Operating Expenditures)

When a distinction must be made between a subagreement and a routine purchase from a vendor, the substance of the transaction is more important than the form. For example, a contract with a vendor to provide home-to-school transportation to the LEA's students would be a subagreement, but a contract with the same vendor to rent buses for the LEA to transport its own students would be a routine purchase from a vendor. The form of the written agreements might be identical in that both might be contracts with a transportation vendor, yet the substance of the transactions is different. For purposes of indirect costs, Subagreements for Services must be excluded from the calculation of the indirect cost rate, except that up to

\$25,000 of an individual subagreement may be coded to Object 5800, Professional/Consulting Services and Operating Expenditures and included in the calculation of the rate. Indirect costs may not be assessed on subagreement expenditures (refer to Procedure 915, Indirect Cost Rate). The \$25,000 limit per subagreement applies for the duration of the subagreement.

5200 - Travel and Conferences. Record actual and necessary expenditures incurred by and/or for employees and other representatives of the LEA for travel and conferences (*Education Code* sections 35044 and 44032). Expenditures for employee conferences charged to this object should follow the goal and function of the employee.

Object 5200 is designed to capture travel expenses of employees and other representatives of the LEA, which may include travel costs to conferences or fees paid for those individuals to attend conferences or training classes. Expenditures for conferences sponsored by the LEA are not coded to this object but are coded to the appropriate object for specific services purchased, such as Object 4300 for food, Object 5800 for caterers, Object 5600 for room rentals, and Object 2400 for staff time in preparing for the conference. (The use of Object 4700, Food, is restricted to Function 3700, Food Services.)

5300 - Dues and Memberships. Record the membership fee of an LEA in any society, association, or organization as authorized by *Education Code* Section 35172. Object 5300 may be used for the dues of an employee, such as a chief business official or a superintendent, if it is deemed that the LEA is represented and benefits from the membership. Use objects 3901–3902 for employee dues if it is deemed that the dues are a benefit only for the employee.

5400 - Insurance. Record the expenditures for insurance other than employee benefits, directly attributable to the operation of the migrant education program. Record expenditures for all forms of insurance other than employee benefits. Use Function 9100, Debt Service, for bond insurance costs when issuing new bonds.

5440 Pupil Insurance (Optional). Record expenditures for accidental death insurance and medical and hospital insurance for pupils. Use Function 1000, Instruction.

5450 Other Insurance (Optional). Record expenditures for all forms of insurance other than pupils' insurance. For fire and theft liability and fidelity bond premiums, use Function 7200, Other General Administration; for school buses, use Function 3600, Pupil Transportation; for food service vehicles, use Function 3700, Food Services.

If migrant staff use their own vehicles to transport children, and if insurance coverage is required in addition to that provided by the regular insurance coverage of the district or operating agency, the additional cost of the insurance may be reimbursed. In no case shall basic coverage normally purchased by the employee be paid with migrant funds.

5500 - Operations and Housekeeping Services. Record expenditures for water, heating fuel, light, power, waste disposal, pest control, laundry and dry cleaning (such as laundering of curtains and cleaning of drapes), and so forth. Include contracts for these services. Object 5500 is used only with the maintenance and operation functions 8100–8500 and Function 6000, Enterprise.

Cleaning of uniforms, such as band or custodial uniforms, is charged to the appropriate function and Object 5800, Professional/Consulting Services and Operating Expenditures. Fuel for pupil transportation is coded to Object 4300, Materials and Supplies.

5600 - Rentals, Leases, Repairs, and Noncapitalized Improvements. Record expenditures for rentals, leases without option to purchase, and repairs or maintenance (including maintenance agreements) of sites, buildings, and equipment by outside vendors. Include incidental materials and supplies included in the cost of repairs. Include expenditures for site or building improvements that do not meet the LEA's threshold for capitalization.

Capital leases should be recorded according to the accounting procedures for lease/purchase agreements in Procedure 710.

Rental of facilities is recorded in Function 8700, Facilities Rents and Leases, and includes all facilities, whether rented for a day, a month, or a year.

Migrant funds shall not be used to pay for space when housing administrative and central service staff in facilities owned by the operating agency, another county office of education, or school district. Meeting rooms may be rented when no free space is available. Migrant funds may be used to rent portables for supplementary instructional programs and other purposes directly attributable to the MEP. Vehicle leases or purchases will not be approved unless the operating agency can show that it is more cost-effective to lease or purchase than to pay mileage.

5700 - 5799 Transfers of Direct Costs. Record the transfer of expenditures from one function to another. Typical transfers using this object account include services provided or products developed by the LEA, such as maintenance and repair of duplicating, audiovisual, or other equipment; photocopying expenses; field trips; district vehicle use; and information technology expenses. These transfers normally change the function of the expenditures. For example, transfers related to costs of field trips are considered costs of the Instruction function, not of the Pupil Transportation function (see Example 1 in Procedure 640). Transfers of expenditures that do

not change functions, such as custodial costs, are normally transferred using Object 7370 or 7380, Transfers of Direct Support Costs.

One exception to this guidance is special education transportation costs for severely disabled/orthopedically impaired (SD/OI) students that may be initially accumulated in Resource 7230, Transportation: Home to School, and subsequently transferred to Resource 7240, Transportation: Special Education (SD/OI). The transfer of these costs would be recorded using Object 5710, even though the Function 3600, Pupil Transportation, would not change. These costs are considered direct costs of the SD/OI transportation program.

5800 - Professional and Consulting Services Expenses. Record the expenditures for personal services rendered by personnel who are not on the payroll of the LEA. Professional/consulting services are delivered by an independent contractor (individual, entity, or firm) that offers its services to the public. Such services are paid on a fee basis for specialized services that are usually considered to be temporary or short term in nature, normally in areas that supplement the expertise of the LEA. This includes all related expenditures covered by the personal services contract.

Record expenditures for services such as printing, engraving, and so forth performed by an outside agency. This includes but is not limited to copies made from masters provided by the LEA.

Record expenditures for catering services provided by an outside vendor.

Record the expenditures for lodging and admission tickets for students and staff on field trips.

Record expenditures for all advertising, including advertising for items such as bond sales, contract bidding, and personnel vacancies. Record expenditures for judgments, penalties, legal advice, attorneys, hearing officers, elections, audits, and other similar costs. Record expenditures for services provided, such as administration, bus transportation, audiovisual, and library.

Record assessments for other than capital improvements, including state assessment for nonuse of school sites. Record expenditures for surveys and appraisals of sites that are not purchased. Expenditures for surveys, appraisals, and assessments in connection with site purchases and/or improvements are recorded in Object 6100, Land, and/or Object 6170, Land Improvements.

Record expenditures for fees charged to LEAs by other local governmental agencies, such as counties, cities, and special districts, for required services.

Such fees include those charged for health, building, and operating inspections and permits, plan reviews, and utility connection fees. These charges typically relate to emissions, fuel-tank operations, hazardous waste generation, chemical storage, food safety, water safety, and fire safety. Examples of departments and special districts that assess these fees include Air Pollution Control, Environmental or Public Health Services, Fire Department, and Public Water Control.

Record expenditures for Internet-based publications and materials. Record periodic costs of licensing, support, or maintenance agreements for nonequipment items, such as software. Initial licensing and other costs incurred as part of a major system acquisition should be recorded in Object 6400, Equipment.

Record expenditures not otherwise designated, such as payments of interest on loans repaid within the fiscal year, payments for damages to personal property, expenditures for fingerprints, physical and X-ray examinations required for employment, scholarship payments, and similar items.

Debt issuance costs, including underwriter discounts and fees, should be recorded here. If long-term debt is issued at a discount, the discount should be recorded in Object 7699, All Other Financing Uses.

May record expenditures of up to \$25,000 for an individual subagreement as defined in Object 5100, Subagreements for Services. This \$25,000 limit applies for the duration of the subagreement. Exclude the remainder of the subagreement, which must be recorded in Object 5100. Examples of subagreements include payments for pupil transportation made to common carriers or to parents in lieu of transportation; tuition for students attending instructional programs at a community college; and expenditures to nonpublic, nonsectarian schools for the education of exceptional children for whom appropriate services are neither available nor can be provided by the LEA.

Note: Expenditures to nonpublic, nonsectarian schools for the education of children with exceptional needs should be charged to Object 5100, Subagreements for Services. Expenditures for excess costs and/or deficits in special education programs paid to provider school districts or county offices should be charged to objects 7141–7143, Other Tuition.

5900 - Communications. Record expenditures for periodic servicing of all methods of communication, including pagers, cell phones, beepers, and telephone service systems. This object also includes the monthly charges for fax lines, TV cable lines, and Internet service and lines. The cost of postage stamps and "refill" of postage meters should be coded to Communications, as should the cost of parcel service or other means used to deliver a letter or other communications. Shipping of purchased goods by parcel service or

other means is considered to be part of the cost of goods purchased and should not be charged to Object 5900, Communications.

Generally, communication costs should be charged to either Function 2700, School Administration, or Function 7200, Other General Administration. Communication service fees may be charged to other functions by direct documentation, such as monthly statements. The monthly bills for pagers, cell phones, cable, and Internet services may follow the user if the charges can be documented. For example, Internet fees that are part of classroom instruction may be charged to Function 1000, Instruction.

The cost of communication equipment is normally coded to Object 4400, Noncapitalized Equipment. If the cost of a unit of equipment exceeds the capitalization threshold of the LEA, use Object 6400, Equipment, or Object 6500, Equipment Replacement, as appropriate. However, if the cost is minor and the expected life short, the cost of the equipment should be coded to Object 4300, Materials and Supplies.

The cost of wiring and installing cables for communication equipment that become an integral part of the building or building service system is coded to Object 6200, Buildings and Improvement of Buildings, with Function 8500, Facilities Acquisition and Construction. Repairs to these lines would be coded to Function 8100, Plant Maintenance and Operations, with either Object 5600, Rentals, Leases, Repairs, and Noncapitalized Improvements, or with the salary or supply object codes of the maintenance budget.

6000 - 6999 Capital Outlay. Record expenditures for land, buildings, equipment, capitalized collections of books, and other intangible capital assets, such as computer software, including items acquired through leases with option to purchase.

These object codes are not used in proprietary funds, in which capital assets are recorded in Objects 9400–9499 and subsequently depreciated.

6400 - Equipment. Record expenditures for movable personal property, including such equipment as vehicles, machinery, computer systems, and playground equipment, that have both an estimated useful life over one year and an acquisition cost equal to or greater than the capitalization threshold established by the LEA. (For more detail, refer to Procedure 770.) Record the initial acquisition of computer software that exceeds the LEA's capitalization threshold, including research and development costs, licensing, and installation or training.

Piece-for-piece replacements of equipment are recorded in Object 6500, Equipment Replacement, if the unit cost exceeds the LEA's capitalization

threshold. **Procedure 330 Object Classification Code Definition** January 2007 330-27

Initial built-in fixtures that are integral parts of the building or building service system are recorded in Object 6200, Buildings and Improvement of Buildings.

6500 - Equipment Replacement. Record expenditures for equipment replaced on a piece-for-piece basis as defined in Procedure 770.

6900 - Depreciation Expense (for proprietary and fiduciary funds only).

Record the portion of the cost of a capital asset charged as an expense during the fiscal year. In accounting for depreciation, the cost of a capital asset less any anticipated salvage value is prorated over the estimated service life of the asset, and each period is charged with a portion of that cost. Through this process, the cost of the asset less salvage value is ultimately charged as an expense.

Note: This object is applicable only for funds 61, 62, 63, 66, 67, and 73.

7300 - 7399 Transfers of Indirect/Direct Support Costs. Objects in this group are used to record transfers of direct support costs and indirect costs between resources, goals, and funds. When support and indirect costs are transferred, normally the function does not change.

For transfers of indirect costs (objects 7310 and 7350) and transfers of administrative costs other than indirect costs (objects 7370 and 7380), use Function 7210, General Administration Cost Transfers.

For transfers of other direct support costs (objects 7370 and 7380), use the function in which the costs were accumulated. For example, when maintenance and operations costs are transferred to the adult education fund from the general fund the function remains 8100, Plant Maintenance and Operations.

7310 - Transfers of Indirect Costs. Record the transfers of indirect costs within a fund. This account must net to zero by function at the fund level. Use with Function 7210, General Administration Cost Transfers, for both the debit and the credit.

7350 - Transfers of Indirect Costs - Interfund. Record the transfers of indirect costs between funds. This account will reflect a balance at the fund level but only for the amount of between-funds costs; the total between-funds debit and credit transactions must net to zero by object. Use with Function 7210, General Administration Cost Transfers, for both the debit and the credit.

7370 - Transfers of Direct Support Costs. Record the transfer of direct support costs between programs within a fund. This account must net to zero by function at the fund level. The function used may be one of many support functions, such as Function 3110, Guidance and Counseling Services, or Function 8100, Plant Maintenance and Operations. This account may also be used to record transfers of administrative costs other than indirect costs using Function 7210, General Administration Cost Transfers.

7380 - Transfers of Direct Support Costs - Interfund. Record the transfer of direct support costs between funds. This account will reflect a balance at the fund level but only for the amount of between-funds costs. The total between-funds debit and credit transactions must net to zero by object as well as by function. This account may also be used to record transfers of administrative costs other than indirect costs using Function 7210, General Administration Cost Transfers.