

Teacher Incentive Fund

Technical Assistance:
Budget and Fiscal Management

2009



Agenda

- Allowable Uses of Funds
- Budget Transfers (Expanded Authorities)
- Drawdown Activity & Oversight
- Fiscal Reporting
- Sustainability & Matching



Allowable Uses of Funds

To determine if an expenditure or activity is allowable, follow this three-step process:

- Is it allowable?
- Is it allocable?
- Is it reasonable?



Allowable

- Costs must be allowed (or not prohibited) by statute, regulation or the governing cost principles.
- Expenses must be allowable both under applicable local, state and federal law.



Allowable (cont.)

For what costs may Teacher Incentive Fund grants be used?

Program funds may be used to pay the costs of developing and implementing performance-based compensation systems for the benefit of teachers and principals in high-need schools. For example, in addition to costs associated with the incentives given to teachers and principals, other project costs could include professional development activities for those teachers in high-need schools, evaluation and analysis tools, project staff salaries at the applicant level, and reasonable travel necessary for the success of your project development and implementation.

- TIF Frequently Asked Questions at:
www.ed.gov/programs/teacherincentive/faq.html



Allocable

Is the expense allocable?

A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with the relative benefits received.

For example: If your State has specific procurement laws in effect that determine how you must contract out certain consulting or other activities, you MUST abide by those laws.

An expense that would not be allocable is an expense made to a contractor that was not hired using the State's mandated procurement laws and regulations.



Reasonable

Is the expense reasonable?

Just because an expense may be allowable under the TIF laws and regulations and it may also be allocable, as the project director, you must decide if the expense is reasonable. An unreasonable expense is an unallowable expense.

For example: It is allowable to travel and attend conferences that relate to the needs of your TIF project. However, how many people from your project plan to attend? Is it reasonable to send a clerical staff member to a conference about performance-based research methods?



OMB Circulars

- OMB Circulars can provide additional guidance on allowable expenses.

| Fiscal Agent | Cost Principles |
|--------------|-----------------|
| SEA/LEA | A-87 |
| Non-profit | A-122 |

- OMB Circulars are available at:

www.whitehouse.gov/omb/circulars_default/



Budget Transfers (Expanded Authorities)

In EDGAR, the grantee's ability to transfer funds from one direct or indirect cost category to another is called the rule of "Expanded Authorities." EDGAR: 34 CFR 74.25

Caveats:

- Cannot transfer funds if the transfer would fund something that is unallowable.
- Must request permission from ED if transfer would create or end a contract agreement.
- Must request permission from ED if transfer will change any key personnel positions.
- Must request permission from ED if the transfer will change the scope of the approved project.



Budget Transfers (cont.)

- Flexibilities under Expanded Authorities may be used to move funds from indirect costs to direct costs if **it does not change your project's scope or objectives.**
- If you are unsure if transfers will change your project's scope, contact your ED program officer for clarification.



The Scope of TIF

- The total pool of funds allocated for incentives
- The number of teachers and principals included in the project
- The number of districts & schools in the project
- The incentive structure and its components, including amounts attached to each component



Drawdown Activity

Most districts have a reimbursement policy by which it draws down funds from federal program accounts.

- Use the drawdown schedule implemented by your district or state.
- Funds should be drawn down regularly and systematically as they are needed.
- Drawdown activity (or lack thereof) goes toward ED's determination of whether the grantee made substantial fiscal progress. This could affect future funding.



Fiscal Oversight

It is important that although your Budget office manages the fiscal aspect of your project, that YOU as the project director and project office have complete oversight over ALL expenditures of the grant.



Fiscal Reporting

ED may require you to report your financial expenditures at any time but, it will most likely request these reports (a) at the time of the APR; and (b) at the monitoring visit.

(a) **APR reporting:** Please refer back to the APR presentation given at the June 2008 CECR grantee meeting. There will also be another presentation given on the APR submission for each Cohort before it must submit in 2009. Cohort 1's presentation will be held on July 7, 2009. Cohort 2's presentation will be held on March 27, 2009. Mark your calendars for these two dates.

(b) **Monitoring visit reporting:** It is important that a grantee can, when requested and within the time monitors are present, provide an expenditure report of all fiscal activity for your project.



Monitoring Visit

At each monitoring visit, the grantee will be asked to provide a complete expenditure report. The report must, at a minimum, contain the following information:

1. A code or some other method of identifying the report as being for TIF-funded activities ONLY. No other programs should be included.
2. Itemized expenditures; VERY specific.
3. The amount each expenditure cost.
4. The dates in which those expenditures were made.

ED may also request detailed support documentation for select expenses listed in the grantee's expenditure report. Grantees should be prepared to provide this information.



Sustainability & Matching

Main points to be covered in this section:

1. The regulations requiring an increasing match commitment, in addition to a 75% match commitment in year 5.
2. Other federal programs that may be used as a match.
3. Other sources of funding that are non-public sources.
4. Supplanting: The lack of a supplement not supplant clause in the TIF laws and regulations. How this may help.



TIF Laws & Regulations

The TIF regulations indicate that each grantee must provide:

- An increasing share of matching funds in years 1-4 (those years in which payouts are made), and
- A 75% match requirement on all incentive funds expended in year 5.



Other Federal Programs

There are two known programs at the Education Department that can be used as a match for TIF:

- Title II, Part A: Improving Teacher Quality State Formula Grants
- Title II, Part B: Mathematics & Science Partnerships (MSP) Program



Title II, Part A: Improving Teacher Quality

- Title II, Part A funds are awarded to the State Education Agencies (SEA) based on a formula; the SEA distributes the majority of these funds to Local Education Agencies (LEAs) based on a formula.
- LEAs submit a consolidated application for all of its formula grants to the SEA to request funding.



Eligible Uses of Funds for TIF Matching

Eligible TIF activities that this program could fund as a match include:

- Performance-based pay for teachers,
- Recruitment incentives for HQT, and
- Retention incentives for HQT.



Title II, Part B: Mathematics & Science

- This grant is a formula grant that directly goes to State Education Agencies (SEA).
- The SEA then awards the funding on a competitive basis to local partnerships between high-need schools or school districts & science, technology, engineering, and mathematics faculty from institutions of higher education



Eligible Uses of Funds for TIF Matching

Eligible TIF activities that this program could fund as a match include:

- Recruitment of math, engineering and science majors to teaching via signing and performance incentives that are linked to activities proven effective in retaining teachers;
- Stipends provided to mathematics and science teachers for certification through alternative routes;
- Scholarships for teachers to pursue advanced course work in mathematics, engineering, or science; and
- Other programs the SEA determines to be effective in recruiting and retaining individuals with strong mathematics, engineering, or science backgrounds.



Other Non-Public Sources

The U.S. Department of Education does not endorse either of these organizations. They are simply being identified for reference.

Rural:

- Foundation for Rural Education and Development: <http://www.fred.org/>

Urban:

- The Broad Foundation: <http://www.broadfoundation.org/>

Other:

- The Gates Foundation: <http://www.gatesfoundation.org>



Supplanting

The Teacher Incentive Fund program does NOT have a 'supplement not supplant' clause.

What this means: If you have a state or local program that includes the same components or elements you have in your TIF-funded compensation system, you may supplant your state or local funds to use as a match commitment.

For example: If your district has recruitment incentives for teachers that are hired into high-need schools, AND your TIF-funded compensation system has recruitment incentives for teachers that are hired in high-need schools, you may supplant those local funds. What this does is free up the local funds to be used for another allowable purpose.



Next TA Opportunity

There will be another web seminar technical assistance meeting on all program-related laws, regulations and policy developed for the TIF program.

Mark your calendars for Feb. 18, 2009.
Time: 2:00 p.m. EST



CECR Website

- Did you know that you can find all of the links provided today on the CECR website?

cecr.ed.gov

- Select TIF Grantees/Grant Management



Questions?

If you have any questions or comments about this presentation afterwards, please don't hesitate to email or call your ED program officer and/or your Westat monitor.

Thank you for participating.


