

Michigan Department of Education  
Office of Early Childhood Education and Family Services

**Allowable Cost Guide**

July 1, 2000  
(Revised March 20, 2008)

The purpose of this Guide is to assist with establishing a fiscal account for revenue and expenditures, according to the General Accounting Standards, which are used by the Michigan Department of Education for the Final Expenditures Report, DS-4044.

The **Function Code** and **Function Title** describe the most appropriate category of expenditures for including costs for Salaries, Benefits, Purchased Services, Supplies & Materials, Capital Outlay, and Other Expenditures. For example: an expenditure pertaining to Staff Development would be recorded on a line with a Function Code of 220, and the Function Title would be Personnel Development.

To further assist with understanding the General Accounting Standards and to establish your accounting system, please read the following categories, which are identified across the top of the Grant Budget Approval Form (Part 7 of the Contract Application).

**Salaries** – apply only to staff employed by the ISD. Time and activity sheets must be kept for positions funded by more than one source, or positions that perform more than one activity.

**Benefits** – for staff: includes FICA, retirement, insurances, etc. The benefit rate is that of the ISD. Benefits must be charged at the same FTE rate as salaries.

**Purchased Services** – Services that are purchased by contract when it relates to personnel services **OR** by a purchase order when it pertains to services for machinery, maintenance, travel, and printing orders. This includes office equipment rental and repair, contracted printing, conference room rental, postage, **contracted personnel** and **contracted service agreements**.

A **contracted personnel agreement** is a contract with a person(s) for an agreed amount for services rendered by the person(s). This person(s) is not on the payroll of the school district. The primary reason for the purchase is the services provided, in order to obtain the desired results.

A **contracted service agreement** is an agreement with another agency for an agreed amount for services rendered. The contractor is responsible for providing the programs / services, in order to obtain the desired results.

**Supplies and Materials** – include consumable items and equipment under \$5,000 per unit that directly relate to the purpose of the project. Supplies and materials include office supplies.

**Capital Outlay** – durable goods whose unit purchase price is \$5,000 or more. Prior written approval from the MDE is required.

**Other expenses** – Professional licenses for instructional and support personnel, and criminal background checks for teachers.

## **ACCOUNT CODES AND ALLOWABLE COSTS**

### **120 – Added Needs**

**122: IS Instructional Services** – This pertains to costs for direct instruction to infants and toddlers. These costs include teachers, clerical support assigned to the teacher, paraprofessionals, and substitute teachers.

### **210 – Support Services**

**213: HS Health Services** – Health Services includes such services as clean intermittent catheterization, tracheostomy care, tube feeding, the changing of dressings or colostomy collection bags, and other health services; and consultation by physicians with other service providers concerning the special health care needs of eligible children. The term **does not** include the following: services that are – surgical in nature (such as cleft palate surgery, surgery for club foot, or the shunting of hydrocephalus); or purely medical in nature (such as hospitalization for management of congenital heart ailments, or the prescribing of medicine or drugs for any purpose). Also not included are devices necessary to control or treat a medical condition, and medical health services (such as immunizations and regular “well-baby” care) that are routinely recommended for all children.

**213: MS Medical Services** – Consists of services only for diagnostic or evaluation purposes by a licensed physician to determine a child’s developmental status and need for early intervention services.

**213: NS Nursing Services** – Includes the assessment of health status for the purpose of providing nursing care; identification of patterns of human response to actual or potential health problems; nursing care to prevent health problems, restore or improve functioning, and promote optimal health and development; and administration of medications, treatments, and regimens prescribed by a licensed physician.

**213: NUT Nutritional Services** – Consists of conducting individual assessment in nutritional history and dietary intake; anthropometric, biochemical, and clinical variables; feeding skills and problems; food habits and preferences; developing and monitoring plans for nutritional needs of

eligible children, and making referrals to appropriate community resources to carry out nutrition goals.

**213: OT Occupational Therapy** – Services that address the functional needs of a child related to adaptive development, behavior and play, sensory, motor, and postural development to improve functional ability to perform tasks in home, school, and community settings.

**213: PT Physical Therapy** – Services to promote the sensorimotor function through musculoskeletal development, which include screening, evaluation and assessment of infants and toddlers; obtaining, interpreting, and integrating information for program planning and providing individual and group services to prevent, alleviate, or compensate movement dysfunction.

**214: MH Mental Health Services** – Testing, obtaining, integrating, and interpreting information about child behavior, and child and family conditions related to learning, mental health, and development. Planning and managing a program of psychological counseling.

**214: PSY Psychological Services** – Consists of those activities of administering and interpreting psychological test results; working with other staff members in planning school programs to meet the special needs of children as indicated by psychological tests; and planning and managing a program of psychological services including psychological counseling for the school or school system.

**215: AUD Audiology** – Includes identification of children with auditory impairment; determinations of the range, nature, and degree of hearing loss and communication functions; referral for medical and other services necessary for habilitation or rehabilitation of children; provision of auditory training; services for prevention of hearing loss; and determination of children's need for individual amplification.

**215: SLP Speech / Language Pathology** – Identification of children with communicative or oropharyngeal disorders and delays in development of communication skills. Referral for medical or other professional services necessary for the habilitation or rehabilitation of these disorders in children.

**216: SW Social Work Services** – Consists of those activities, which have as their purpose performance of school social work activities dealing with the problems of children which involve the home and community.

**217: VA Visual Aid Services** – Consists of those activities, which have as their purpose the identification, assessment, and treatment of children with sight impairments.

**218: TC Teacher Consultant** – Includes the design of learning environments and activities that promote the child's acquisition of skills in a variety of developmental areas, including cognitive processes and social interaction; curriculum planning, including the planned interaction of personnel, materials, and time and space, that leads to achieving the outcomes in the child's individualized family service plan; providing families with information, skills, and support

related to enhancing the skill development of the child; and working with the child to enhance the child's development.

**219: CSS-AT Child Support Services–Assistive Technology** – Assistive technology device means any item, piece of equipment or product system that is used to increase, maintain, or improve the functional capabilities of children with disabilities.

**219: CSS-O Other Child Support Services** – Includes, but is not limited to, music therapists and recreation therapists.

## **220 – Support Services – Instructional Staff**

**221: II Improvement of Instruction** – Providing families with information, skills, and support related to enhancing the skill development of the child. Examples include: AHEAD, Bright Beginnings, Paraprofessionals.

**226: S / PCS Supervision or Coordination Services** – This pertains to personnel providing supervision and program coordination of the direct services to children and families. These costs cover *Early On*<sup>®</sup> Coordinators and Supervisors, clerical, IDA supplies, general supplies, postage, copies, rent (see restrictions under costs that are not allowed for rent), etc.

## **231 – Board of Education**

**231: Board of Education Adjustments** – Single audits are required when the project is terminated. An audit evaluates the adequacy of the internal control system; verifying and safeguarding assets; reviewing the reliability of the accounting and reporting system and ascertaining compliance with established policies and procedures. Yearly audit charges go here.

## **270 – Pupil Transportation Services**

**271: TR Transportation** – Includes the costs of travel (e.g., mileage, or travel by taxi, common carrier, or other means) and other costs (e.g., tolls and parking expenses) that are necessary to enable a child eligible under this part and the child's family to receive early intervention services.

## **280 – Support Services – Central**

**281: RE Research / Evaluation** – This pertains to the assessment and evaluation activities of the *Early On* System. Costs cover evaluators, data collection activities (process and reporting), surveys, publications, EETRK, Mi-CIS, Child Find, and *Early On* system review activities.

**283: PD Staff / Personnel Services** – This directly relates to personnel development activities specific to *Early On*. This includes, but is not limited to inservices, workshops, and in-depth skill development training for staff, Local Interagency Coordinating Council (LICC) members, parents, collaborating agency personnel, and other persons contributing to the implementation of *Early On* locally. Costs associated with these activities such as travel, mileage, meals, and

lodging are included. Costs associated with employee background checks and/or fingerprinting are also included.

## **390 – Other Community Services**

**391 Other Community Services** – breakdown as follows:

**391: COMS Community Support** – Costs for community support activities include, but are not limited to, family resource centers, stipends for families, and child care costs necessary for parent participation, respite care, public awareness, central directory publication, and dissemination.

**391: FTC Family Training and Counseling** – means services provided as appropriate by social workers, psychologists, and other qualified personnel to assist the family of a child eligible under Part C in understanding the special needs of the child and enhancing the child’s development. Summer services and playgroup activities would be included here.

**391: OCS Other Community Services** – This pertains to LICC (advisory body) functions.

**391: PLR Payor of Last Resort** – This pertains to costs for necessary intervention services for children and families in the absence of other available resources, under certain conditions.

Prerequisites for the expenditure of Payor of Last Resort funds are:

- Established ISD/ESA and LICC approval procedures,
- Identified in the Memorandum of Understanding, or comparable memorandum, the process for reimbursement,
- The need for the expenditure must be identified in the IFSP and directly related to the child’s developmental progress, and
- Any efforts to obtain reimbursement, if outside the LICC established process, must be documented.

Agreement for the return of the equipment items or expenditures is established and the ISD retains title to all equipment. Any equipment, purchased with Payor of Last Resort funds, that is rendered obsolete or unusable is disposed of consistent with EDGAR requirements.

**391: SC Service Coordination** – means assistance in services provided by a service coordinator to a child eligible under Part C or his/her family.

**411: Payment to Other Public Schools** – Payments to other school districts (including intermediate school districts) for *Early On* services.

## **Additional Information**

**Indirect Costs** – The ISD/ESA is the recipient of the federal grant award and is the fiscal agent. The ISD/ESA is allowed to charge the grant an indirect restricted rate for administering the grant. This rate is determined each year by the MDE and issued to the ISD/ESA. The ISD/ESA contracts for services with other agencies; however, the ISD/ESA only, may charge an indirect rate, as assigned.

**Capital Outlay** – Refers to nonconsumable equipment with a unit purchase price of \$5,000 or more (including equipment purchased as assistive technology).

**Costs that are not allowed** –

- Construction and reconstruction (improvements or replacements)
- Liability, building, and malpractice insurance owned by the ISD/ESA or collaborating agencies (state)
- Employee bonding
- Rent in buildings owned by the ISD/ESA or collaborating agencies (state buildings)
- Legal Fees

**Reasonable Costs** – A cost is considered reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs.

The following factors should also be considered in determining reasonableness:

- Is the cost of a type generally recognized as ordinary and necessary for the organization's operation or performance of the award?
- What restraints or requirements are imposed by factors such as generally accepted sound accounting and business practices, arms-length bargaining, federal and state laws and regulations, and the terms and conditions of the award?