

2023-2024 Line-Item Budgets

Help and Guidance Document

May 2023

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GENERAL INFORMATION

Obligation Date

To receive **July 1, 2023**, obligation date, local educational agencies (LEAs) must submit the Consolidated Application in **substantially approvable** form within 30 business days from the date the Consolidated Application is released. For 2023-2024, the submission date is August 3, 2023, for a July 1 obligation date. Applications not submitted during this time frame will have a date of obligation that corresponds to the date of submission. [34 CFR § [75.703](#), 2 CFR § [200.211](#), [200.308](#), [200.407](#), and [200.458](#)]

Substantially Approvable

An application will be considered substantially approvable when all applicable screens have been fully completed and updated as needed for the current grant period. The detail provided for each budget request should demonstrate that the LEA has engaged in thoughtful planning and made a reasonable effort to ensure all requests are reasonable, necessary, allocable, and meet any other requirements for the funding source. Applications that demonstrate a lack of appropriate planning or that are not revised and resubmitted within 45 days of a request for modification will be considered not in the substantially approvable form [ESEA § 8452(b)(2)(C)]. Such applications will not be eligible for an obligation date until such time as they are resubmitted in substantially approvable form.

REQUIREMENTS FOR BUDGET LINE-ITEM APPROVAL

Federal regulations require all budget items to be reasonable, necessary, and allocable to meet the intent and purpose of the funding source (2 CFR § [200.403](#), [200.404](#), [200.405](#)) and to conform to any limitations or exclusions of the federal award, including prior approval requirements (2 CFR § [200.407](#)) and any applicable supplement not supplant provisions for the federal award.

Reasonable

Engagement in a robust strategy selection process and selection of evidence-based strategies is key to supporting the reasonableness of a cost. Individual items of cost may be considered reasonable if they are linked to strategies that have evidence of effectiveness for meeting the cost objectives of the federal award. Reasonableness also requires the LEA to consider circumstances prevailing at the time the decision was made to incur the cost and how that cost fits with existing initiatives and programs, and their ability to realize a benefit of the cost during the program year. Finally, reasonableness requires the LEA to provide sufficient information so that the reviewer can determine if the amount budgeted is reasonable given the specific quantity of goods or services received for that amount. (2 CFR § [200.404](#))

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Questions for consideration

1. Is the strategy to which the budget item is linked a generally accepted educational practice or can the LEA demonstrate a rationale supporting its potential effectiveness (see [Non-Regulatory Guidance: Using Evidence to Strengthen Education Investments](#))?
2. Does the strategy have the potential to meet the specific cost objectives of the federal award based on generally accepted educational practice or locally provided rationale?
3. Do the strategies included in the Con-App and resources assigned to those strategies appear sufficient to realize a benefit, or is there a lack of focus with the strategies being implemented?
4. Do the amounts budgeted for each individual budget request appear reasonable, given the quantity of goods and services being received?

Necessary

Engagement in a comprehensive needs assessment and root cause analysis is key to supporting the necessity of a cost. The cost should also be generally recognized as ordinary and necessary for the proper and efficient performance of the federal award. Most items of cost will need to be linked to a specific strategy within the Consolidated Application, which will support their reasonableness. The activities funded should also be generally recognized as ordinary and necessary for the implementation of the given strategy.

Questions for consideration

1. Is the strategy one that is used to address needs common to the target beneficiary of the federal award?
2. Is the specific item of cost one that would reasonably be incurred if implementing the given strategy?

Allocable

LEAs should be familiar with the specific intent and purpose of each federal award, along with any limitations on allowable costs that may apply to each federal award. Please see the [Generally Allowable Use of Funds](#) document on the Office of Educational Supports' (OES) Website under Tools & Resources for general information about the intent and purpose of each funding source included in the Consolidated Application. To the degree that a specific item of cost aligns with the intent and purpose of a federal award and is incurred specifically for the federal award, it may be considered allocable. Costs that may benefit multiple federal awards or the federal award and other work of the LEA may be considered allocable in proportion to the share of the benefits received. A key part of allocability is if each cost is linked to a strategy. It should be clear, based on the specific cost details and the strategy the cost is supporting, that the item of cost is likely to meet the intent and purpose of the federal award. (2 CFR § [200.405](#))

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Questions for consideration

1. Is the item of cost a prohibited cost within the federal award?
2. Does the item of cost appear to be primarily in place to benefit the federal award?

NOTE: If a SRSA-eligible LEA wishes to use SRSA Flexibility for either Title II, Part A or Title IV, Part A; allocability of costs within each grant where this flexibility is utilized will be expanded to include any activity which may be allocable to any one of the following grants:

- **Title I, Part A**
- **Title II, Part A**
- **Title III**
- **Title IV, Part A or B**

Obligation Date

See the instructions regarding [Obligation Date](#) in the General Information section. To be allowable, the activities associated with all requests for funds must occur on or after the Obligation Date for the application and prior to the end of the program period.

Question for consideration

1. Does the request provide sufficient information to show that the obligation of funds will occur during the obligation period for the grant?

Prior Approval

LEAs should submit requests in the consolidated application prior to the date that the obligation for the funds is made (see 34 CFR § [75.707](#)). Requests for funds should either provide a date indicating the start of the activity or a planned date of obligation or provide sufficient information that an outside reviewer would reasonably be able to determine that the cost will be occurring at a future date within the obligation period for the federal award (2 CFR § [200.407](#)). **LEAs cannot request funding after the fact for events or activities that have already taken place.**

If funding is insufficient to cover all planned expenses, those expenses that occur first should be funded first. Expenses that may be incurred over the course of the year, such as personnel costs or ongoing professional development, may be prorated to cover at least 50% of the planned cost during the initial application with plans to cover the balance of the cost at amendment when carryover and final allocation amounts become available. For additional information, see the document entitled [Prior Approval Requirements for Use of Federal Grant Funds](#) under Tools & Resources of the [OES website](#).

Question for consideration

1. Does the request provide sufficient information to show that the obligation of funds will occur on or after the date the request was submitted?

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Supplemental

For Title I, Part A, demonstration of compliance with supplement not supplant is done through the implementation of a locally developed allocation methodology for state and local funds (see the [Supplement Not Supplant Non-Regulatory Informational Document](#)). The state may review the LEA's methodology as a part of the program and/or fiscal monitoring process, but no specific evidence will be required to demonstrate compliance with supplement not supplant requirements for Title I, Part A within the consolidated application. An LEA will not be required to justify any expense within a Title I, Part A budget as being supplemental. An LEA will not be required to justify any expense within a Title I, Part A budget as being supplemental.

For all other federal awards, compliance is determined individually for each budget request to ensure that the federal award adds to (or supplements) and does not replace (or supplant) other state and local funds used to provide general educational services. This includes any Title V, Part B budget request, even if the activity type for the request is to support a Title I, Part A allowable activity. Each budget request must include sufficient information for the outside reviewer to ensure that it does not violate one of the three presumptions of supplanting outlined in the Questions for consideration below:

Questions for consideration

1) Is the budget request providing services required under state or local law?

Any service that an LEA is required to provide under state board rule or policy, state mandate, or local rule or policy must be provided using state or local funds. If federal funds are used to provide these services, it is presumed that supplanting has occurred.

If federal funds are used to **enhance** or **expand** a state mandate, state board rule or policy, or local rule or policy, then the federal supplemental activities must be separately identified and clearly distinguishable from those that are otherwise required. The LEA must be able to document a clear plan for meeting the requirement **and** another plan for providing supplemental activities from federal funds.

2) Is the budget request providing services that were provided in a prior school year with state or local funds?

Any service that was provided in the prior year with state or local funds that are then replaced by federal funds is assumed to be supplanting. LEAs are not permitted to use federal funds to replace state or local funds. This provision does not apply to state and local funds which are supplemental in nature (gifts, special mileages, local grants, etc.).

To refute the "prior year" test of supplanting, the LEA would need to have records to confirm that budget cuts were made in several areas; and there was a reduced amount of state or local funds to pay for this activity/position; and the LEA made the decision to eliminate the activity/position without taking into consideration federal funds.

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3) *Is the budget request providing the same service using federal and nonfederal programs?*

LEAs may not provide services through a federally funded program to students if they are also providing the same services to other students using state or local funds.

Function and Object Codes

LEAs should ensure each item was entered under the correct Function and Object Code.

Function and Object Code definitions can be found in the Appendix of the [Michigan Public School Accounting Manual](#). For additional guidance regarding common coding questions related to the Consolidated Application, review the [Function and Object Code FAQ](#) on the OES website under Tools & Resources.

Personnel Costs

Job Descriptions

All federally funded positions must have written job descriptions. To support personnel costs as reasonable, necessary, and allocable, LEAs may be asked to provide an upload of the job description within the Consolidated Application. Job descriptions should be uploaded for any new or significantly expanded position when the line item is submitted in the budget. A note should be added to the description referencing the uploaded job description. Job descriptions would be uploaded within the uploads section for the grant that they align to. Job duties by cost objective should be clearly delineated in the job description as well as minimum qualifications for the individual holding the position and any breakdown of the FTE between different cost objectives, if applicable. Open-ended duties such as “additional duties as assigned” should not be included in a federally funded job description.

Full Time Equivalent (FTE) or Hours

For each position, an FTE or hours for the position should be entered in the FTE or Hours detail. This includes all positions in an LEA’s budget, including [Purchased Services Personnel](#). FTE/Hours detail is not required for one-time purchased services with independent contractors, such as a contract with an individual to provide a day of professional development. The FTE/Hours detail should reflect only the portion of the position currently being funded in the specific line item. If additional funding is being provided to the position via a request in a transfer budget, will be added at amendment, or is being funded by excess or supplemental state and local funding; the full FTE or total hours for the position should be included in the description with a note about how the balance of the time not currently being funded in the line item will be funded. (e.g., “balance to be funded by carryover.”)

Headcount

LEAs that group multiple employees into a single budget request should include in the description the number of staff members that equates to the FTEs for the item, and the description should include the portion of the FTE associated with each individual (i.e., if the

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item has 3 FTEs within the Budget Detail, the description identifies that the 3 FTEs is for 6 staff members at .5 FTE each).

Staff Qualifications

Individual personnel requests should clearly indicate what the qualifications of the individual holding the position are (certified teacher, qualified paraprofessional, certified social worker, etc.).

Purchased Services Personnel

If personnel is obtained through purchased services, the item description and detail should meet all the requirements above, including using the FTE or Hours detail to provide information about the total amount of time being funded in the request. Additionally, the budget description should contain a breakdown of the salary and benefits costs or third-party contracting fees that make up the overall purchased service amount for the position. It should be clearly noted if there are no benefits or third-party contracting fees. LEAs should ensure that staff costs are budgeted correctly as purchased services (Object Codes 3000 or 4000) or direct employees (Object Codes 1000 and 2000) based on the specific arrangement for the individual LEA regarding the requested position.

Materials, Equipment, and Supplies Costs

Requests for the purchase of materials, equipment, and supplies, including software licensing and subscription services, must meet the requirements of 2 CFR § [200.439](#), and 2 CFR § [200.453](#). Such requests must contain sufficient detail to support the cost as [Reasonable](#), [Necessary](#), and [Allocable](#). This includes providing specific details about the type of items being purchased, the number of items being purchased, and how the items will be used to meet the intent and purpose of the grant. Depending on the program, this may require details about who (what students) will use the materials and in what setting (general classroom, supplemental support classroom, etc.).

For materials generally considered to be consumable items (pencils, paper, and similar office supplies), specific itemization is not required when the total amount budgeted for the consumable line item is reasonable, given the size and scope of the supported program. In these cases, the description should still include information about the types of materials being purchased but does not need to include the specific number of units or the unit cost for the items. Only those consumable materials that would reasonably be used during the program year would be allocable during that program year. Materials that have a useful lifespan of more than one year (books, electronic devices, and similar items) should be described in a way that would support an accurate inventory of all federally funded supplies and equipment. This would include the number of units and unit cost of each item. If needed to support the purchase of a more extensive list of non-consumable materials, such as a classroom library of leveled reading books, an upload may be utilized to fully itemize the list of materials being purchased. The

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description should still summarize the purchase and reference the supporting upload detail. Software licensing and subscription services requests should specify the term (annual or 1 year) for the license or subscription. If the request is part of a multi-year discount agreement, only a single year of the cost may be covered in the request as being allocable to the grant.

Professional Development

State Requirements for Professional Development (PD)

State law requires an LEA to provide at least 5 days of teacher professional development each school year [[MCL 380.1527](#)]. State law also requires LEAs to provide at least 15 additional days of PD to any teacher within the first 3 years of employment in classroom teaching [[MCL 380.1526](#)]. For any Non-Title I, Part A professional development request, consultants may require an LEA to provide additional supporting information, such as a PD calendar, to help show how individual professional development budget requests are [Supplemental](#). Non-Title I, Part A requests should either be in addition to the required number of days of professional development or it should be clear how the use of federal funds enhances or expands what would have otherwise been done by the LEA in the absence of the federal funds.

Budget Detail

PD items must contain enough detail to demonstrate that the LEA has put thought into the PD; it is reasonable, necessary, allowable, systemic, and clearly identifies what is being paid for (conference registration, subs, stipends, meals, travel, lodging, presenter fees, etc.)

LEAs are asked to include the following:

- The learning objective
- The approximate number of staff
- Role or position of the staff (Teacher, Paraprofessional, Administrator, etc.)
- Number of days/hours
- Approximate time of the year when it will occur
- The location (virtual, ISD hosted, or city/town where PD will be held)
- Costs per day for staff and/or contracted Consultants
- Description of any supplies and materials, other expenses

NOTE: Only supplies, materials, and other expenses directly required for the provision of the professional development and not those used for the actual implementation of the strategy are allowed as part of a professional development budget. Implementation supplies may be allowable in other program budgets but are not a cost that is [allocable](#) to Title II, Part A.

If specific details for a professional development opportunity are not yet known at the time the application is submitted, the LEA should provide a description with reasonable estimates for the required information based on the tentative plans for the professional development

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opportunity. If the location is unknown, it will be sufficient to say, “To Be Determined (TBD)”. An estimate of the date must be provided to both show why the details are not yet known as well as to demonstrate that it meets the [Obligation Date](#) and [Prior Approval](#) requirements.

Systemic

Professional development budgets should contain sufficient information to show that the funded PD is systemic (sustained, intensive, collaborative, job-embedded, data-driven, and classroom-focused), not just stand-alone, 1-day, or a short-term workshop. [ESEA § 8101(42)(A)]. This can be demonstrated by having multiple PD items associated with a single strategy, identifying learning objectives that clarify how the learning will be used within the system, or providing supporting PD calendars showing how the budgeted PD fits in with other state or locally-funded PD. PD requests that build on learning obtained during the prior year would also be evidence of a systemic approach to professional development.

Sub-Costs

If sub costs have the same Object Code (ex., purchased services) as the associated PD, they can be included within the same budget detail as the primary PD cost and should identify the daily/hourly costs for the service as well as the number of subs needed. If sub costs have a separate Object Code from the associated costs, the daily/hourly costs for subs must be identified as a separate line item with a clear link to the associated item (PD or staffing). Title I, Part A budgets may include PD related sub costs without also including any associated PD costs. In all other budgets, sub costs without an associated PD cost may be permissible when they represent the sole cost for supplemental professional development activities (e.g. subs to provide release time for teachers to review and respond to student data in Title II, Part A [Section 2103(b)(3)(H)]) or in cases where the associated PD costs are being covered by other supplemental funds or another entity (e.g. subs for release time to meet with a section 31a Reading Coach or for PD provided by an ISD).

Professional Development Contracts

Each LEA is responsible for having documented procurement procedures [2 CFR § [200.318](#)], which govern the specific conditions under which a contract is required. Suppose a purchase exceeds \$10,000 (the standard micro-purchase threshold [2 CFR § [200.1](#) and [200.320](#)]). In that case, a consultant may request a copy of a contract, quote, or proposal when the budget description provided by the LEA is insufficient to support the request as being reasonable, necessary, and allocable. Any requests for PD that exceed \$50,000 (the maximum permitted micro-purchase threshold [2 CFR § [200.320](#)]) must be accompanied by a copy of a contract, quote, or proposal from the PD vendor.

Out-of-State Travel

Out-of-state travel is subject to additional scrutiny to demonstrate that it is both reasonable and necessary due to the increased costs associated with such requests. LEAs are encouraged

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to reach out to their assigned consultant to discuss any such requests prior to including them in their application. This will ensure that sufficient information is provided to support the request as being reasonable and necessary. LEAs will need to provide the information outlined above about the PD along with a specific justification explaining why PD offered in-state is insufficient and how the PD opportunity will build on an existing initiative and prior learning already occurring within the LEA.

Additional Guidance

For additional guidance regarding other specific items of cost, review the [the Federal and State Programs Allowable Use FAQ](#) and the [Function and Object Code FAQ](#) on the OES website under Tools & Resources. LEAs should also refer to 2 CFR [200.420](#) through 2 CFR [200.476](#) for additional federal regulations regarding specific items of cost.