**Budget, Financial and Reporting**
This section provides guidance and information to assist administrators in developing and submitting an appropriate/cost-effective budget and in successfully administering the fiscal requirements of the grant. An overview of general fiscal and grant administration requirements is included, as well as sample budget worksheets and help/tip sheets for the electronic submission of applications, budget amendments, and expenditure reports.

**Illinois State Board of Education Web Application System**
Annual Preschool for All (PFA) grant applications are created each fiscal year in the Illinois State Board of Education (ISBE) Web Application System (IWAS). Please visit this link and review the User Guide, Training Video, and FAQ for more information. The ISBE Helpdesk may be contacted by the email form at Contact Us or by calling 217/558-3600.

**Project Timeline**

**Project Begin Date** – The calendar date at which a grant recipient may begin to conduct activities and encumber obligations that will be charged to a state or federal grant. Obligation of funds cannot begin prior to the project begin date. If the continuing application has not been submitted by July 1, funds cannot be obligated until the application is submitted. The start date of the project cannot precede the beginning of the fiscal year for which the funds are appropriated. The project begin date is the date submitted to ISBE in a substantially approvable form or July 1, whichever is later.

**Project End Date** - The calendar date at which a grant recipient must end all activities and encumber obligations that will be charged to the state or federal grant. A project end date change is necessary if a grant recipient is unable to obligate and/or complete all the activities included in the approved budget on or before the original project end date (normally June 30). Please see information on Budget Amendments below. End date extension is not necessary if all activities are completed/obligations encumbered and only liquidating outstanding obligations.

**Joint Agreement/Cooperatives**

Joint Agreements are defined as a collection or consortium of at least two or more Local Education Agencies (LEAs) to perform a mandated service or function more equitably or efficiently.

**Licensed Sites or Exempt Sites**

If any classrooms will be at sites that are exempt from Department of Children and Family Services (DCFS) licensure, the exempt sites page must be completed. Exempt sites include school districts, Regional Offices of Education (ROEs), and other exempt public entities. If any classrooms will be at sites that are required to have DCFS licensure, the licensed sites page must be completed. On either page, number of classrooms is referring to physical classrooms, not sessions. All classrooms, regardless of funding stream (PFA, tuition, Early Childhood Special Education, Head Start, etc.) that have at least one PFA child enrolled should be counted. Programs in child care centers must have a current and valid license from DCFS.

**Budget Considerations**

Budgeting is a project plan in which ideas, goals, and objectives are translated into expenses that are segregated by Function and Object per ISBE’s Part 100 Requirements for Accounting, Budgeting, Financial Reporting and Auditing. ISBE’s State and Federal Grant Administration Policy, Fiscal Requirements and Procedures document outlines necessary information in overseeing a grant. The budget is of equal importance to the narrative and can be approached as an important final check in clarifying the practical application of the program. Careful deliberation should go into completing the budget section. No budget, when submitted, can be more than an “informed estimate” of the costs to be incurred, but careful budget planning will ensure that the financial support requested will be adequate to carry out the goals of the project. The approved budget connects the proposed expenditures to program activities and objectives.
Before developing a project budget, the writer must fully understand all of the state and federal rules and regulations that govern the program. This includes allowable direct costs, indirect costs, assurances, project forms, and instructions and what changes are permitted in a budget once the project is approved. The project writer should contact staff at the local level or at ISBE who understand the rules and regulations and can provide assistance to include the information that is necessary in the final document.

A complete copy of the approved application, approved budget, and all approved amendments must be maintained by the grant recipient. These documents and other supporting information must be maintained for a minimum of three years (see Record Retention below) and will be used by ISBE staff to determine fiscal and program compliance. Any changes/corrections must be properly documented (via electronic review checklist, email, notes on the budget breakdown, or budget summary) and changes noted at the grant recipient level.

Note: All activities and obligations that will be charged to the approved grant must occur within the project begin and end date.

Supplement vs. Supplant
Most federal- and state-funded programs specify that only supplemental costs may be charged. Those funds are intended to supplement (i.e., in addition to) and not supplant (i.e., replace) local funds. Local districts are required to maintain, in each eligible attendance area, a level of expenditure that is at least equal to the level of expenditure that would be maintained if federal/state funds were not being expended in that area.

No project or activity can be approved if it proposes to provide a service required by state law. For example, any project to singly provide special education for children with disabilities cannot be approved because special education is required by state law with special funds appropriated to pay for it. In like manner, basic kindergarten programs cannot be approved for the same reason.

In most cases, compensation for supervisory personnel (including superintendents of schools, directors of education, supervisors of instruction in regular curriculum areas, and principals) falls within the category of expenses that would be incurred if a school were not participating in a federal/state-funded program. This would not be eligible for reimbursement unless additional administrative personnel are necessary and hired specifically for that purpose. Extreme care should be taken in determining the applicability of the charges to the federal/state program.

Payrolls must be supported by time and attendance or equivalent records for individual employees. Salaries and wages of employees chargeable to more than one grant program or other cost objective will be supported by appropriate time distribution records.

Supplement, Not Supplant Tests
To determine whether an expenditure supplements and not supplants, grant recipients must run these three tests. **Expenditures must pass all three tests to truly be supplemental.**

**Test I: Required** – Is the program or activity that the district wants to fund required under state, local, or another federal law? If it is, then it is supplanting.

**Test II: Equivalency** – Were state or local funds used in the past to pay for this program or activity? If they were, it is supplanting.

**Test III: Non-Title I Programs** – Are the same programs or activities being implemented in other schools that do not receive Federal funds (e.g. Title I) AND are these programs and activities being paid for with state or local funds? If yes, then this is supplanting.

Budget Detail Page
The budget detail page is to be used to indicate itemization and descriptions of budget expenses that are to be listed and identified within the proper Function Code/Object Codes. This page also indicates the current fiscal year's allotment of funds for the PFA program. Programs should plan a budget that uses the full allotment, leaving a $0
allotment remaining indicated. NOTE: If a SAVE button is not visible at the bottom of this page, please select Page Lock Control at the top of the screen to be sure all sections are unlocked, which allows changes to be made on the other tabs. Failure to save each page as it is completed will result in data loss.

- Function Codes/Object Codes
  - PFA programs have limited Function and Object Codes when compared to other ISBE state and federal programs. A detailed list can be found at Detailed Function Descriptors. When entering budget line items, Function and Object Codes are the first two columns to be completed. The Instruction box in the top right corner of the page will identify additional specific instructions for the entire page.

- Expenditure Description and Itemization
  - This textbox is intended to indicate itemization and descriptions of budget expenses. An appropriate level of detailed information should be entered for each Function/Object Code selected. Examples of appropriate levels of detail are located in Instructions and Examples for Completing the Budget Detail Page. Providing an adequate description will facilitate the approval process. Inadequate detail will result in the application being returned for additional information.

- ECBG Funds
  - Indicate the total amount requested for each Function/Object Code. The total amount in this cell must match the itemization included in the Expenditure Description cell. Expenditure amounts should be in whole dollar amounts only.

- Delete Row
  - If a line of detail needs to be removed, select this checkbox, then click the “Save Page” button.

- Create Additional Entries
  - If additional lines of budget detail are needed, click the “Create Additional Entries” button located at the bottom of the page. Each time this button is clicked it will add five additional rows of budget detail cells.

- Calculate Totals
  - When the Budget Detail Page is complete, click the “Calculate Totals” button at the bottom of the page. (Important: Clicking on “Calculate Totals” does not save the information.)

- SAVE
  - Please verify all data entered is correct and all allocated funds are appropriately budgeted. Save must be clicked before leaving the Budget Detail Page.

Note: Indirect Cost is not applicable to state-funded PFA. 
Note: It is allowable to have multiple function/object rows. Example: function 1000/object 100: staff for Lincoln school; function 1000/object 100: staff for Washington school, etc.

Salaries and Benefits (Objects 100 and 200)
When budgeting for salaries, plan to budget for the proportionate amount of benefits. If a staff member is shared with another program/grant, the proportionate share of salaries and benefits should be charged to each grant/fund source. The program should also maintain Time & Effort Logs to support the allocation charged to each grant. Specific documentation must be maintained at the program level for auditing purposes.

Professional teaching staff who hold a registered Professional Educator License and who work in a PFA program whose fiscal agent is a school district or ROE program may participate in the Teacher Retirement System (TRS). For state grants, TRS is paid by a special appropriation and only the “over-and-above” costs for TRS can be included on a state grant budget. TRS may exclude positions such as parent coordinators, parent educators, or teacher assistant(s)/paraprofessional(s), including any who may hold teaching degrees and educator licensure. TRS program rules and regulations guide the use of TRS on PFA budgets. For more specific information, please contact TRS. The Illinois Municipal Retirement Fund may be available to those not covered by TRS.

General Administrative Expenses (Function 2300)
In accordance with 23 Illinois Administrative Code 235, the budget shall specify no more than 5 percent of the total grant award used for administrative and general expenses not directly attributed to program activities. A higher limit not to exceed 10 percent may be requested by the fiscal agent, who has provided evidence that the excess administrative expenses are beyond its control and that it has exhausted all available and reasonable remedies to comply with the limitation. Requests must be submitted each fiscal year, contain detailed rationales, and be made prior to submission of the online application/amendment. Upon approval and subsequent submission, the approval must be noted in the district comment box or within a textbox on the Budget Detail Page. If a 10 percent exception has been approved for Function 2300, the budgeted cell may not exceed 10 percent of the total grant allotment in the Final Expenditure Report.

**Daily Snack/Meal Reimbursement (Function 2560)**
PFA requires half-day programs to provide one snack and full-day programs to provide one meal AND one snack. While PFA funds may be used for these meals, programs are encouraged to apply for reimbursement under the School Breakfast Program, National School Lunch Program (NSLP), Special Milk Program (SMP), and/or the Child and Adult Care Food Program (CACFP). School districts are eligible to participate in the NSLP, SMP and the CACFP. Child care centers are eligible to participate in CACFP and SMP. For more information about these programs, visit the School Nutrition Programs website.
Note: If an LEA is approved for any of the Child Nutrition programs, it cannot also be claimed on the grant. That would be double-dipping and is not allowable.

**Equipment/Capital Outlay (Object 500)**
Equipment is one of the items identified as a “capital asset” under ISBE’s Part 100 Requirements for Accounting, Budgeting, Financial Reporting and Auditing to describe an instrument, machine, apparatus, or set of articles that meets all of the following criteria:
- Under normal conditions of use, including reasonable care and maintenance, it can be expected to serve its principal purpose for longer than 12 months
- Does not lose its identity through fabrication or incorporation into a different or more complex unit or substance
- Is nonexpendable; that is, if the item is damaged or some of its parts are lost or worn out, it is more feasible to repair the item than to replace it with an entirely new unit
- Retains its appearance and character through use
- Has a cost equal to or in excess of the capitalization threshold adopted by the school board
Capitalization threshold means a dollar figure above which the cost of an item will be depreciated.

All equipment must be inventoried and clearly labeled “Purchased with PFA Funds, Year.” In an audit review, an external auditor may ask to see the PFA Inventory, accompanying receipts, and the items on the inventory to ensure proper labeling has occurred.
The Inventory Register of items purchased with PFA funds must include:
- Description
- Serial number or other identification number
- Funding source for purchased property
- Who holds title
- Acquisition date and cost
- Location, use, and condition of property
- Disposition date

In addition to the information above, more definitions, including Acquisition Cost, Current Fair Market Value, Purchase, Inventory, Management and Disposition of Equipment, and the right of ISBE to transfer equipment if grant activities cease to exist, may be found in Section B: Equipment of the Fiscal Requirements and Procedures document.
Examples of Unallowable Expenditures

- Gift cards
- Promotional items of any kind
- Graduation/promotion-related expenses
- Itinerant services provided by special education staff (should be covered by special education funds)
- Compensation for principal, assistant principal, superintendent, directors of child care centers, etc. (Exception: PREK ONLY Early Childhood Center)
- Vehicle purchase
- Building purchase or any other permanent structure (Rent may be allowable, if there is a need for space that is NOT already owned by district/fiscal agent.)
- Tuition reimbursement
- Out-of-state travel
- Playground equipment may be an allowable expenditure. Consult with your program consultant for more information and guidelines. Programs are cautioned to consult with the Consumer Product Safety Guide and Early Childhood Environment Rating Scale- Revised Guidance on playgrounds before making a purchase decisions.

Payment Schedule
In accordance with applicable regulations for each program, payments should be requested to meet actual cash needs of the project. All payment requests should be based on the projected date of expenditures.

When completing the Payment Schedule on a state application/amendment, indicate the amount needed in each month of the program, beginning with the first full month of the project and ending with the last full month of the project. Payments cannot be requested before the project begins or after the project ends.

Note: Salaries and fringe benefits are normally expended in equal intervals and should be projected in this manner.

When teachers are paid on a 12-month salary basis and the project period is for nine months, the three months’ salaries and related fringe benefits paid after the project ends (and AFTER the service has been rendered/activity has occurred) should be included in the last project payment. Equipment, supplies, contracted services, and in-service activities should have the payment requested in the month for which the expenditure is anticipated.

When a revision of the original payment schedule is necessary, a revision may be included on an amendment (see Amendments below). Formal notification with any payment revisions to the remaining payments will be acceptable 30 days prior to the project ending date. Any increase must be reflected in another month as a decrease. Payment schedules should be equal to the project budget.

Additional information regarding ISBE vouchering of payments may be found in ISBE’s Financial Reimbursement Information System (FRIS). The FRIS Inquiry Quick Help Guide is available to help programs navigate.

Note: The ISBE “Voucher Date” is not the same date on which the Illinois Comptroller processes payments. The date disbursements are released from the Comptroller’s Office can be found on FRIS Inquiry. Please see the Illinois Comptroller Vendor Inquiry page for additional payment information specific to your program.

Expenditure Reports
Expenditure reports are utilized by ISBE primarily as a program accountability and cash management tool. Expenditures must always be reported on a cumulative (i.e., year-to-date) basis from the project begin date through a specific period of time.
Public Act 96-0795 effective July 1, 2010, requires that state grant recipients with awards in excess of $25,000 must submit quarterly expenditure reports to reflect the progress of the grant program. All grant recipients, regardless of the amount awarded, will be required to submit quarterly reports. Expenditure reports can be submitted more often than quarterly.

Grant recipients with approved access to IWAS must submit expenditure reports electronically via the Electronic Expenditure Reporting System. Notification of required expenditure reports is sent via a courtesy, reminder email from the Division of Funding and Disbursement Services. Please review the Electronic Expenditure Reporting Quick Help Guide for more information.

Effective with fiscal year 2013 projects and thereafter, all state or federal grants will be required to submit additional expenditure information if ALL of the following conditions are met:

- The project end date is AFTER June 30
- The expenditure thru date is AFTER June 30
- The expenditures are greater than the June 30 reported expenditures

Grant recipients must report the split of expenses for obligations/activities June 30 and prior compared to July 1 and after.

Any amount reported in an expenditure account (cell) not budgeted or not within the acceptable expenditure variance will not be accepted. Failure to submit an acceptable report will result in the delay of current payments. Expenditures and obligations in excess of the total project budget will not be allowed.

Expenditure reports are due 20 calendar days after the expenditure through date. Reports not received by the due date will result in project funds being frozen until an acceptable report is submitted.

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Reporting Project Begin Date</th>
<th>Report Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>September 30</td>
<td>October 20</td>
</tr>
<tr>
<td>2</td>
<td>December 31</td>
<td>January 20</td>
</tr>
<tr>
<td>3</td>
<td>March 31</td>
<td>April 20</td>
</tr>
<tr>
<td>4</td>
<td>June 30</td>
<td>July 20</td>
</tr>
</tbody>
</table>

**Excess Cash on Hand**

Excess cash on hand is determined by comparing the amount disbursed by ISBE to date, not necessarily received, indicated on the grant recipient’s expenditure report minus the total amount expended and obligated on a cumulative basis for the reporting period. A positive balance indicates excess cash on hand. This amount will be withheld from the next scheduled payment(s). The amount of excess cash is placed in reserve and will be released when a subsequent cumulative expenditure report is submitted with a zero or negative cash fund balance.

The payment schedule should be submitted based on the actual cash needs of the district. Lump sum, semiannual, or quarterly payments are not appropriate unless a unique expenditure obligation warrants such disbursement. If the payment schedule has been prepared in a reasonable manner, excess cash on hand should not occur.

**Final Expenditure Reports**

A final expenditure report is defined as:

- the project end date equals the cumulative expenditure through date
- there are no outstanding obligations reported

If a completion report is submitted with outstanding obligations, then a final expenditure report that reflects total project expenditures (with all prior obligations liquidated) must be submitted no later than 90 calendar days after the project end date. Failure to submit this final expenditure report in a timely manner will result in project funding being withheld for the current and subsequent year until the report is received.
A revision of a final expenditure report will not be accepted unless extenuating circumstances warrant a revision. A request to revise a final expenditure report must be submitted in writing or via email to the Division of Funding and Disbursement Services staff for approval.

**Carryover/Return of Funds**

Carryover of funds is not allowed for state-funded programs. If any PFA program will not/cannot expend all program funds, please contact the ISBE Early Childhood Division as soon as possible. The division will assist the program in filing a “downward” amendment for the amount of funds that will not be expended.

PFA funds that have not been expended for the project year must be returned to ISBE. Unexpended funds “lapse” and will be returned/credited to the State General Revenue Fund. The Division of Funding and Disbursement Services will request funds to be returned when the amount to be returned on a grant is more than $50, unless specific grant provisions require otherwise. The division will follow procedures as prescribed in the [Illinois Grant Funds Recovery Act](https://www.illinois.gov/acts/30105.pdf) [30 ILCS 705].

**Amendments**

All amendments must be submitted in IWAS and are due to ISBE 30 days prior to the project end date. Specifically, if the project end date is June 30, the amendment is due by May 31. A project with an end date of August 31 has an amendment due of no later than August 1. Amendments must be received prior to the obligation of funds based on the amendment.

Amendments are required for:

- The scope of the project is expected to change (Example: The program changes from a traditional program to a blended program, or a half-day program is extended to become a full-day program)
- The expected expenditures exceed the budget cell by 20 percent or $1,000, whichever is greater
- A new expenditure needs to occur and it has not already been budgeted (opening a previously unbudgeted cell)
- Closing a previously budgeted cell
- Additional funds have been allotted or returned on either a one-time or continuing basis

Amendments are not required for:

- An end date extension past June 30 is NOT needed for regular term staff salaries paid on a 12-month salary schedule
- An end date extension past June 30 is NOT needed to pay obligations (e.g., purchase order for supplies) incurred June 30 or prior
- An end date extension past June 30 IS NEEDED for new activities and obligations incurred July 1 or later (e.g., Summer School, Professional Development)

Each budget amendment/payment schedule replaces the one prior. Include all budget cells (even the ones that are not changing) and a new payment schedule (even if it is not changing) on the Budget Summary and Payment Schedule.

**Outstanding Obligations**

An outstanding obligation is any liability for which funds are committed prior to the end of the reporting period and is expected to be paid within 90 days. See [State and Federal Grant Administration Policy](https://www.isbe.net) for further guidance.

**Requests for Additional Funding**

In the event extra Early Childhood Block Grant funds are available, district/program requests will be considered. Please email earlychi@isbe.net to request a copy of the Additional Funding Request form.
Record Retention
The grant recipient shall retain records for three years from the final date of filing a claim. ISBE can re-compute within three years from the final date of filing a claim for reimbursement to any school district if the claim has been found to be incorrect and can adjust subsequent claims accordingly, as well as to recompute and adjust any such claims within six years from the final date for filing when there has been an adverse court or administrative agency decision on the merits affecting the tax revenues of the school district. However, no such adjustment shall be made regarding equalized assessed valuation unless the district’s equalized assessed valuation is changed by greater than $250,000 or 2 percent. [105 ILCS 5/2-3.33].

All purchase orders, time-and-effort sheets, and other supporting documentation must be retained at the local level and must be available for review or audit any time within the three years after termination of the project or until the local entity is notified in writing from ISBE that the records are no longer needed for the review or audit.

Records may be disposed of:
- after their individual retention period is complete
- providing any local, state, and federal audit requirements have been met
- as long as they are not needed for any litigation either pending or anticipated
- and, if they are correctly listed on a Records Disposal Certificate submitted to and approved by the appropriate Local Records Commission

The responsibility for retention and destruction of records is shared between the ISBE and the Local Records Commission. Prior to the destruction of any records following the three-year period, a fund recipient must contact the Local Records Commission, Illinois State Archives, Margaret Cross Norton Building, Illinois Secretary of State, Springfield, IL 62756 or at 217/782-7075.

Financial Audit/Monitoring
The ISBE Division of Federal & State Monitoring periodically reviews PFA programs. Funds used to provide for salaries, supplies, professional development, and costs associated with the program will be audited. More details are available by reviewing the Federal & State Monitoring Division’s checklist. Inappropriate expenditures could result in audit findings and funds may be required to be returned to ISBE. More information can be found in the Required Audits section of the State and Federal Grant Administration Policy, Fiscal Requirements and Procedures.

Student Information System: Early Childhood Data
All PFA programs are required to enroll their children in the ISBE Student Information System (SIS). Child data must be entered at pre-determined periods throughout the school year based upon an ISBE reporting timeline. Early childhood data to be entered includes homeless status, English Language Learning, Early Childhood Outcomes System (ECOS), enrollment data, and other demographic information.

The SIS system is designed to assign a unique Student Identifier (SID) to each child, collect demographics, collect performance and program participation data for each child, track children from school to school and district to district within Illinois, and to report timely and accurate information and data through standardized reporting capabilities. This system serves as the vehicle to collect child-related information electronically from school districts. The result of successful implementation is the ability to provide the state education agency, state and federal entities, the education community, and the public with timely and accurate data collection and reporting for children, schools, school districts, and the state.

The SIS application allows authorized users at school, district, and ROE sites to access the system via IWAS. This application facilitates the assignment of an individual SID through secure online web forms or mass assignment of SIDs through batch processing. The statewide SID web application is designed from the user’s perspective to include all the function necessary to perform the user’s role effectively and efficiently.
For more information about SIS or to view a SIS training calendar, visit [http://www.isbe.net/sis](http://www.isbe.net/sis).

**Data Elements**

**Student Demographics**
- Race and Ethnicity Codes for SY2011 and After
- Lineage Suffix Codes

**Student Enrollment**
- Entry-Grade Level Codes
- Enrollment Type Codes
- Program Indicators
- Household and Income Form
- Notice for Reporting Socioeconomic Status in the Student Information System
- Language Codes
- Language Codes by Alpha

**Early Learning**
- Early Childhood
- Early Childhood Validations Reference
- Student Data for ECOS
- Special Education ECOS Decision Tree

Special Education ECOS Forms and Instructions
  - [http://www.isbe.net/earlychi/html/ec_speced_outcomes.htm#cosf](http://www.isbe.net/earlychi/html/ec_speced_outcomes.htm#cosf)

**Exit Enrollment**

**Exit Type Codes**

**Student Health Data**

Immunization/health examinations are required of all children PreK-12 as per compliance with PA 097-0910 (105 ILCS 5/27-8.1) (from Ch. 122, par. 27-8.1). Please complete the online survey providing immunization and physical examination data as of October 15, or an earlier exclusion date established by your district/school, and submit the completed survey to ISBE by November 5 of each calendar year. All student counts for polio, DTP/DTaP/Td, Tdap, measles, rubella, mumps, hepatitis B, Hib, varicella (chickenpox), pneumococcal, and meningococcal are to be reported for the specific grade levels required by law to be immunized. More information can be found in the Immunization/Health Examination section of the Health Requirements/Student Health Data webpage and in the Student Health Data: Immunization System IWAS User Guide. Special education children should be reported by the home or sending school.

**Employment Information System**

In 2013, ISBE retired the Teacher Service Record data collection system and replaced it with the Employment Information System (EIS) for district use in reporting data for teachers, administrators, and other employees. Through EIS, not only can data be entered and edited using online screens, but it can also be submitted via batch file. EIS also allows data to be reported continually (no closed periods during a school year) for both licensed and non-licensed employees. Further, EIS incorporates the administrator, teacher, and benefits data that school districts are required to report by October 1 each year, per Sections 10-20.47 and 34-18.38 of the School Code. Additional information can be found [here](http://www.isbe.net/earlychi/html/ec_speced_outcomes.htm#cosf).