



## **Fiscal and Administrative Services**

### **Finance News**

#### **Topics:**

- **Teacher Salary Analysis**
- **Subaward Form**
- **ESSER/ARP Annual Survey**



## Teacher Salary Analysis

The FY 2023-2024 Teacher Salary analysis report has been posted to the DESE website at:

<https://dese.ade.arkansas.gov/Offices/fiscal-and-administrative-services/publication-and-reports/salary-reports>

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## Subaward Form

The current approved indirect cost rate methodology allows for the full total expenditures of regular purchased service contracts to be used in calculating and applying indirect cost rates. Further, only the first \$30,000 of expenditures of purchased services deemed subawards are to be used in calculating and applying indirect cost rates.

Therefore, each school district, open-enrollment charter school, and educational service cooperative must submit a list of all subawards to the ADE Federal Finance Unit each year. ADE will exclude expenditures above \$30,000 for each of these identified items from its process when calculating the indirect cost rates for the LEA. This list should match what the district excluded when applying the 2022-2023 indirect cost rate.

The difference between a regular purchased service contract and a subaward is found in the level of administrative work required by the LEA when executing the arrangement. A subaward requires little to no administrative effort by the LEA. A regular purchased service requires more administrative effort by the LEA. An actual subaward would resemble an independent contractor arrangement, where an outside vendor works autonomously to complete the tasks assigned them by the agreement with the LEA. Additionally, to be a subaward, the contract should involve specific program objectives, not an organization-wide support function, and not provide an auxiliary service normally provided in-house.

ADE has assembled some written guidance from USDE Indirect Cost Group and attached to this memo as “Subaward Guidance” in an effort to assist LEAs in making this distinction within their expenditure data. Also attached is a short list of “Subaward/Non-Subaward Examples” that are being compiled as new instances are reported. While these are basic guidelines, determining what constitutes a subaward is subjective and will differ from district to district.

ADE Federal Finance is now beginning work on 2024-2025 indirect cost rates. These rates will be based on expenditures from fiscal year 2022-2023. The LEAs must provide ADE Federal Finance with the subaward data contained in the 2022-2023 expenditures for consideration in these rate calculations. The “Schedule of Subcontracts/Subawards” form is available at <https://dese.ade.arkansas.gov/Offices/fiscal-and-administrative-services/school-funding/indirect-cost>. The form must be received from every school district, educational cooperative, and open-enrollment charter school.

ADE Federal Finance will provide as much assistance as possible to districts working to identify subawards. If specific situations require case-by-case examination, the LEA is encouraged to contact the unit directly.



Completing the form:

1. Select name from dropdown list at the top of the form
2. Confirm the fiscal year of expenditures being reported on the third line
3. Fill in information required in the first six columns, one line for each individual purchased service contract determined to be a subaward with expenditures over \$30,000 in the year
4. If no subawards are active in the expenditure data for the year, check the box indicating the LEA has no subawards

Return to ADE Federal Finance by December 29, 2023.

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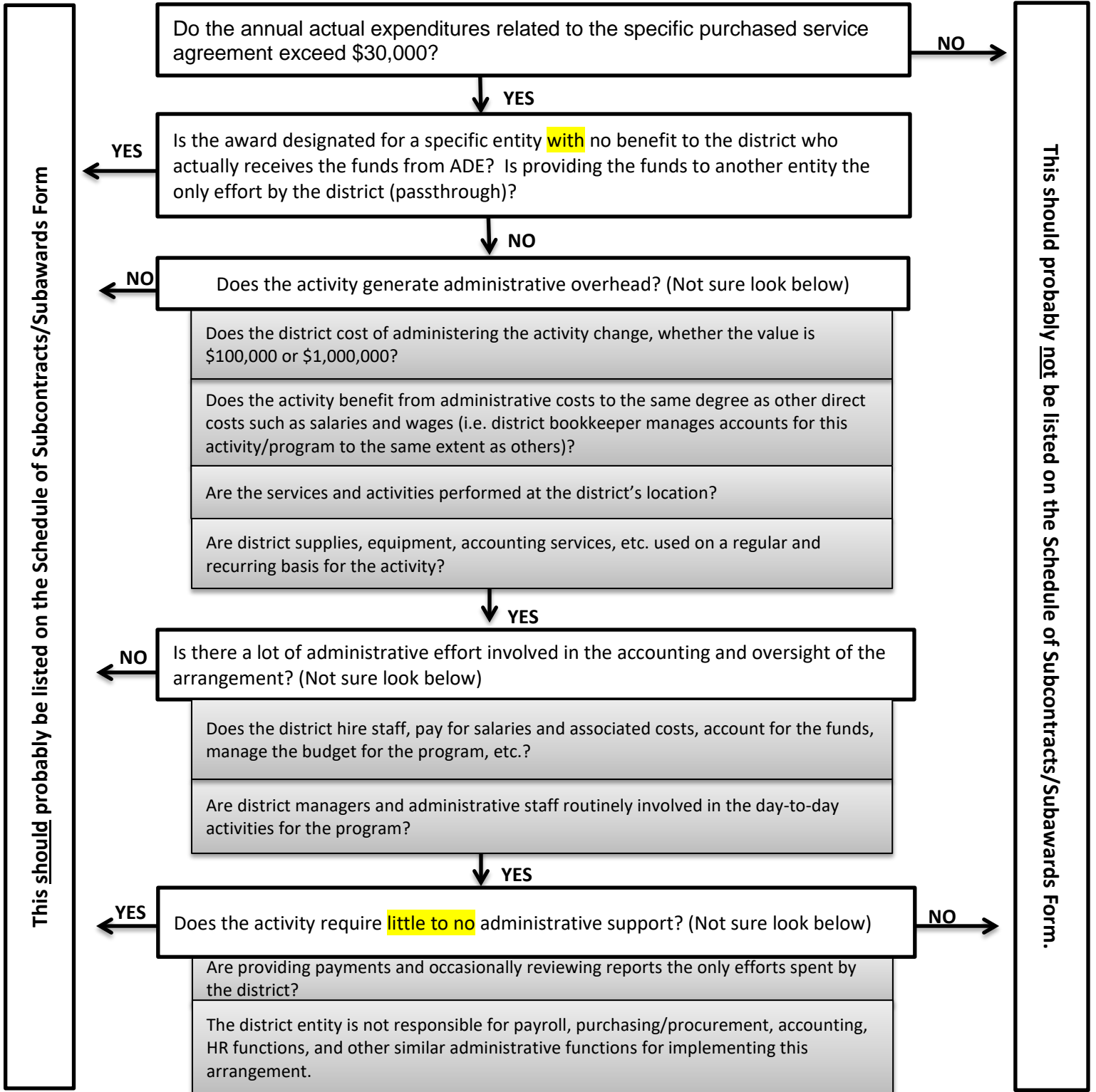
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## Keys to Determining if a Purchased Service Contract is a Subaward

- Most subawards will be coded as a purchased service in APSCN (see object codes 63000 thru 65000)
- Under a subaward, a contractor receives funds from the district to carry out some activity or program. This contractor works independently of district personnel or resources and is responsible for its management and decision making.
- Subcontracts for professional services providing an auxiliary service normally provided in-house would NOT be considered a subaward. (Should not be listed on Subcontracts/Subawards Form)
- Contracts that contain costs that provide organization-wide support are indirect costs and NOT considered subawards. (Should not be listed on Subcontracts/Subawards Form)



# Subaward/Non-Subaward Examples

- 1) If a contract is paid between multiple functions or objects, only list those that exceed \$30,000 individually. In the example below one contract totals more than 30,000 overall, but each function/object line is less so these would not need to be reported:

Function	Object	Vendor	Contract Amnt	Actual Amnt	Limit	Excess of 25,000
2292	65910	Company ABC	30,000.00	23,000.00	30,000.00	(7,000.00)
2292	63210	Company ABC	30,000.00	7,000.00	30,000.00	(23,000.00)

- 2) Capital outlay should not be reported as a subaward since all such expenditures are excluded from indirect costs calculations. For example, a new roof or storm shelter would not be a subaward.
- 3) School wide functions should not be considered subawards since they do not address a program-specific requirement. Thus the following would not be subawards: substitute teacher services, resource officers, maintenance agreement contracts, software vendor contracts enhancing business software.
- 4) Contracted speech pathology/physical therapy/occupational therapy/school nurse services to students may or may not be subawards. The determination is based on the extent to which district personnel supply administrative support to the activities. If the district supplies “a lot” of administrative support, then it is not a subaward. If the district supplies “a little or no” administrative support, then it is a subaward. Some things to consider here would be if the district does or does not have a position that could be filled for providing these services to students; are the services provided onsite (therefore using district utilities, space, etc.) or off campus; do district personnel complete most of the reporting, billing, and/or other required documentation for these services or does the contracted entity complete it. The determination of whether these therapy services are subawards will vary between districts.
- 5) A district contracts with an outside vendor to provide ACT prep courses, vocational courses, or other similar programs to its students. The vendor does not use district buildings, supplies, or personnel in its activities to provide these courses. This would be considered a subaward because it creates minimal administrative expenses for the district.
- 6) A district contracts with a company to provide supplemental education services, mentoring and modeling for teachers and administrators on the districts campus. This may be considered a

subaward if the activities do not benefit from indirect expenses to the same degree as other direct expenses.

- 7) District A shares a special education supervisor with district B. District B pays the individual's salary and all benefits, etc. then bills district A each quarter for a portion of those costs. The amount is over \$30,000. This should be considered a subaward for District A and should not be a subaward for District B.
- 8) The district contracts with an off-campus facility to service special needs students. School age students attend the program and the district pays the contract. This is a subaward because the service does not benefit from indirect cost as it would if the district hired instructors for these students on campus.







## ESSER/ARP Annual Survey

The US Department of Education (USDE) has posted a data collection tool that states will be required to complete for all ESSER funds. The Arkansas Department of Education (ADE) anticipated as many data needs as possible by establishing the required program codes used with all ESSER funds in eFinance. This effort, combined with the school districts' dedication to accurate recording of student and financial data in APSCN, will allow ADE to compile most of the report data at the state level.

There are eight questions in the federal data collection tool that will require additional responses from each school district. The attached survey must be completed and returned to ADE finance staff by December 29, 2023, by every district and charter. Instructions are also provided to further assist with this effort. All areas of the survey are to be completed and have been pre-filled with what is expected inside each question. The completed form should be returned to [ade.fedfinance@ade.arkansas.gov](mailto:ade.fedfinance@ade.arkansas.gov) in the excel format it is attached in.

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