

**SPECIAL PURPOSE PRIVATE SCHOOL (SPPS)  
RATE SETTING**

Licensed agencies shall complete a year-end report (CARES EF-S-10) and submit it to the Department for review. The Department shall not act on any report that is incomplete, and/or contains substantive errors or omissions. Any such report shall be returned for corrections and/or completion.

The Agency shall submit the following completed sections of the CARES EF-S-10:

- Cover Sheet;
- Student Data;
- Personnel;
- Contracted Services;
- Instructional Expenses;
- Non-Instructional Expenses;
- Profit & Loss Statement (P&L);
- Daily Rate; and
- Required Docs with all information requested therein

**COVER SHEET**

The purpose of the Cover Sheet shall be to identify the Agency submitting the EF-S-10 and to provide certification from the Agency that the information provided within the report is complete and

When completing the "Cover Sheet", the Agency shall:

- Indicate whether the report being submitted is the original or an amended submission;
- Give the name, address, and telephone number of the Agency;
- Give the Employer Identification Number (EIN #) of the Agency;
- Give the accounting period;
- Give the name, title, mailing address and telephone number of the person completing the
- Give the name of the Agency's authorized representative;
- Give the signature of the Agency's authorized representative certifying that information within the year-end report is correct and accurate to the best of the authorized representative's
- Give the ownership type such as proprietorship, partnership, or corporation; and
- Give the operating Agency type such as for profit or non-profit.

**STUDENT DATA**

The purpose of the Student Data worksheet shall be to identify students attending the Agency program and the number of student days in the fiscal year.

When completing the Student Data worksheet, the Agency shall:

- Indicate the name of the student attending; and
- Enter the number of "Student Days" by month, by individual student.

## **PERSONNEL**

The purpose of the Personnel worksheet shall be to identify all personnel costs associated with the Agency as applicable to a single cost objective (Special Education Services).

When completing the Personnel worksheet, the Agency shall:

- Enter # of FTE employees by job description;
- Enter the base pay for all FTE's by job description;
- Enter aggregate benefits total for all employees by column;
- Enter aggregate payroll taxes associated for all employees by column; and
- Complete the detailed section for "Other Staff", if any.

## **CONTRACTED SERVICES**

The purpose of the Contracted Services worksheet shall be to identify all contracted services associated with the Agency as applicable to a single cost objective (Special Education Services).

When completing the Contracted Services worksheet, the Agency shall:

- Identify the name of the contractor;
- Enter the title of the contractor;
- Indicate that the Agency has verified required certification and/or licensure, if any; and
- Enter the cost of each contracted service, by category, for the fiscal year of the report in the

## **INSTRUCTIONAL EXPENSES**

The purpose of the Instructional Expenses worksheet is to identify all direct costs associated with a single cost objective (Special Education Services).

When completing the Instructional Expenses worksheet, the Agency shall:

- Enter the total cost of each expense, by category, for the fiscal year of the report in the
- Complete the detail section for "Other Expenses", if any.

## **NON-INSTRUCTIONAL EXPENSES**

The purpose of the Non-Instructional Expenses worksheet is to identify all indirect costs associated with the single cost objective (Special Education Services).

When completing the Non-Instructional Expenses worksheet, the Agency shall:

- Enter the total cost of each expense, by category, for the fiscal year of the report in the
- Complete the "Notes" section if "Other Expenses" and/or "Other Occupancy Costs" are

## **COST SUMMARY**

The Cost Summary Worksheet will auto populate and should be reviewed for accuracy.

## **P&L**

The P&L worksheet outlines the Profit and Loss of the organization over the fiscal year being reviewed.

When completing the P&L worksheet, the Agency shall:

- Enter revenue, by category, for the fiscal year of the report.

## **DAILY RATE**

The Daily Rate worksheet outlines expenses and revenues and provides an allowable daily rate. This worksheet auto populates and should be reviewed for accuracy.

## **RATE NOTIFICATION**

- A. The Department shall notify the Agency by certified mail of the proposed annual daily rate.
- B. The Agency shall review the notification. If the Agency has questions and/or issues with the proposed annual daily rate the Agency shall request a meeting with the Department's rate setter within 14 working days of receipt of the notification letter from the Department which states the
- C. The request for a meeting with the Department's rate setter shall state the specific reasons why the Agency believes there was an error in the proposed annual daily rate.
- D. Unless a written request for a meeting with the Department's rate setter is received by the Department within 14 working days of the Agency's receipt of the letter or other written notification from the Department which states the proposed annual daily rate, the proposed rate
- E. If the Agency requests a meeting with the Department's rate setter concerning the proposed rate and the results of that meeting do not satisfactorily resolve the concern(s) of the Agency, the Agency shall be informed by the Department's rate setter of his/her options, including, a right to a
- F. During any review, the Agency's most recent approved final rate shall remain in effect for billing purposes. If the Agency has not had a previously approved final rate adopted by the Department, the Agency may bill-for-services at the proposed rate.

## **HEARING MECHANISM FOR SPECIAL EDUCATION RATES**

If efforts to resolve concerns and/or issues with the rate setter are not successful, the Agency may file a request for reconsideration of the proposed annual daily rate. The procedures for filing a Request for Reconsideration are set forth below:

- A. The Agency shall submit a Request for Reconsideration to the Department within 14 days of receipt of the rater setter's final decision regarding the proposed rate.
- B. The request for reconsideration shall be made in writing, shall be signed by a person duly authorized by the Agency to submit the Request for Reconsideration and shall be filed with the Director, Special Services Division, Maine Department of Education.
- C. The Request for Reconsideration shall state the specific reasons why the Agency believes there was an error in the original determination.

- D. The director shall render a decision in writing regarding the request within 14 days of the date on which the Request for Reconsideration is received by the state. If the director determines that the "Request for Reconsideration" reasons are vague, he/she shall require that the Agency file a more detailed statement. In such cases, the Agency shall respond to the request for additional
- E. If the director agrees with any or all portions of the Agency's request for reconsideration, the Department's rate setter shall recalculate the Agency's rate accordingly.
- F. If the director does not agree with any or all portions of the Agency's request for reconsideration, the director shall notify the Agency of his/her decision pursuant to the
- G. Agencies who wish to appeal the decision of the director shall do so by filing an appeal.
- H. The appeal shall be made in writing, shall be signed by a person duly authorized by the Agency to submit the appeal and shall state specific reasons for the appeal.
- I. The appeal shall be filed within 14 days of the date of the notification letter which states the decision of the director which is sent by the Department to the Agency.

### **GENERAL RATE SETTING INFORMATION**

1. Tuition rates shall be set based on the Agency's EF-S-10 year-end submission. Deadline for submission of all prescribed forms shall be the last day of August, annually.
2. Any adjustments to the Agency's EF-S-10 shall be made by the Department based solely upon these rules and evaluation of required materials and information.
3. For each year, the tuition rate for each special purpose private school shall be capped at its rate from the previous fiscal year plus the median change of the sum of allowable expenditures for all State of Maine approved special purpose private schools for the 2 fiscal years immediately before the year for which the tuition rate is computed; this is known as the adjustment factor.
4. In a year in which the median change is negative, the special purpose private schools with rates more than one standard deviation lower than the mean will not be subject to a further negative
5. In a year in which the median change is positive, the special purpose private schools with rates more than one standard deviation higher than the mean shall be capped at the rate for the previous fiscal year plus one half of the adjustment factor;
6. The adjustment factor shall be no more than 6% per annum.
7. General operating fund balances at the end of a special purpose private school's fiscal year must be carried forward to meet the school's needs in the next fiscal year. Net revenues in excess of 103% of the fiscal year's net expenses must be used to reduce the net expenditures in the following
8. Rates shall become effective on July first, and shall be set annually.
9. Once the Department has established a final rate for an Agency, no further adjustments shall be made to the rate for the fiscal year in which the Agency's EF-S-10 was submitted.
10. The Department shall notify the Agency by certified mail of the established rate.
11. The annual daily rate established through this process shall be the maximum reimbursement paid to the Agency on a per-child basis.
12. Any parent organization or related party providing services, facilities, or supplies to an Agency submitting an EF-S-10 shall make available documentation including but not limited to invoices, leases, loan-notes, insurance policies, etc. supporting the stated cost.
13. related party costs. The related party costs shall be considered services for the purposes of

14. The Agency shall submit a copy of the audited financial statements and special report made by an independent auditor upon request. The financial statements shall at a minimum contain supplemental schedules using the same line items and functions used in the EF-S-10 submitted with

#### **DEFINITIONS:**

Except where the context makes another meaning clear, the following words have the meaning

- a) Accrual basis of accounting - an accounting method which recognizes revenue when it is earned rather than when it is received, and expense is recognized when it is incurred rather than when it is
- b) Advertising costs - costs of media services, solicitations of bids for goods and services, recruiting personnel and development of school brochures and program descriptions.
- c) Allowable costs - costs determined by the Department to be reasonable and required for the operation of approved special education programs.
- d) Agency - any private provider of special education services which has been approved by the Department as a provider of special education and/or related services.
- e) Consultant - an independent contractor who is a certified and/or licensed (if required) member of a specific profession and provides professional services or expert advice to an agency.
- f) Direct costs - costs that can be completely attributed to the production of specific goods or
- g) Executive - a person performing the administrative functions and duties that are necessary to the general supervision and direction of the operations of the Agency, including, but not limited to:
  - (1) Hiring and firing of personnel;
  - (2) Administrating supervision of the personnel;
  - (3) Supervising the maintenance of educational records;
  - (4) Maintenance of payroll, bookkeeping and other records; and
  - (5) Supervising the maintenance and repairs of the facility.
- h) Indirect costs - costs which have been incurred for common or joint objectives and cannot be readily identified with a final cost objective.
- i) Student Days – total number of actual days of student attendance.
- j) Program capacity - the maximum number of children with disabilities that can be enrolled in a school, class or program.
- k) Related party - all affiliates of an enterprise, including but not limited to the following:
  - (1) Its management and their immediate families;
  - (2) Its principal owners and their immediate families;
  - (3) Beneficial employee trusts that are managed by the management of the organization; and
  - (4) Any party that can or does deal with the organization and has ownership of, control over, or can significantly influence the management or operating policies of another party to the extent that an
- l) Reasonable costs - costs which are prudent, within cost limitations and are required for the operation of approved special education programs.
- m) Surplus - the positive net difference of revenue over expenses from operations, regardless of whether that difference is called surplus, profit, excess of support and revenue over expense, or fund balance increase on the entity's books of account.

#### **PERSONNEL**

Salary and wages shall:

Include and comply with the following:

- a. Payment for regular full and part-time personnel services accrued in whatever form by employees of the vendor during the fiscal year;
- b. Premiums for overtime, extra pay-shifts, and multi-shift work;
- c. All salary and wage costs shall be supported by documented payroll vouchers or a generally accepted documentation method; and
- d. Payroll shall be further supported by time and attendance records for individual employees.

Employee benefits shall:

Include and comply with the following:

- a. All group fringe benefit plans provided to regular full and part-time employees, such as, Blue Cross/Blue Shield, retirement plans, and worker compensation;
- b. Benefit plans shall be in conformance with state and federal law; and
- c. The cost of fringe benefit plans shall be a percentage of total salaries and wages by program.

Payroll taxes shall:

Include and comply with the following:

- a. All payments made for F.I.C.A. and unemployment insurance;
- b. F.I.C.A. shall equal the prevailing rate multiplied by the total F.I.C.A. salaries per program;
- c. State and federal unemployment insurance shall equal the rate as determined by the applicable state and the federal agencies; and
- d. If an Agency elects to fund an unemployment compensation reserve, the Agency shall not also include unemployment tax as an expense item.

### **CONTRACTED SERVICES**

Other professional services and consultants shall:

Include and comply with the following:

1. The nature and scope of the contractor's services rendered are necessary, pertain to a single cost objective (special education) and cannot be provided by the organization's employees or can be more economically performed by contractors than by employees;
2. The fee charged for the service by the individual or concern shall be consistent with the customary fees charged by similarly qualified consultants for the service rendered, is reasonable in relation to the services rendered and shall be supported by specific rationale in support of fee(s)
3. The contractor possesses and maintains throughout the contract period all certifications and/or licenses to perform the services as outlined in federal and state law.
4. The contractual agreement for the services is adequately specific and shall at minimum include fees charged, services to be provided, number of days to be worked, beginning and end date of
5. All eligible medical expenses are billed to available medical sources (i.e, MaineCare).
6. The contractors are not trustees, directors, officers or employees of the organization nor of any

### **REASONABLE COSTS**

The reasonableness of specific costs shall be determined by the Department. Costs shall be allowed provided they can be justified by one or more of the following criteria:

- The cost shall be of a type necessary for the operation of the organization or performance of an activity or function of the program;
- The cost shall be consistent with accepted sound business practices, arms-length bargaining, federal and state law, or generally accepted accounting principles;

### **ALLOWABLE COSTS**

To be considered an allowable special education cost the following criteria shall be met:

1. The cost shall be reasonable;
2. The cost shall have a direct relationship to the policies and procedures of the organization;
3. The cost shall be recognized by and reported in accordance with generally accepted accounting
4. The cost shall be supported by documentation including but not limited to:
  - Invoices;
  - Leases;
  - Loan-notes;
  - Insurance policies; and
  - Service contracts; and
5. The cost shall pertain and be readily identifiable to an activity, function or program relative to the provision of special education and related services.

### **INSTRUCTIONAL AND NON-INSTRUCTIONAL EXPENSES**

Accounting and audit fees shall:

Include and comply with the following:

- a. The cost of accounting and auditing services supplied by outside providers, including check-writing and payroll fees; and
- b. These services shall not be provided by employees of, or other people who are affiliated with the Agency. These costs shall be included in general management.

Legal fees shall:

Include and comply with the following:

- a. All legal service costs which the Agency expects to incur to fulfill obligations to the Department;
- b. No funds shall be used to pay any legal fees that involve litigation or disputes against the Department or any other state agency; and
- c. No funds shall be used to pay any fines, payback or other court-ordered payments resulting from an investigation or litigation against the facility or program.

Journals and publications shall:

Include the cost of all books, publications and training materials purchased for professional

Staff Development shall:

Include and comply with the following:

- a. All professional development and training costs for conferences, workshops, conventions, in-service training and tuition.

- b. These professional development and training cost requests shall not exceed a total sum of money computed by multiplying the number of the program's full-time employees by \$300;
- c. Costs of conferences or meetings shall be allowed when the primary purpose the conference is dissemination of technical information and is part of the facility's approved professional
- d. Allowable costs include, transportation, rental of facilities and other items incidental to such

Rent/Lease shall:

Include and comply with the following:

- a. The cost of renting/leasing any building utilized for the facility or program;
- b. Cost for space shall not exceed the cost of comparable space and facilities in the same locality;
- c. Rentals shall be documented by a lease agreement;
- d. Any leases shall stipulate the extent of the lessee's responsibility for renovations; and
- e. The cost of lease purchase agreements shall not be included.
- f. Allowable costs shall be as follows:
  - 1. Costs as specified in sale and leaseback agreements shall be allowable to the extent of actual costs had the organization continued to own the property;
  - 2. If any party as lessor is in common with the lessee, the rental costs shall be limited to actual costs, including but not limited to mortgage payments, insurance premium payments,
  - 3. The cost of lease-purchase agreements shall be excluded as a rental expense.

Heating costs shall:

Include and comply with the following:

- a. All heating costs, such as electricity, gas or oil;
- b. These costs shall be excluded if they are included in a rental or lease agreement; and
- c. These costs shall be cost-allocated to programs and general management based upon square footage or full-time equivalents.

Other utilities shall:

Include and comply with the following:

- a. All other utility costs, such as electricity, water, sewage, gas;
- b. These costs shall be excluded if they are included in a rental or lease agreement; and
- c. These costs shall be cost-allocated to programs and general management based upon square footage or full-time equivalents.

Maintenance and repairs shall:

Include and comply with the following:

- a. The costs of materials and supplies needed for routine maintenance and repairs and/or maintenance contracts such as garbage removal and snowplowing;
- b. These costs shall be excluded if they are included in a rental or lease agreement;
- c. These costs shall be cost-allocated to programs and general management based upon square footage or full-time equivalents; and
- d. The following shall apply to repair and maintenance of plant:



1. Costs incurred for necessary maintenance, repair and upkeep of property which do not add to its useful life but keep it in efficient operating condition shall be allowable when they are not included in rental or other charges for space; and
2. Costs incurred for necessary maintenance, repair or upkeep of movable equipment which keep it in efficient operating condition shall be allowable.

Taxes shall:

Include and comply with the following:

- a. Taxes which the organization is required to pay and which are paid or accrued in accordance with generally accepted accounting principles and payments made to local governments shall be
- b. These costs shall be cost-allocated to programs and general management based upon square footage or full-time equivalents; and
- c. Taxes for which an exemption is available and payments in lieu of taxes shall be disallowed.

Other occupancy costs shall:

Include and comply with the following:

- a. Any other occupancy costs not covered by above accounts (detail required).

Office supplies shall:

Include and comply with the following:

- a. Costs of consumable materials used for office operations, such as paper, pens notebooks, printed checks, photocopy supplies; and
- b. These costs shall be cost-allocated to programs and general management based upon direct costs or full-time equivalents.

Building and household supplies shall:

Include and comply with the following:

- a. Costs of consumable supplies used for buildings and grounds as well as all household supplies such as toilet paper, towels, crockery, flatware, cleaning supplies; and
- b. These costs shall be cost-allocated to programs and general management based upon direct costs or full-time equivalents.

Educational and training supplies shall:

Include and comply with the following:

- a. Costs of materials used in programs for children with disabilities, such as paper, pens, paint brushes, sets of practice materials, magazine or book subscriptions or children's use; and
- b. These costs shall be cost-allocated to programs or direct costs or full-time equivalents.

Food shall:

Include and comply with the following:

- a. Costs of materials used in educational programs for children with disabilities (i.e., life skills programs).
- b. Costs associated with school lunch programs and/or staff lunches are not allowable costs:
- c. Costs associated with entertaining for business purposes are not allowable costs.

Medical supplies shall:

Include and comply with the following:

- a. The costs of services which would be available to children with disabilities if they were enrolled
- b. Costs of speech, physical or occupational therapy, or counseling if included in an IEP of a child with a disability, shall be allowable under a separate rate setting program and shall not be included as part of instruction and room and board rates;
- c. All eligible medical expenses are billed to available medical sources (i.e, MaineCare).
- d. The cost of a medical examination for an employee or applicants for employment, or the cost of furnishing any records required by the employer as a condition of employment shall be allowable;
- e. Other medical services or the costs of medical supplies provided by the Agency's own staff shall

Capital expenditures shall:

Include and comply with the following:

- a. The cost of furnishings and equipment valuing more than \$1,000 for each item;
- b. Groups of items valuing \$1,000 or more, even if individual items are valued at less than \$1,000,
- c. Compensation for the use of buildings, or other capital improvements and equipment shall be made through depreciation charges;
- d. All other asset items used for program purposes costing \$1,000 or more having a useful life of one year or more shall be depreciated;
- e. Reimbursement for capital expenditures shall be available through depreciation charges only;
- f. Depreciation charges shall be based on historical acquisition cost less estimated salvage value
- g. Useful life shall be determined on the basis of the particular operating conditions and the generally accepted useful life of similar assets;
- h. Property records shall be maintained and the straight-line method of computing depreciation
- i. All capital expenditures including purchases, major renovations and leasehold improvements for which Department reimbursement is requested shall be included in the EF-S-10;
- j. Any expenditure not so included shall not be reimbursed;
- k. The need to fund extraordinary or emergency capital expenditures shall be reviewed for
- l. These costs shall be cost allocated to programs and general management based upon square footage or full-time equivalents;
- m. Gains and losses on sale, retirement, or other disposition of property which qualify as depreciable shall be reflected as a credit;
- n. The amount of the credit or charge under n. shall be the difference between the amount realized on the asset and the un-depreciated basis;
- o. No gain or loss from the sale of depreciated property shall be recorded as a credit under the
  1. The gain or loss is, or could be, processed against a depreciation account;
  2. The property is given in exchange as part of the price of a similar asset and the gain or loss is taken into account in determining the depreciation costs basis of the new asset;
  3. A loss occurs from the failure to maintain permissible insurance;
  4. Gains or losses resulting from mass or extraordinary sales, retirements, or other dispositions shall be considered on a case- by-case basis; and
  5. Gains or losses resulting from the sale or exchange of non-special education assets or those not qualifying for depreciation are not allowable; and
- p. The following shall be excluded from allowable depreciation expense:

1. Cost of land;
2. Donated assets or assets purchased with donated funds;
3. Assets acquired through grants from federal, state or local governments, or from private organizations, foundations, or companies;
4. Idle or excess assets; and
5. Depreciation expense computed under methods other than the straight-line method.

Equipment rental shall:

Include and comply with the following:

- a. Costs of renting equipment, such as copiers.

Equipment maintenance and repairs shall:

Include costs of equipment repairs, and service maintenance contracts or agreements.

Advertising shall:

Include and comply with the following:

- a. Advertising costs for employee recruitment;
- b. Other advertising costs shall not be allowed;
- c. The costs of media services such as a newspaper, magazines, radio resulting from the recruitment of personnel, the solicitation of bids for goods and services; and
- d. All other advertising, public relations or community education costs which cannot be demonstrated to have direct benefit to the education program shall not be allowable.

Printing shall:

Include costs of printing forms, leaflets and brochures, if the costs are specifically related to programs funded by the Department.

Telephone and communications shall:

Include costs related to telephones, telegrams, and similar communications expenses.

Postage and shipping shall:

Include costs related to postage stamps, trucking, delivery, and rental of postage meters.

Vehicle leasing, maintenance and repair shall:

Include and comply with the following:

- a. Vehicle lease expense for vehicles used for program purposes;
- b. Copies of vehicle leases and registrations.
- c. The purchase of a vehicle shall be depreciated; and
- d. Cost related to vehicle maintenance and repair.

Travel:

Include and comply with the following:

- a. Costs of travel directly related to the special education program;

- b. Costs of transportation to and from the home of a child with a disability to the school program shall be the responsibility of the local school district and shall be excluded from the tuition rate;
- c. The Agency shall be compensated for the lease, purchase, maintenance and use of vehicles provided when they are needed for an approved program;
- d. Transportation, lodging, subsistence and related items incurred by employees who are on official business incidental to a special education program;
- e. Such costs shall be charged on an actual cost basis or per diem/mileage basis provided that the method chosen is consistently applied to each event;
- f. Cost of mileage for the business use of private vehicles at a rate not to exceed the prevailing reimbursement rate per mile used by the State of Maine;
- g. If vehicles are leased or rented and include so-called "Free Mileage", such mileage shall not be eligible for reimbursement;
- h. Any portion of vehicle expense which is reimbursed through depreciation charges shall be excluded from the mileage reimbursement rate; and
- i. Cost of gasoline for leased or purchased facility vehicles used for program purposes.

Professional liability and bonding shall:

Include all costs to meet the Department's requirements for professional liability and bonding.

Vehicle insurance shall:

Include all vehicle insurance costs.

Comprehensive property and liability insurance costs shall:

Include and comply with the following:

- a. Comprehensive property and liability and directors' and officers' insurance costs;
- b. Comprehensive general liability insurance against all claims of bodily injury, death, and property
- c. Fire and extended coverage insurance covering all property;
- d. Self-insurance costs but only if the Agency provides documentation to show that sufficient self-insurance coverage is maintained to guard the program against those losses which would have been normally covered if the Agency had purchased the appropriate level of insurance;
- e. Only employee group insurance plans shall be approved;
- f. Costs resulting from losses not covered under deductible insurance policy provisions, contracted for and in keeping with sound business practice; and
- g. Actual losses which could have been covered by permissible insurance shall be excluded.

Membership dues shall:

Include and comply with the following:

- a. Dues, memberships and subscriptions in civic, business, technical and professional
- b. Costs shall be allowable only when the benefit from membership is related to the organization's special education programs, the cost is reasonable in relation to the value or benefits received, and the expense is not for membership in an organization which devotes a substantial part of its

Interest expense shall:

Include and complying with the following:

- a. Interest costs for the purchase or improvement of capital assets which have been approved;
- b. Interest on loans for working capital that are directly related to cash flow deficiencies which are beyond the entity's ability to control;
- c. The interest rate shall not exceed the prevailing rates at the time the loan was secured;
- d. Interest charges shall not be at a rate in excess of what a borrower would pay at the time the
- e. Interest charges for borrowing for land, buildings and working capital that is in excess of program requirements shall be excluded;
- f. Working capital as used in this section shall mean a loan obtained to provide temporary cash in order to meet a current cash shortfall arising from time differences between expense and revenue
- g. The entity shall bear responsibility for providing documentation that working capital deficiencies were beyond its control.

Other expenditures shall:

Include any other program costs not included in any of the above line items and be defined in the space provided on the EF-S-10.

Parent overhead shall:

Include and comply with the following:

- a. Charges to an organization's programs from a parent or affiliated organization provided that the charges are defined as allowable costs and that the charges are allocated to all programs on the
- b. If a program or facility includes charges for general management, parent overhead charges shall not also be reimbursable.

### **NON-ALLOWABLE COSTS**

The following shall not be allowed as special education costs:

- Political and charitable contributions;
- Amusement of faculty or program officers or employees or for non-organization related activities, entertainment, and any related costs such as meals, lodging, rentals, transportation and
- Ordinary living expenses which are normally assumed by parents of children attending public
- Fees and expenses of trustees and directors;
- School lunch programs;
- Fines and penalties which are imposed by a court and/or which result from violations of or the failure to comply with federal, state, county or municipal law, rule, or regulation;
- Bad debts, actual or estimated, resulting from uncollectible accounts or other claims, and related collection and legal costs;
- Contributions to a contingency fund or any similar fund except for an unemployment reserve
- Advertising expenses except for personnel recruitment, bids for goods and services, and
- Fundraising;
- Voluntary payments and contributions such as payments in lieu of real estate taxes;
- Any expenses of the organization which are unrelated to special education or necessary related
- Management fees or payments included in lease or rental agreements between parties who are
- Reimbursement for expenditures or depreciation of personally owned or leased assets
- Income and business profits taxes;

- Bonuses of any nature conveyed and/or paid;
- Charges by parties who are related for services, facilities, and supplies furnished to the operating entity if such charges exceed the cost to the related party for providing the services,
- Charges for investment counsel, staff and similar expenses incurred solely to enhance income
- All personal expenses such as:
  - Personal travel expenses;
  - Laundry charges;
  - Beverage charges;
  - Gift certificates to staff and vendors;
  - Flowers or parties for departing staff;
  - Holiday parties;
  - Repairs on a personal vehicle; and
  - Rental expenses of personal apartments.
- Salaries for positions that are vacant for 2 consecutive years shall not be used in the calculation