



Guidelines for Using Title I Equipment



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Guidelines for Using Title I Equipment

Purpose

A local education agency (LEA) may use Title I funds only for programs and projects designed to meet the special educational needs of educationally deprived children. Beginning July 1, 1999, Title I equipment is defined as an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost of \$5000 or more. Any equipment purchased with Title I funds must be reasonable and necessary to implement a properly designed project for eligible children.

The guidance and procedures in this document should be followed to ensure that the limited use of Title I equipment in non-Title I activities does not interfere with the Title I program and is consistent with the Title I statute and regulations. This guidance is taken from the Title I law, 34 CFR 80 -- *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, and 34 CFR 87 -- *Cost Principles for State, Local, and Indian Tribal Governments*.

Use of Title I Equipment in Schoolwide Schools

In the past, federal Title I law and regulations generally required funds to be used for programs benefiting identified Title I eligible children. Equipment purchased with Title I funds had to be used primarily (minimum of 90 percent of time used) with identified Title I students. Also, Title I equipment had to support supplementary services rather than services already provided by the state or LEA. These restrictions still apply in targeted assistance schools, but they are waived in schoolwide program schools, because children are not separately identified as eligible in such schools.

The intent of schoolwide programs is still to assist disadvantaged children, but this goal is achieved by upgrading the entire educational environment. Title I funds and equipment purchased with these funds are used to improve the entire school program. As long as the intent and purpose of the schoolwide programs are addressed, all the students in a schoolwide program school may use equipment purchased with Title I funds.

Use of Title I Equipment in Targeted Assistance Schools

Any equipment purchased with Title I, Part A funds must be reasonable and necessary to implement a properly designed program for Part A participants. However, under some circumstances, equipment purchased as part of a properly designed Part A program may, without constituting an improper expenditure, be used on a less than full-time basis. That equipment could be made available for other educational uses without interfering with its use in the Part A program. Equipment could be used on other projects or programs currently or previously supported by the Federal Government, "providing such use will not interfere with the work on the projects or programs for which it was originally acquired."

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LEAs should be judicious in applying these standards. Absent actual evidence to the contrary, the standards will have been presumed to be met and the use of Part A equipment in non-Part A activities is proper if use does not exceed 10 percent of the time the equipment is used in Part A activities. However, use above that amount in non-Part A activities is not necessarily improper if the standards are met on a case-by-case basis. The use of Title I equipment in Targeted Assistance Program schools in non-Title I activities on a part-time basis must be done in a manner that protects the integrity of the equipment as a Title I expenditure. Accordingly, the LEA must ensure and document that

- The Title I equipment is part of a project that has been properly designed to meet the special educational needs of educationally deprived children.
- The equipment purchased with Title I funds is reasonable and necessary to operate the LEA's Title I project without regard to any use in non-Title I activities;
- The project has been designed to make maximum appropriate use of the equipment for Title I purposes; and
- The use of the equipment in non-Title I activities does not decrease the quality or effectiveness of the Title I services provided to Title I children with the equipment, increase the cost of using the equipment for providing those services, or result in exclusion of Title I children who otherwise would have been able to use the equipment.

In the absence of evidence to the contrary, it will be presumed that these standards have been met and that use of Title I activities is proper if that use does not exceed 10 percent of the time the equipment is used in Title I activities, provided the equipment is not needed in the Title I program. Permissive use of the equipment for one period of the day is allowable, if it is not needed by Title I. Before and after school use is acceptable if Title I does not need the equipment. Care should be taken that the equipment is properly supervised, that use will not affect the integrity of the equipment, that the Title I program is not compromised, and that users will assume all responsibility for any and all damage to the equipment.

Use of Title I Equipment with Compensation

School systems have some options to increase flexibility in the use of Title I equipment in Targeted Assistance Program schools in non-Title I activities. The LEA may either assess a user fee or share costs through joint purchases. When a LEA purchases equipment with Part A funds, for example, it may share the cost with other Federal, State, or local programs that will also make use of the equipment on a proportional basis. When the LEA use of Title I equipment exceeds the time permitted for non-Title I use without compensation, a fee should be assessed. Care must be taken when determining a reasonable and fair assessment. The supplement not supplant provision of the regulations must be considered. This affects programmatic use of the equipment in that whatever is provided with state and local funds for children who do not participate

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in Title I must also be available to children who do participate in the Title I program. Then Title I can provide as much supplemental effort as is needed. Additionally, a LEA may take into consideration, when it decides its equipment needs under Part A, whether other equipment--i.e., LEA-funded adult education equipment used at night--would be available for Part A use during the day.

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Questions and Answers

The following guidance is intended to assist LEAs as they determine appropriate, fair and reasonable fees for use of Title I equipment for non-Title I purposes.

Question 1. *May equipment be purchased with Title I, Part A funds?*

Yes. A LEA, however, must determine that (1) the equipment is reasonable and necessary to effectively operate its Part A programs; (2) existing equipment will not be sufficient; and (3) the costs are reasonable.

Question 2. *May Part A funds be used to pay the interest on lease purchase agreements for the purchase of Title I equipment?*

Financing costs (including interest) for Title I A associated with otherwise allowable costs of equipment is allowable subject to the following conditions:

- (1) The financing is provided (from other than tax or user fee sources) by a bona fide third party external to the governmental unit (SEA or LEA).
- (2) The assets are used in support of Federal awards.
- (3) Earnings on debt service reserve funds or interest earned on borrowed funds pending payment of the construction or acquisition costs are used to offset the current period's cost or the capitalized interest, as appropriate.

Question 3. *How do we calculate a fair user fee?*

The user fee is based on the percentage of non-Title I use and on the anticipated life expectancy of the equipment.

Question 4. *How is prorated purchased cost calculated?*

Prorated cost for purchase of equipment is calculated in the same manner as above except the total purchase price is used rather than a fraction based on life expectancy.

Question 5. *What about additions and improvements to existing equipment during subsequent years?*

Any updates would use the same procedures to determine user fees or prorated costs.

Question 6. *What happens to the funds when a user fee is assessed?*

The funds are deposited in the local Title I project account (Fund 402) to be used for expanding and enhancing the Title I services for identified children.

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Question 7. If a user fee is to be applied or if a joint purchase is desired, can in-kind contributions by the LEA be considered to offset the LEA fee?

Yes. Local expenses for in-kind contributions must be documented, capable of withstanding an audit, and meet the requirements of 34 CFR 80.24--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.

Question 8. Who owns the equipment purchased with Title I funds?

Title to equipment acquired under a grant will vest, upon acquisition, in the grantee.

Question 9. When can equipment be removed from a Title I program?

Equipment purchased with Title I funds must be reasonable and necessary to effectively operate the program. When the equipment is not needed in the program for the reason for which it was purchased, not needed elsewhere in the program, or for other similar, federally funded programs, then removal of the equipment from a Title I program should follow procedures outlined in the *Financial Management for Georgia Local Units of Administration* handbook and 34 CFR 80.32.

Question 10. What records must be kept?

When Title I equipment is used, adequate records must be maintained to justify and document the use by all programs. The records should stand the test of any audits.

Question 11. How do we dispose of Title I equipment?

Federal regulations and the *Financial Management for Georgia Local Units of Administration* handbook provide clear guidance. The equipment must not be needed in any Title I activity, must not be needed in any other federal program and must not be needed for the purpose for which it was purchased. If these conditions are met, the accounting handbook gives direction. Of course, it would not be appropriate to purchase similar equipment in subsequent years. (See Depreciation of Title I Equipment form on page 7.)

Question 12. When a LEA recovers funds from the sale of equipment purchased with Part A funds, may these funds be retained by the LEA or school?

A State's procedures govern the disposition of Part A equipment. A LEA may retain, sell, or otherwise dispose of equipment with a current per unit fair-market value of less than \$1,000 with no further obligation to the Federal government. If the equipment has a per unit value of more than \$1,000, the LEA must compensate the Georgia Department of Education.

Question 13. What happens to equipment purchased with Part A funds when it is no longer needed for Part A activities?

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A LEA must dispose of unneeded Part A equipment in accordance with State law and procedures. When equipment is no longer needed for its original purpose, it may be used for activities currently or previously funded by other Federal programs. A LEA could also use the equipment for activities funded from non-Federal sources.

Question 14. Is it allowable for non-LEA controlled organizations (e.g. Boys Clubs, Housing Authority, etc.) to use Title I purchased equipment?

Care must be exercised that the equipment is properly supervised, not compromised, and that the groups assume responsibility for any damage.

Question 15. May a LEA use Title I software for non-Title I activities?

If usage is subject to a user fee, then the user fee must be applied. One must remember that Title I expenditures for software must be reasonable and necessary to implement the Title I program and, unless in a schoolwide program, not intended to benefit the system or school as a whole.

Question 16. Can we purchase a local license from local funds and use the Title I software?

This is an allowable expense provided appropriate user fees are established based on the cost of the equipment and all annual updates.

Question 17. May staff development be provided for non-Title I teachers in the use of Title I equipment?

Staff development should be provided to protect the integrity of the equipment. It is an allowable expense if the non-Title I teachers are working with Title I students. However, if these teachers do not work with Title I students, the staff development must be done at local expense.

Question 18. Can the ten percent use of Title I equipment (in Targeted Assistance Programs) apply to the total number of non-Title I students being served? For example, if there are 28 students being served each period for five or six periods a day, could there be two or three non-Title I students in each class provided that is no more than ten percent of the total class load?

No. The ten percent applies to time only. If Title I purchased more equipment than could be used by the number of students being served per period in Title I program, this would be a case of excessive expenditure for equipment above what is needed and could result in an audit exception of appropriate expenditures.

Question 19. What happens to the equipment in a schoolwide project if the school ceases to be schoolwide?

If the equipment is still needed for the purpose for which it was purchased, then it would remain in the school.

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Question 20. *What happens to equipment purchased for a home for neglected or delinquent children?*

The title to all equipment rests with the LEA. If a home closed, then the equipment is returned to the LEA that purchased the equipment.

Depreciation of Title I Equipment

The _____ Board of Education has depreciated the items of equipment purchased with Title I funds as listed on the attached pages 2 through _____.

Purpose for depreciation or intended disposition:

I certify to the best of my knowledge that the information given on each item of equipment is true and accurate.

Date

Superintendent

1. Number of items depreciated _____

2. Purchased cost of all items \$ _____

3. Depreciation value of all items \$ _____

as of _____, 19 _____.

Prepared by: _____

Title: _____

Page _____ of _____

School System

Items Depreciated

Item Description and Model Number

Title I ID Number _____

Serial Number _____

Vendor _____

Invoice Date _____

Check Number _____

Cost Price \$ _____

Purchased From the Budget of
Project # _____

Life of Item _____ Months

Monthly Depreciation \$ _____

Remaining Life _____ Months

Depreciated Value \$ _____

As of _____, 19 _____

Comments

Item Description and Model Number

Title I ID Number _____

Serial Number _____

Vendor _____

Invoice Date _____

Check Number _____

Cost Price \$ _____

Purchased From the Budget of
Project # _____

Life of Item _____ Months

Monthly Depreciation \$ _____

Remaining Life _____ Months

Depreciated Value \$ _____

As of _____, 19 _____

Comments

