

UPK Program Frequently Asked Questions

Introduction

The following has been prepared from questions posed by UPK program providers during training sessions conducted by the Department of Education (Department) Office of Auditor General. The answers reflect current Department policy and, where applicable, reference the *UPK Program Expenditure Guide (Expenditure Guide)*, which is available on the Department's Division of Contracts and Purchasing website <http://schools.nyc.gov/Offices/DCP/Vendor/FormsPreKVendors>

It is imperative that Providers familiarize themselves with the Expenditure Guide in order to avoid disallowance of expenses charged to the UPK program.

Budgeting Expenses

Q. What is the percentage of budget adjustment that can be made without necessitating submission of a revised budget?

A. Only increases or decreases *below* 10% from the line item amounts contained in the approved budget can be made without submitting a revised budget. (See "Budget" section of the contract). However, if the dollars associated with the change are less than \$300, the change can be made without approval even if \$300 is more than 10% of the line item amount.

Q. If we have a teacher coming at the later part of the year with a higher salary, how do we report this?

A. If the salary for the line that is being filled is greater than 10% of the salary originally budgeted, the budget must be modified. You should also show the changes that will be made to the cost categories that will be tapped to support the increased salary.

Q. Our program starts the first week of September. Can we purchase classroom supplies as early as July and be reimbursed by UPK?

A. Yes. The school year begins July 1 (and ends June 30).

Q. There are certain expenses that a provider will incur notwithstanding that the UPK program is on summer break. For example, I rent space for 12 months, but UPK only runs 10 months. Will rent and similar fixed costs incurred during summer months be reimbursed?

A. As long as space that is used by UPK during the school year is not being used by another program over the summer, the rental costs for the summer months are reimbursable.

The following examples should clarify:

(1) If a summer day camp operates in the *entire* space that had been devoted to UPK during the school year, reimbursement of rent and related costs would not be allowed and only the UPK's rental expenses for ten months would be budgeted and reported.

(2) If only a portion of the UPK space is used by the day camp, the provider must calculate a fair allocation of costs. We will reimburse only the portion of rent that represents unused UPK space. Providers should note that the allocation of space over the summer months may be different from the allocation of space during the school year. If that is the case, the calculation of total rental expenses may involve calculating the monthly rent for the 10-month UPK program and separately calculating the UPK share for the two summer months.

(3) If the UPK *space is not used at all* during the summer, twelve months of fixed rental costs incurred by the UPK program will be reimbursed.

In all cases, providers must maintain and produce upon request records in support of expenses and, if applicable, the allocation method applied.

All UPK expenses must be reported on an accrual basis (*Expenditure Guide*, Accounting requirements). Since the school year begins July 1 and ends June 30, UPK program expenses for the summer months will be incurred at the beginning of the school year. In order to qualify for reimbursement, those expenses must be included in budget for that school year and must be reported in the mandated UPK financial reports filed with the Borough. As with any expenditures, expenses that have accrued, but have not been paid by the close of the school year should be noted in the "comments" section of the year-end report form.

Cost Allocation

Q. What are some examples of cost allocation methods?

A. As the Department is concerned about appropriate allocation of costs among funding streams, including other City agencies, federal and private sources, Providers have a continuing obligation under the terms of the Agreement to establish a cost allocation methodology and to allocate costs across programs, where applicable. Therefore, where the Provider accepts funding for programs from non-Department funding sources, or from the Department for programs other than the UPK (e.g., special education programs), the Provider must:

- Establish an allocation methodology that fairly and reasonably apportions costs and disclose that methodology to the Borough Office;
- For each fiscal year, maintain books, records, documents and other evidence, in sufficient detail to support all claims against the UPK program, including those that have been made on a cost allocation basis;
- Make the records available for review by the Borough Office or its representative upon request;
- Review allocation percentages on an annual basis and adjust them as necessary to reflect a reasonable cost distribution among programs.

Depending on the cost category, the method used for allocating costs among programs may be based on the percentage of hours of UPK operation or square footage used by the UPK program or children served with UPK funds. Of course, the Department's interests in providers' adherence to UPK cost allocation requirements are consistent with those of the other funding sources. Therefore, we expect that the methodology reported to the Department for allocation of UPK funds in a particular cost category will be the same used to report expenditures within that category to all funding sources. The following are just some examples of how the methodologies can be applied by cost categories.

- **Rent/Utilities/Telecommunication** (UPK program site): An allocation of costs by square footage utilization would constitute a reasonable methodology.
- **Salaries of Direct Service Staff**: The number of hours that the UPK program is in operation can be used as a basis for allocation. For example, the Provider operates an 8-hour program; and the UPK program accounts for 2.5 hours (not including approved indirect instructional time), the percentage of cost that should be allocated to the teacher's salary will be 31% (2.5/8). The percentage allocable to UPK will be greater if the teacher is paid for UPK program-related activities before or after the direct instructional 2.5 hour class.
- **Instructional Supplies/Classroom Equipment**: Since the allocation of costs should be made according to the benefit derived from the goods purchased, this cost category should be allocated based on the number of students in each program who are using the instructional supplies.
- **Administrative Expenses**: Administrative expenses are those associated with the overall operation of the agency (e.g., salaries of a receptionist, bookkeeper, Chief Financial Officer, Chief Executive Officer; and costs associated with rent, utilities, telecommunications, equipment and/or supplies for the administrative office). It is most acceptable to compute the allocable share of administrative expenses on the basis of program revenue. However, those providers that are operating programs that require submission of a Consolidated Fiscal Report (CFR) to the State, must base the allocation of administrative expenses for the UPK program on the "ratio value factor."

Q. Can we use the ratio of UPK program staff to the staff of other programs as the allocation methodology for telecommunication as opposed to using square footage?

A. Either staff ratio or square footage may be used. In any case, the provider must maintain a written statement of the methodology selected.

Electronic UPK Expenditure Form

Q. What should I do if, upon opening the spreadsheet, I get the following error message: "Macros are disabled because the security level is set too high and a digitally Signed Trusted Certificate is not attached to the macro. To run the macros change the Security Level to a lower setting (not

recommended), or request the macros be signed by the author using certificate issued by a certificate authority”?

- A. All Excel spreadsheets should be set at “medium security” level for the spreadsheet to be functional. To do so, close the Expenditure Form; open a blank spreadsheet; go to Tools, Macro, then Security, and set the security level to medium. Exit from the spreadsheet and then re-open the Expenditure Form.

Q. Are Providers required to fill out column H (UPK BUDGET MODIFIED AFTER JANUARY 31) if the Provider did not submit a budget modification after the mid-year report submission?

- A. No. Providers are required to fill out column H on the Expenditure Form **only** if a budget modification was submitted after the mid-year expenditure report was filed with the Borough Office.

Q. Can a Provider use the UPK Expenditure Form to submit both the mid-year report and the end-year report?

- A. Yes. The Expenditure Form was designed to be used for both the mid-year and end-year reports. Go to the master page and depress the button next to the report you want to prepare, then go to the tab labeled “site.” It will automatically show the form that should be filled out.

Q. Should the amount reported in line item “Goods and Services Provided Through Private Funding” be used to calculate total costs budgeted and charged to the UPK program?

- A. No. The “Goods and Services Provided Through Private Funding” category was intended only to provide the Borough office with information regarding UPK costs that are absorbed by private funding sources. The amount entered in this section must not be included as part of the cost budgeted and charged to the UPK program.

Q. Where on the UPK Expenditure Form should a Vendor report fringe benefits for a part-time substitute teacher?

- A. Salaries and FICA taxes of part-time substitute teachers should be reported on lines 84 through 86 of the UPK Expenditure Form. Salaries of full-time substitute teachers who are entitled to all fringe benefits offered by the Provider should be reported in the Instructional Staff Category, lines 55 through 69. Fringe benefits are calculated automatically.

Q. What should a Vendor report in column B, “FY 2008 Budgeted Total Costs” on the UPK Expenditure Form?

- A. The amounts reported in column B should include only costs that are incurred in support of the UPK program. If an expenditure benefits any program in addition to the UPK program, even if the other program is funded by the DOE (e.g., Special Education) or another city, state or federal agency, the cost must be allocated in accordance with the guidelines stated in the UPK Expenditure Guide (Page 3).

Other than Personal Services

Automobiles/Travel

Q. There are some program sites that are not easily accessible by public transportation. Can UPK program Providers' staff members use their personal cars and claim standard mileage costs for traveling from one UPK site to another?

A. Generally, "the cost of travel by private vehicle is not reimbursable." (*Expenditure Guide, Automobiles/Travel*). However, in instances where travel from one UPK site to another using public transportation is impossible or impractical, mileage costs associated with travel by car will be considered in accordance with the guidelines of the Department's Standard Operating Procedures chapter on *Travel and Conferences* (<http://www.nycenet.edu/Offices/DFO/SOP/Default.htm>). Providers should consult with the Borough Office to determine the reasonableness and cost of site-to-site travel by car and must maintain a log indicating the date, time, location and purpose of travel, mileage, and identity of persons traveling. Under no circumstances, however, can the Provider use UPK funds for the cost of travel (by any means) to and from work. The cost of purchasing/leasing, garaging or maintaining a personal or agency-owned vehicle **cannot** be charged to the UPK program.

Equipment/Furniture

Q. What is the definition of "equipment" for purposes of entering an item of equipment purchased in whole or in part with UPK on the required inventory log?

A. For purposes of complying with UPK inventory requirements, equipment is defined as any item which can be reused or which maintains its character through use, and has a value of at least \$1000. The definition **also** includes computers, computer components, video cameras, TV sets, CD and DVD players, tape recorders, musical instruments, digital cameras, fax machines, photocopiers, printers, scanners and other such durable electronic items regardless of value. If you are not certain whether to include a particular item on your inventory list, you should err on the side of including it.

Q. Do we need to go back to prior years to inventory our equipment and furniture?

A. Yes. The contract requires Providers to enter into inventory all equipment (and furniture) purchased with UPK funds in whole or in part.

Q. The UPK Agreement requires equipment and furniture purchased with UPK funds to be labeled "Property of DOE - UPK Program." How can we meet that requirement if a particular item of equipment was purchased using funds from different sources?

A. If, for example, the funding sources are the Department and ACS, the property should be labeled "Property of DOE - UPK Program and ACS - (program name)."

Q. What is the process for disposing of obsolete equipment purchased with UPK funds?

- A. For equipment purchased wholly with UPK funds, the Borough Contract Manager will determine whether the equipment is obsolete and, if so, the appropriate manner of disposal. If the equipment was purchased with UPK and other public funds, each funding entity must be consulted.

Parent Involvement

Q. If we have an event for UPK parents, is the cost of flowers for that event reimbursable?

- A. No. It is the DOE's position that UPK funds must be used to support the instructional program. The purchase of flowers does not meet that criterion.

Records

Q. Will Providers be reimbursed for storage of UPK records?

- A. UPK costs are reimbursable if they are reasonable, necessary and fairly allocated. It would be prudent to consult with the Borough Contract Manager and obtain approval in writing before incurring records storage costs. Of course, the proposed expenditure, once approved, must be fairly allocated among the programs that will use the storage space and be included in the budget/budget modification.

Q. Do you accept online banking information if we cannot obtain copies of the checks?

- A. A bank-generated electronic image of the front and back of the check is acceptable evidence of payment.

Q. If I purchase instructional supplies from a foreign-based company that provides a receipt/invoice in a language other than English, will the Department accept that record as proof of purchase?

- A. No. The Department will accept records in English only.

Repairs & Maintenance

Q. Can UPK funds be used to pay for such facility costs as lead paint removal in the UPK site or repair of sidewalks or ramps leading to the program site?

- A. Yes. Although, generally, UPK funds are not to be used for capital improvements, minor repairs or renovations which are necessary to comply with the New York State standards of instructions are permitted. (*Expenditure Guide, Repairs/Maintenance/Renovations/Alterations – Facility and Equipment*). The Provider must obtain three written bids and the Borough Office's approval for any such cost that exceeds \$1,000. The total costs for each site cannot exceed \$2500/year. Additionally, as with all expenditures that benefit programs in addition to UPK, the cost must be reasonably allocated.

Q. Who pays for the repairs to the facility when multiple programs exist?

- A. The costs are allocated among the programs that will benefit from the repairs. However, the costs charged to the UPK program cannot exceed \$2,500 in the

aggregate per site and must be pre-approved. (*Expenditure Guide*, page 18-Repairs/Maintenance/Renovations/Alterations – Facility and Equipment).

Supplies

Q. What is the recommended rate per child when purchasing instructional supplies?

A. The DOE does not recommend any set rate. Instructional supplies should be purchased using appropriate professional judgment that takes into consideration the supplies on hand and their condition. Borough UPK instructional staff are available for consultation.

Q. Can a Provider be reimbursed for subscription fees to children's magazines?

A. Yes. Since children's magazines add an additional literacy dimension to the program and especially to the parent involvement component, UPK funds can be used to subscribe to magazines that are written for preschool-aged children and magazines that are written for parents about preschool-aged children.

Q. Is the cost of dramatic play clothes or costumes reimbursable?

A. Dramatic play clothes and costumes that are used by the students during the center-based program may be purchased with UPK funds. For example, the cost of ballet costumes that are required for a dance program are not reimbursable whereas, the cost of costumes purchased for creative play are reimbursable. If there is any doubt about the appropriateness of the purchase, Providers should obtain the Borough Instructional Manager's pre-approval.

Transportation/Travel (Students) (See this subject in *Expenditure Guide*, under Expenditure Categories and Record Keeping)

Q. Must Providers obtain approval for each instructional field trip?

A. Yes. Written pre-approval of destination, total costs and the manner of transport is required for each instructional field trip. However, bus trips scheduled before January 1st will not be approved. Moreover, Providers must maintain all records supporting the expenses of the trip and a log identifying the students, staff and parents that attended. Failure to maintain such documentation may result in a disallowance of expenses upon audit.

Q. Will out of town trips be allowed if they are not on UPK hours?

A. Under no circumstances does the DOE permit out-of-town trips for students on UPK time. If a Provider-sponsored out-of-town trip (that will be taken on non-UPK time) is to include students that attend the Provider's UPK program, the Borough must be so informed in writing at least ten business days in advance of the trip even if the trip does not occur during UPK hours. Additionally, **the Provider must notify the parents, in writing, that the trip is not encouraged or authorized by the DOE.** That notice to parents must be attached to the notice to the Borough Office.

Q. Can a Provider have more than three (3) instructional field trips per school year as long as the budgeted amount is not exceeded?

A. No. Providers are limited to three paid trips per class per school year.

Personal Services

Q. Are teachers' salaries limited to compensation for 2½ direct instructional hours?

A. No. Salary for UPK instructional staff is not limited to compensation for 2½ direct instructional hours and may include time for such UPK program-related activities as planning, team meetings, and clean-up. Providers should reach an agreement with the Borough Office regarding the amount of indirect instructional time that is included within teachers' salaries, but it should **not exceed 1½ hours per day**.

Q. Why must providers account for all the hours in a staff member's workday for all programs if the UPK program operates for only 2 ½ instructional hours?

A. UPK funds are to be used solely for the benefit of students attending the UPK program. Therefore, Providers must properly allocate program costs, including staff salaries, in cases where the Provider receives public and/or private funding for programs in addition to UPK and a staff member is assigned to more than one program either running consecutively with UPK (e.g., A.M. UPK class and P.M. private pay class) or concurrently (e.g., a single class combining UPK and ACS-funded students). In order to properly allocate an employee's salary in the case of consecutive programs, Providers must identify the number of hours the employee is working per day for each program (direct and indirect instructional hours) and apportion the time accordingly. In the case of concurrent programs, it is appropriate to apportion the employee's salary by the percentage of students served under each program.

Q. Can Providers be reimbursed for "overtime" payments to staff working in the UPK program?

A. No. "Expenses for compensation of overtime work for direct care and nondirect care staff who are compensated on an hourly basis are not reimbursable." (*Expenditure Guide*, page 7- Salaries).

Q. We understand that the UPK program operates from September to June (10 months). However, can the salaries of the UPK teachers be allocated over the 12-month period to ensure monthly payment for the teachers?

A. Yes. Payments can be made over a twelve-month period. However, since all UPK expenses must be reported on an accrual basis (*Expenditure Guide*, Accounting requirements) the full salaries must be reported to the Borough Office in the required year-end report, even if they are paid over a longer period. Any expenses that have accrued, but have not been paid by the close of the school year should be noted in the "comments" section of the year-end report form.

Q. What is the Department's position relative to paid holidays?

A. The contract requires UPK program staff to work 180 days between September and June. School holidays within that period are based on the school's approved yearly calendar. Staff may be paid for those holidays within the category of fringe benefits as long as that benefit is established by written school policy. (Expenditure Guide, page 8 – 9).

Q. Can the UPK site maintenance staff be paid for working on “blackout” days?

A. Blackout days are days the Department and UPK program sites are officially closed. Days on which no one is at the UPK program site may be the best for performing such maintenance tasks as spraying insecticides or polishing floors. In order to accommodate these activities and schedule payment, the Department is requiring that providers include within their annual budgets the cost of any extra maintenance that is anticipated. In addition, at the time of budget submission, the provider must advise the Borough Contract Manager of the reason(s) for and amount of extra maintenance costs that have been included for work on blackout days. If the necessity for maintenance staff to perform work on blackout days at extra cost arises after budget submission, the Borough Contract Manager must be advised in writing of that necessity and associated costs and the provider must receive written approval from the Borough Contract Manager before incurring the costs. All written requests, approvals, and time records must be maintained by the providers. Of course, as with all costs that benefit programs in addition to UPK, it is expected that the costs associated with maintenance will be appropriately allocated among the programs.

Program

Q. If a provider’s instructional program extends beyond 2½ hours, can parents be required to enroll their children for the full program?

A. No. A provider that offers a UPK program must accept students for that 2 ½ hours without requiring enrollment in a longer program.

Q. If you have certified teachers at your program site, do you still need an Educational Director?

A. **DOHMH licensed providers** must adhere to Article 47 which provides: “Every child care service shall designate a qualified teacher as an educational director who will be in charge of staff training, educational and child development programs and shall supervise all teaching staff at each permitted child care service.” That directive applies even where all the teachers are certified.

Providers that are **not licensed by the DOHMH** must employ an on-site education director during the hours that the UPK program is in operation who will be responsible for program implementation if any UPK teacher does not possess a teaching license or certificate valid for services in the early childhood or childhood grades. The on-site director must possess a teaching license or certificate valid for services in early childhood or childhood grades.

Q. If we have student records for ten years since inception of our UPK contract, can we discard the first 4 years?

A. Providers should not discard **student records** or hold onto any student records past the end of the school year to which the records relate. Instead, Providers must turn student records over to the Borough Office upon the discharge of the student or at the end of the school year.

Personnel and fiscal records must be retained for six years counting from “the termination or expiration of [the UPK] Agreement,” not the inception. Providers are permitted to discard the records with the proviso that records containing names and social security numbers, staff medical history, and/or other confidential or sensitive information must be discarded in a manner that is secure and protects the privacy of the individuals. If disposal costs will be incurred, consult with the Borough Contract Manager before incurring the expense.

Security Clearance

Q. What should you do if you do not get clearance from the DOE or DOI fingerprinting unit?

A. Under the terms of the contract, all staff (as defined by the contract) must be fingerprinted **and** cleared **before** they begin work in the program. All providers should be thoroughly familiar with the security clearance contract provisions, memoranda and instructions issued by the DOE.

If you have not received written communication of an employee’s clearance status

- a. Inform your Borough Contract Manager; **and**
 - For employees **fingerprinted by the DOE**, send your request, including the individual’s first and last name and social security number on letterhead stationery signed by an agency manager either by
 - **email** (as a PDF attachment): wmorale@schools.nyc.gov
 - or
 - **fax** to the attention of Wanda Morales 717-935-2726.
 - For employees fingerprinted by the **Department of Investigation (DOI)** call 212 825 5593. In the event that you do not receive the clearance promptly from DOI, you may direct the employee to the DOE for fingerprinting. The normal charges will apply, however.