**Section 675.210 District Program Cost**

a) A provider's district program cost shall consist of amounts reported for each of the cost categories described in this subsection (a) that the provider seeks to charge to the district in accordance with its contract.

1) Direct program expenses caused directly by and related directly to the provision of SES within a district and costs attributable to fulfilling certain State mandates imposed by this Part (collectively, "direct program expenses"). Subcategories of direct program expenses include:

A) Program staff salaries or wages, payroll taxes, and fringe benefits (limited to staff having direct contact with students who receive services);

B) Program consultants having direct contact with students who receive services;

C) Program-related materials, supplies (e.g., replacement copies of consumable curricular materials, such as workbooks), and equipment (items costing more than $500 and having a useful life of more than one year must be capitalized and depreciated on a straight-line basis);

D) Costs related to the administration of student assessments;

E) Instructional Staff Training Services – Workshops and demonstrations designed to contribute to the professional competence of the instructional staff;

F) Snacks for program participants, provided that such snacks do not consist of confections, candy, potato chips, carbonated beverages, fruit drinks containing less than 50 percent pure fruit juice, tea, coffee, or other foods or beverages designated as "competitive foods" by the State Board of Education pursuant to 23 Ill. Adm. Code 305 (School Food Service);

G) Program Insurance – All liability, malpractice, personal injury, and other types of insurance not reported as property insurance or as employee benefits;

H) Rewards for student achievement provided in accordance with Section 675.30(m) of this Part;

I) Student retention activities;

J) Data entry related to State or local requirements for reporting on enrollment and attendance;

K) Transportation of students to and from SES activities;

L) State cost reporting and auditing requirements; and

M) Other (must be specified).

2) Occupancy expenses for facilities housing SES program activities. Subcategories of occupancy expenses include:

A) Lease, rental, or property taxes (less any revenues received from portions of a building not used for SES programs);

B) Operations and maintenance of buildings and equipment (including janitorial, building and grounds, and other maintenance supplies, equipment maintenance, utilities, telecommunications, and property/building insurance);

C) Housekeeping, maintenance, and security (including staff salaries, payroll taxes, and fringe benefits);

D) Mortgage and installment interest;

E) Operating interest; and

F) Other (must be specified).

3) Curriculum development expenses – Activities designed to aid providers in purchasing or preparing new curricular materials, refining or updating the existing curriculum, preparing and utilizing special curriculum materials, and understanding and appreciating the various techniques that stimulate and motivate pupils, including:

A) Salaries or wages, payroll taxes, and fringe benefits for staff engaged in curriculum development; and

B) Other (must be specified).

4) Administrative and general expenses not directly attributable to the provision of SES within a district (other than costs reported for curriculum and training), including expenses for all staff, facilities, supplies, and equipment not used in direct connection with SES program activities (i.e., staff not having regular contact with SES students, and supplies and equipment not used during the delivery of SES at a particular site). Subcategories of administrative and general expenses include:

A) Salaries or wages, payroll taxes, and fringe benefits for all executive, administrative, managerial, office, and clerical employees not having direct contact with students who receive services;

B) Legal and accounting services and other administrative consultants;

C) Operations and maintenance of buildings and equipment – not assigned to program;

D) Materials, supplies, and equipment – not assigned to program;

E) Lease, rental, or property taxes for facilities not serving as a primary location for the delivery of SES (less any revenues from the rental of portions of the facility);

F) Corporate royalty fees;

G) Advertising and marketing expenses;

H) Meals and entertainment expenses;

I) Distributions to shareholders or retained earnings ; and

J) Other (must be specified).

b) Multiple Districts Served

If a provider serves multiple districts (either within or outside of Illinois), the provider's expenses in the categories outlined in subsections (a)(3) and (4) of this Section must be prorated, first in accordance with the percentage of time applicable to SES in general, and second in accordance with the percentage of students served within each district. (Example: a provider's program manager earns an annual salary of $100,000 and spends 50 percent of her time managing the provider's SES programs throughout the nation and the remainder of her time performing educational consulting services for districts. The provider serves 5,000 students in its SES programs nationwide, 1,000 of whom are within an Illinois district. $10,000 of her salary may be reported as an actual cost of providing SES within that district. ($100,000 x .5 x .2 = $10,000.) All of the foregoing allocations must be in accordance with the following cost principles, as applicable:

1) OMB Circulars (5 CFR 1310 (2005)) available at www.whitehouse.gov/omb/circulars/index.html:

A) OMB Circular A-87 (Cost Principles for State, Local and Indian Tribal Governments);

B) OMB Circular A-21 (Cost Principles for Educational Institutions);

C) OMB Circular A-122 (Cost Principles for Non-Profit Organizations).

2) Federal Acquisition Regulation (applicable to for-profit providers) (48 CFR 9904 (2005) available at www.access.gpo.gov/nara/cfr/waisidx\_01/48cfr9904\_01.html).

(Source: Amended at 33 Ill. Reg. 8497, effective June 1, 2009)