

# TIME & EFFORT REPORTING AND SUPPLEMENT VERSUS SUPPLANT

---

**ABE Coordinators February 2012**

# Time & Effort

## Documentation (T&E)

### Purpose:

To document that the appropriate federal program is receiving the benefit of the services supported by grant funds.

# Time & Effort

## Documentation (T&E)

**Any employee paid from federal grant funds must have T&E documentation.**

# Time & Effort

## Documentation (T&E)

### Two types of T&E documentation:

- Semi-annual certification in employee file

OR

- Personnel Activity Report (PAR)

**Time & Effort**

**Documentation (T&E)**

## Semi-annual certification

A signed document that states this employee is 100% funded from a specific grant.

# Time & Effort

## Documentation (T&E)

### Personal Activity Report (PAR)

- After the fact record
- At least completed monthly (unless substitute system)
- Signed and dated by employee
- Budgets do not reflect actual charges
- Focus is on actual effort, not estimated effort

# Time & Effort

## Documentation (T&E)

Substitute systems (described in OMB Circular A-21) have to be approved by State Education Agency.

# Time & Effort

## Documentation (T&E)

Bottom line, if employee is paid from a federal grant, you must know where employee is spending 100% of their time.



# Time & Effort

## Documentation (T&E)

### Risk Exposure:

University in Midwest: \$5.5 million in disallowed costs due to effort reporting issues

University in Florida: Returned \$4.1 million to federal government

A New England College: Voluntarily paid back \$3.3 million related to effort reporting and other accounting issues

# References

**OMB Circular A-21- Cost  
Principles for Educational  
Institutions**

# Supplement vs. Supplant

Federal funds may **not** be used to pay for services, staff, programs, or materials that would otherwise be paid with state or local funds.

# Supplement vs. Supplant

Supplement and not supplant determination is very case specific and it is difficult to provide a one size fits all guideline. The specific details of the situation need to be examined.

# Supplement vs. Supplant

## **Supplement:**

Increase the level of funds that would be made available

## **Supplant:**

Take the place of

# Supplement vs. Supplant

## Presumed Supplanting:

Federal funds used to provide services the state or local entity is required to make available under other federal, state, or local laws.

# Supplement vs. Supplant

## Presumed Supplanting:

Federal funds used to provide services that were supported by state or local funds in the prior year.

# Supplement vs. Supplant

## Is it supplanting?

What services would have been provided in the absence of these funds? If services would still have been required due to laws or regulations, then you cannot say that they are supplemental. The entity would have had to provide them regardless, so any use of federal funds would be considered supplanting.



# Supplement vs. Supplant

Is it supplanting?

If the services would not have been provided in the absence of the federal funds, then they can be considered supplemental.

# Supplement vs. Supplant

- An entity used their federal funds to provide services that the entity was required to make available under federal, state , or local law.

*Supplementing or Supplanting?*

# Supplement vs. Supplant

- An entity used federal funds to provide services that the entity provided with non-federal funds in prior years.

Supplementing or Supplanting?

# Supplement vs. Supplant

- An entity uses federal funds to provide services for students participating in a specific program that the entity also provides with non-federal funds to students not participating in the specific program.

**Supplementing or Supplanting?**

# Supplement vs. Supplant

## Exceptions:

The supplanting argument can be rebutted if the entity can demonstrate that it would not have provided the services in question with non-federal funds had the federal funds not been available. For example, state/local funds were eliminated in the current year because of state and local budget cuts.

Documentation will need to be retained that confirms that this is the case.

Questions?/Comments?