Crosswalk of Changes

Please use the following guide to reference content changes by section of the July 2021 edition of the Reimbursable Cost Manual, as compared to the July 2020 edition of the Reimbursable Cost Manual.

SECTION II – COST PRINCIPLES

1. Page 20: (13) Compensation for Personal Services (Addition):
   - A (4) (f) The salary and fringe benefits of a 1:1 teacher aide/assistant/nurse assigned to a student must be reported in program code 9230 for the program duration and enrollment period of the student assigned the 1:1 staff. Salary and benefits for non-1:1 services performed by the assigned 1:1 staff during the approved program duration and enrollment period of the student assigned should not be reported in the tuition based program in which the student is enrolled and are not an allowable cost in the program’s base tuition rate.

   - A (5) Compensation to all individuals who have a financial interest in the program including shareholders, trustees, board members, officers, family members or others and who are also program employees must be commensurate to actual services provided as appropriately qualified program employees or consultants and shall not include any distribution of earnings in excess of reimbursable compensation. Compensation to all individuals who have a financial interest in the program, or are a related party to the entity’s affiliates, owner(s), management or immediate family members of same, or other party that has influence over the entity’s policies shall not exceed the average regional levels paid by similar private providers to comparably qualified and appropriately certified personnel for similar work and hours of employment. Any compensation determined to be excessive will not be reimbursed in the tuition rate. For all individuals, compensation for board service or trustee service is not reimbursable. For example, a full time program employee may serve on the Board of Directors of the agency. However, compensation for board service will not be reimbursed. Compensation for such employee's personal service to the program will be allowed in the computation of the tuition rate if:
     - The board member abstains from any discussion or vote on matters related to his/her compensation and the Board minutes reflect this.
     - The board member has not been employed by the State Education Department within two (2) years of his/her appointment to the Board.

3. Page 33-34: (28) Interest Costs (Addition):
   - (A) Arm's-Length Interest expense on capital indebtedness and working capital is reimbursable provided the interest rate is not in excess of the prime rate plus one percent of the lending institution at the time the loan was made. Interest expense will be reimbursed on loans in excess of the prime rate plus one percent in cases where the entity can establish that it was unable to secure a rate of prime plus one percent or lower despite
its good faith efforts to do so. For working capital loans, an entity shall demonstrate good faith efforts through documentation supporting annual attempts to obtain the most competitive rate available by requesting quotes from at least three lending institutions. For capital indebtedness, an entity shall demonstrate good faith efforts through documentation supporting attempts every five years to obtain the most competitive rate available by requesting quotes from at least three lending institutions. Loan procurement fees and credit card fees are not reimbursable.

4. Page 34: (28) Interest Costs (Addition):
   • (B) Less-Than-Arm's-Length Interest expense on capital indebtedness or on working capital loans incurred in a LTAL transaction between the lender and the borrower will be reimbursed only with the prior written approval of the Commissioner upon establishment of the necessity and cost effectiveness of the transaction. A cost effective transaction relating to interest expense on capital indebtedness or on working capital loans is one in which the interest rate charged by the LTAL lender is less than or equal to the prime rate available from lending institutions and is greater than the actual cost of the capital rate to the lender. The borrowing LTAL entity must demonstrate that through a competitive bidding process from at least three arms-length lending institutions this LTAL transaction was necessary as a last resort to acquiring monies and that the interest rate charged by the lending LTAL entity was more favorable than could be obtained in the market place and that rate of interest must be demonstrated to be at prime or less from available lending institutions at the time the loan was incurred. Loan procurement fees and credit card fees are not reimbursable. Refer to Section I. 1. B. (5). LTAL.