

Basic Considerations for Perkins Expenditures

- Allowable Costs:
 - Reasonable and necessary—sound business practices were followed, and purchases were comparable to market prices
 - Allocable to the federal award—the federal grant program derived a benefit in proportion to the funds charged to the program
 - Legal under state and local law
 - Properly documented (consistent basis with generally accepted accounting principles)
 - Not used for cost-sharing or matching any other grant agreement
- Specific Items of Cost:
 - OMB Circular A-87, Appendix B provides cost principles that LCTCS and sub-recipients must apply when determining whether cost are allowable.

HANDOUT #6

Contracts

- Must include the following:
 - Narrative which includes the benefit to CTE
 - CTE program(s) that will be impacted
 - Number of CTE participants benefiting
 - Specific deliverables
 - Budget
- Must comply with:
 - State and local contractual guidelines
 - Federal Perkins requirements

Examples of Allowable Uses of Funds

- In-service training of both academic and CTE instructors to integrate academic and CTE skills
- Development and implementation of CTE programs that address all aspects of an industry in high-skill, high-wage, or high-demand occupations
- Acquisition of new materials promoting nontraditional fields
- Work-based learning programs
- In-service activities for training sponsors from business and industry
- Modification or upgrade of equipment to meet current business and industry specifications
- Development and acquisition of curriculum materials that include the essential knowledge and skills

HANDOUT #7

Meals

- Working lunch may be considered if the following conditions are met.
 - Very high burden of proof is necessary and must include the following:
 - Is a working lunch necessary?
 - Is the portion to be carried out during lunch substantive and integral to the overall purpose of the meeting?
 - Is there a genuine time constraint that requires the working lunch?
 - If a working lunch is necessary, is the cost of the working lunch reasonable?
 - Has the Perkins recipient carefully documented that a working lunch is BOTH reasonable and necessary?

Note: No other meals or snacks may be funded with Perkins.

HANDOUT #9

Is Marketing Allowable?

- Utilization of funds for marketing purposes must:
 - Market CTE programs
 - Indicate payment through Perkins funds
 - Must include a non-discrimination statement
- Utilization of funds for marketing purposes must NOT:
 - Market the colleges or institution
 - Must submit sample of marketing item in eGrants for approval

HANDOUT #8

College Level Perkins Representatives

Responsible for:

- Submission of Perkins grants
- Assisting with accountability procedures in compliance with Perkins
- Review and submission of Performance Indicator Data for the CAR
- Preparation for LCTCS monitoring and OCTAE monitoring
- Attendance at EDGAR training
- Successful completion of the EDGAR test administered by LCTCS
- Participation in statewide CTE/Perkins professional development activities sponsored by LCTCS
- Other CTE Perkins related activities

Cost Determination Checklist

Each College should consider the following questions to determine if an activity is eligible for Perkins funding:

- Does the activity address a core indicator area that is deficient?
- Is the activity new or does it improve or expand an existing program?
- Does this activity address "Required Uses" of Perkins funds (Perkins Act, Section 135)?
- How long has Perkins funded the activity?
- Was the activity funded during the previous year by non-Perkins funds?
- Is the activity required by federal, state, or local law?
- Is there data to support the identified need for the proposed activity, and can the impact of Perkins funding be measured?

Local Level-Administration

- Limited to 5%
- Must be utilized for activities necessary for the proper and efficient performance of the eligible recipient's duties under Perkins.
- Any cost that supports the management of the Perkins program is administrative in nature
- Examples of allowable costs:
 - Salary costs associated with the development of the local application plan
 - Perkins-funded travel by a college administrator
- Administrative cost must be tracked separately from program costs.

Unexpended Funds?



Leaving Funds On The Table

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Lost Opportunities for:

1. Upgraded equipment
2. Expansion of programs
3. Consumable & non-consumable supplies
4. Professional development
5. Focus on Performance Indicator improvement
6. Other allowable expenditures

Programmatic Fiscal Requirements

Supplement Not Supplant

As a requirement of the Perkins statute, funds made available under the Act must supplement and not supplant non-federal funds expended to carry out career and technical education activities. In other words, federal Perkins funds may only be used in addition to funds already spent by the state and recipients on CTE, and cannot be used in place of non-Perkins funds.

It will be presumed that supplanting has occurred where:

- LCTCS or one of the recipients uses Perkins funds to provide services that LCTCS or one of the recipients is required to make available under another federal, state or local law; or
- LCTCS or one of the recipients uses Perkins funds to provide services that LCTCS or the recipient provided with non-Perkins funds in the prior year; or
- LCTCS or one of the recipients provides services for non CTE students with non-federal funds, and provides the same services to CTE students using Perkins funds.

Unexpended Funds – What happens when funds are returned?



Leaving Funds On The Table

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Opens the door for

Risk Assessment
Audit Findings
Withholding of future funds
Non Compliance

Supplanting

"Supplement" means to "build upon" or "add to", "supplant" means to "replace" or "take the place of." Federal law prohibits recipients of federal funds from replacing state, local, or agency funds with federal funds.

HANDOUT #1 GMPM (page 29) AND HANDOUT #10

Expend at a Minimum 95% of Allocation

1. Order equipment, materials, supplies, etc. as soon as the grant is approved
2. The above should be received during the Fall semester and in place for student utilization by the beginning of the Spring semester
3. Plan and execute professional development plans as soon as possible
4. Follow-up on travel expenditures and other budget line items regularly
5. Make revisions to the grant as soon as possible to ensure timely expenditures
6. Determine and address road-blocks to the successful expenditure of funds
7. Execution of all aspects of the grant is the responsibility of the Perkins Representative

Carryover

Utilizing funds:

- Not limited to regional career clusters
- No limit on salaries and equipment
- MUST be expended by June 30th of the fiscal year
 - All unexpended funds are returned to USDOE
 - May have effect on federal allocation
- Increases points on risk assessment for program review
- Will require more in-depth application process and corrective action plan

Local Application Plan Includes:

- Grant Narrative
- Budget Summary
- Assurances
- Certification
- Performance Evaluation
- Required Uses of Funds Checklist

HANDOUT 6

Necessary & Reasonable

- Must be necessary for the performance or administration of the grant
- Must follow sound business practices:
 - Arms length bargaining (hint: procurement processes)
 - Follow federal, state and local laws
 - Follow terms of the grant award
- Fair market prices
- Act with prudence under the circumstances
- No significant deviation from established prices
- Practical aspects of "necessary"
 - Practical aspects of "necessary" Do I really need this?
 - Is this the minimum amount I need to spend to meet my need?
 - Practical aspects of "reasonable" Is the expense targeted to valid programmatic/administrative considerations?
 - Do I have the capacity to use what I am purchasing?
 - Did I pay a fair rate? Can I prove it?
 - If I were asked to defend this purchase, would I be comfortable?

Recommended Actions

- Review internal Procedures and Processes
- First, consider whether there are alternatives, such as webinars or video conferences, that would be equally or similarly effective and more efficient in terms of time and cost than a face-to-face meeting
- Share information with all stakeholders
- Ensure all expenditures with federal funds are allowable costs
- Don't do anything with grant funds that you wouldn't want to see on the front page of your local paper
- Add disclaimer, such as a note in the conference program if funded with alternative sources

What do I do?

- Anytime federal money is used for a conference, meeting or food, sub recipients should make sure the reasonableness of the cost and how the cost is necessary for the administration of the grant is clearly documented.
- Make sure all cost factors are taken into consideration when making your final decision.

Administrative Funds

The use of local grant funds for administrative purposes is limited to no more than 5% of actual funds spent.

Definitions

Administration: The term “administration” means activities necessary for the proper efficient performance of the eligible recipient’s duties under Carl D. Perkins Act of 2006 including the supervision of such activities. Such term does not include curriculum development activities, personnel development, or research activities.

Administrative requirements: EDGAR 80.3 – Mean those matters common to grants in general, such as financial management, kinds and frequency of reports, and retention of records.

Examples of Administrative Expenses:

- Expenses of the local Perkins coordinator to attend Perkins technical assistance meetings.
- Cost of travel between campuses related to administration of grant.
- Expenses of the local Perkins coordinator for training in the use of the web-based grant management system.
- Portion of the salary or expenses of the institutional research person to compile required Perkins accountability reports.
- Computer for use of the local Perkins coordinator for administrative purposes.
- Developing and administering a student placement or special population survey.
- Expenses of the local Perkins coordinator to attend federally sponsored conference on Perkins issues.
- Developing and administering a needs survey to determine the institution’s best use of Perkins funds.
- Portion of the salary of the local Perkins coordinator (PAR required).
- Activities that ensure that data is valid and reliable (avoid supplanting).

Administrative money must be directly connected to activities that enable the recipient to fulfill its obligations regarding the proper use of funds. Any use of funds must be supported by source documents such as PARs for salary related expenditures (coordinator or other staff), invoices for equipment and supplies necessary for administration of the grant and documentation for travel related expenses incurred by the local coordinator to more effectively administer the grant (including professional development that allows the coordinator to develop Perkins funded activities). Administrative funds cannot be considered as general funds of the institution; they must be traced to specific activities.

PERKINS ALLOWABLE AND UNALLOWABLE EXPENDITURES

This is not a complete list of allowable/unallowable costs as it relates to Perkins. The allowability of a particular expenditure should be determined by considering the grant's purpose, requirements of the Carl D. Perkins Act of 2006, and any pertinent Federal cost guidelines. All costs must be directly tied to the CTE program as approved in the local Perkins application plan. When in doubt, ASK!

<u>ALLOWABLE EXPENDITURES</u>	
<ul style="list-style-type: none"> • Administrative costs • Audit costs in accordance with the Single Audit Act (OMB Circular A 133) • Bonding costs • Career guidance and counseling • Communication costs (publications, postage) • Compensation for Instructors (salaries, wages, fringe benefits) • Contracted services • CTSO advisor costs (advisor extra-duty pay/stipend, advisor travel, and instructional materials/supplies) <ul style="list-style-type: none"> o Funding may not be used to pay for student membership dues, conference/competition registration, travel, lodging, etc. • Curriculum development • Displays, demonstrations, and exhibits of CTE coursework/projects • Equipment for approved CTE instruction • Excursions/extended learning opportunities tied directly to CTE coursework <ul style="list-style-type: none"> o General, exploratory college tours/visits are unallowable • Indirect costs (limited to 5%) • Instructional materials and supplies • Instructor travel, meals, lodging, etc. for approved CTE travel identified in current year Perkins plan • Marketing and outreach activities (newspapers, radio/TV, magazines) • Meetings and conferences <ul style="list-style-type: none"> o Must be properly documented and follow all basic cost principles - there is a significant burden of evidence required for food/drink purchases for meetings and conferences. When in doubt, ASK! 	<ul style="list-style-type: none"> • Memberships and subscriptions in business, professional, technical groups/associations <ul style="list-style-type: none"> o Membership must be for the position, not the person • Professional development costs • Professional service costs (consultants) • Program evaluation • Publication and printing costs • Remedial services (curriculum modification, equipment modification, classroom modification, supportive personnel, and instructional aids and devices) <ul style="list-style-type: none"> o Perkins dollars may not be used to fund remedial courses (courses designed to provide instruction in reading, writing, and mathematics for students who have not acquired the basic academic skills necessary to succeed in general or in career and technical education courses) • Rental/lease costs of buildings and equipment • Stipends • Substitute teachers (salary and benefits) <ul style="list-style-type: none"> o Time & Effort reporting still required for substitute teachers • Teacher in-service • Technical skill assessments (industry recognized certification exams/assessments) • Transportation costs (associated with excursions/extended learning opportunities tied directly to CTE coursework)

- Expenditures for adult/postsecondary programs using secondary funds
- Expenditures for CTE courses prior to the 7th grade
- Expenditures for non-approved CTE programs
- Expenditures that supplant
 - Fines and penalties
 - Food/drink
 - Fundraising
 - Gifts, door prizes, etc.
 - Goods or services for personal use
 - Insurance/Self-Insurance
 - Interest and other financial costs
 - Items retained by student (supplies, clothing/uniform, tools, PDAs, calculators)
 - Lobbying and other political activities
 - Maintenance contracts or agreements
 - Monetary awards
 - Non-instructional furniture (bookcases, drawers, file cabinets, lateral files)
 - Payments to students (stipend or ongoing)
 - Pre-award costs
 - Promotional materials (t-shirts, pens, cups, key chains, book bags)
 - Purchase or lease of passenger vehicles including automobiles, trucks, buses, utility vehicles, airplanes, boats, and golf carts
 - Purchase or construction of buildings/facilities, including permanent modifications to existing buildings/facilities
 - Remedial courses (courses designed to provide instruction in reading, writing, and mathematics for students who have not acquired the basic academic skills necessary to succeed in general or in career and technical education courses)
 - Scholarships
 - Standard classroom furniture, files, and equipment not specific and unique to the instructional program (tables, chairs, desks)
 - Student expenses/direct assistance to students (tuition, fees, insurance, other expenses)

- Administrative or supervisory salaries
 - May be charged as an indirect up to 5% of award
- Advertising and public relations designed to solely promote the LEA (not tied directly and exclusively to CTE)
- Advisory councils
- Alcoholic beverages
- Alumni/ae activities
- Audits other than the A-133 Single Audit
- Bad debts (losses from uncollectible accounts)
- Child care
- Commencement and convocation costs
- Conference travel unrelated to career and technical education program improvement
- Construction, renovation, and/or remodeling of facilities
- Consumable supplies to be made into products *to be sold or to be used personally* by students, teachers, or other persons
- Contingency or "petty cash" funds
- Contributions and donations
- Copyrights/patents
- CTSO student costs (membership dues/registration fees, items retained by student/advisor, social activity/ assemblage, travel expenses, refreshments/meals)
- Dues/memberships to professional organizations or societies (for individuals)
- Entertainment
- Equipment and supplies for building maintenance
- Equipment or supplies not used directly to teach skills to students, including electronic student response systems (e.g. Quizdoms)
- Equipment solely for use by the teacher, administrator or other staff members
- Excessive installation costs for equipment purchased with Perkins funds

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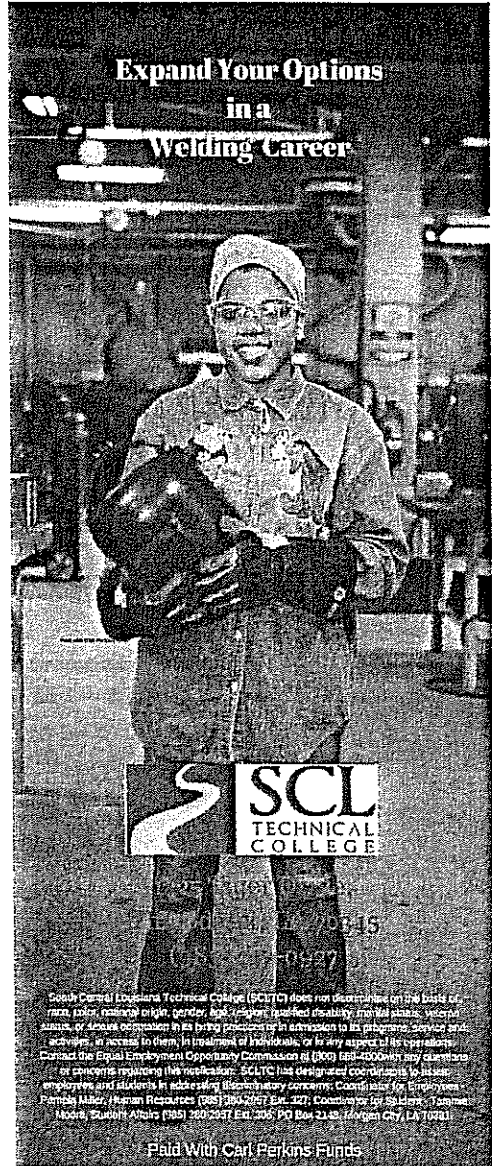
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MEALS HANDOUT 9

May Federal grant funds be used to pay for food and beverages during a reception or a "networking" session?

"No"

In virtually all cases, using grant funds to pay for food and beverages for receptions and "networking" sessions is not justified because participation in such activities is rarely necessary to achieve the purpose of the meeting or conference.

What if a hotel or other venue provides "complimentary" beverages (e.g., coffee, tea) and there is no charge to the grantee hosting the meeting?

"Yes" (with appropriate documentation)

Federal grant funds may only be used for expenses that are reasonable and necessary;

In planning a conference or meeting and negotiating with vendors for meeting space and other relevant goods and services, grantees may only pay for allowable costs.

May indirect cost funds be used to pay for food and beverages?

"No"

The cost of food and beverages are treated as direct costs, rather than indirect costs

Federal grant funds cannot be used to pay for food and beverages unless doing so is reasonable and necessary.

May Federal grant funds be used to pay for alcoholic beverages?

"No"

Use of Federal grant funds to pay for the cost of alcoholic beverages is strictly prohibited.

May a grantee use non-Federal resources (e.g., State or local resources) to pay for food or beverages at a meeting or conference that is being held to meet the goals and objectives of its grant?

"Yes"

May a grantee use non-Federal resources?

Grantees should follow their own policies and procedures and State and local law for using non-Federal resources to pay for food;

However, if non-Federal funds are used to pay for food at a grantee-sponsored meeting or conference, the grantee should make clear through a written disclaimer or announcement that Federal grant funds were not used to pay for the cost of the food or beverages.

Grantees should also be sure that any food and beverages provided with non-Federal funds are appropriate and do not detract from the event's purpose.

What are the consequences of using Federal grant funds on unallowable expenses?

The Department may seek to recover any Federal grant funds identified, in an audit or through program monitoring, as having been used for unallowable costs, including unallowable conference expenses.

Supplement vs. Supplant

“Supplement” means to “build upon” or “add to”; “supplant” means to “replace” or “take the place of.” Federal law prohibits recipients of federal funds from replacing state, local, or agency funds with federal funds.

It will be presumed that supplanting has occurred when:

- LCTCS or one of the sub-recipients uses Perkins funds to provide services that LCTCS or the sub-recipient is required to make available under another federal, state, or local law; or
- LCTCS or one of the sub-recipients uses Perkins funds to provide services that LCTCS or the sub-recipient provided with non-Perkins funds in the prior year; or
- LCTCS or one of the sub-recipients provides services for non-CTE students with non-federal funds, and provides the same services to CTE students using Perkins funds.

In other words, this means that a grantee may not reduce State, local, or other non-Federal funds that have been allocated for an activity just because the Federal funds are available.

Examples of Supplanting and Supplementing a Program Expenditure:

Scenario	Supplanting	Supplementing
Equipment: Ordered 3 years ago and now Original Funding source--State funds; Present funding source- Perkins	Order same equipment	Order upgraded equipment *
Salaries: 1. Position has been paid with State funds	Pay position with Perkins	Must receive approval from State Director if position will be eliminated
2. Advisors are paid with State funds	Pay for CTE advisor with Perkins	Pay for a position that may advise but will also offer enhanced activities for CTE students—must have different duties as the other advisors that are paid with state funds*
Services: Paid for career services activities with state funds last year.	Pay with Perkins funds this year	Pay for additional services for CTE students that were not offered in prior year*

***Keep in mind that you must document all of these upgrades, enhancements or additional services! Keep documentation for 5 years!**

Questions to ask- Making Decisions About Equipment

Equipment:

1. Will the purchases be used exclusively to help improve technical and/or academic performance of students enrolled in courses associated with CTE Programs of Study?
2. Was the expenditure appropriately identified in the annual plan and budget?
3. Will the costs of capital expenditures (infrastructure enhancement) such as wiring, plumbing or construction to a facility?
4. Will the funds be used to purchase equipment with a unit cost of \$5,000 or more?
5. Are the purchase being made in time to meet the "allocable" requirements?
6. Will the funds be used to upgrade, replace or repair existing equipment previously purchased by Perkins?

Making Decisions About Supplies:

1. Will the funds be uses to purchase consumable products with a life of less than 1 year?
2. In the past, have the supplies been purchased using general funds or other grant funds?
3. Will the supplies be used in a manner that supports the increase in student performance in a CTE POS this year?