

ELIGIBLE EXPENDITURES FOR USE OF FUNDS

The following list of eligible expenditures for use of funds is provided as a basic guideline. This information is from OMB Circular A87 and A122 (postsecondary).

OBJECT CODE 100/200- SALARIES/BENEFITS

Object Code 100–Salaries/200–Benefits

Use of Perkins IV money for personnel services and salaries is an approvable expense if it helps to accomplish the activities identified in the local application.

Administrative expenditures are limited to 5% of the total budget and can be spent for meeting general requirements of administering the grant (records retention, financial management). The system will provide the indirect cost rate for each district or ESU on the budget pages if selected as an option. The applicant must decide, for each program, whether to use indirect costs or not. If chosen, the system will figure the amount of indirect costs.

Note: if the budget includes equipment (capital outlay), this amount will be subtracted from the amount allowable for indirect costs as required by law.

Documentation of individual staff time must be kept at the local level, and detailed on the itemized printout submitted to NDE when claiming for reimbursement. *Semi-annual* time certification records are acceptable.

Grant funds can be used to pay staff for grant-related activities if the time spent is documented and justification is made for determining the rate of compensation. Under no circumstance is supplanting allowable.

Regular Salary/Benefits. When it is permissible to use funds for staff, expenditures must be limited to only that amount that is necessary to carry out the activity. Funds cannot be used to maintain staff; however, if funds are used to establish a new program, then funds could be used to provide instructional staff for a **period of not more than three years**.

Employee benefits are considered part of the personnel cost. These may include social security, retirement, health insurance, worker's compensation, tax-sheltered annuities, and life insurance. Personnel who are chargeable to more than one program must be time certified, and time certification records should be kept on the local level. See the project sample in "Approved Application of Accounting Procedures" at the end of this chapter. Include all personnel that will be associated with the project. This may include the project contact person, instructors, aides, tutors and secretaries. The local application should include:

- Name of person or position
- How the salary and benefits were calculated
- Total salary for the project

EXAMPLE

Pat Jones, a CTE teacher, is involved in an approved career education project to revise one course that is a part of the total career education program in the school. The plan included 1/8 of Pat's time during the school year to field test the revised course.

Stipends/Extended Contract Time. Stipends may be paid to teachers or participants (other than students/clients) participating in inservice training or workshops if one of the following conditions is met:

- There is a genuine need to pay stipends. *Example:* The inservice training or workshop is conducted after school hours, weekends or during the summer. **Actual expenses may also be reimbursed in addition to the stipend.**

Or

- The stipend is paid in lieu of paying expenses (travel, registration, etc.) If stipends are paid, it will be necessary to check the IRS guidelines because under some circumstances stipends may be subject to Social Security and Income Tax withholding. Stipends and substitutes are paid at the local district's established rate.

Substitute Teacher Salaries. Substitute teachers are an eligible expense if it allows for NCE teachers to participate in professional development activities.

OBJECT CODE 300 PURCHASED PROFESSIONAL & TECHNICAL SERVICES

This category is used for payment of fees to consultants or for professional and technical services. It may *also be used for payment from consortiums to schools for stipends to teachers*. The membership contribution for the Partnerships for Innovation consortium is also budgeted in this object code.

Purchased services are allowable expenses, within reason, used to meet the intent of the program, and documented at the local level. Examples may include:

Professional & Technical Services. Services needed to carry out the activities as defined in the local application. This may include work of a subcontractor.

Subcontractors. The funded agency may enter into written agreements for part of the services to be provided under the local application. Such agreement will describe the services of the subcontractor and will contain provisions assuring that the funded agency will retain supervision and administrative control over the services. Services of the subcontractor agreement must be specified in the local application. If subcontractors are used, indicate their qualifications and specific responsibilities to the local agency.

Consultants. Consultant fees must be justified in the local application. Consulting fees plus travel, lodging and per diem shall conform to the funded agency's written policy. Consultant travel, lodging and per diem must be itemized in the expenditure printout.

EXAMPLE

The ESU is sponsoring a one-day, multi-session, CTE Collaboration Day. This is a professional development event. Estimation is based upon 20 CTE teachers attending including mileage and substitute reimbursement for those on contract time. (Code 300: Mileage of \$1000 + Substitute Reimbursement of \$2200 = \$3200). Anticipated CTE workshops throughout the year to enhance the engagement, instructional, and technological strategies for student success. (Code 300: Possible Mileage + Substitute reimbursement (contract time) OR Stipends (non-contract time).

Conference Registrations/Training

The cost of training provided for teacher development is allowable Only the cost of the registration and mileage (paid at the local district's established rate) to the conference is coded to 300. (Other expenses such as airfare, lodging and meals are coded in 500 Other Purchased Services.)

- **NOTE:** Expenses for advisors/sponsors attending student organization conferences and/or activities are a local responsibility and are not allowed as an eligible expenditure. This would be an example of supplanting local fiscal responsibility.

Working Lunches

USDE, the Office of Vocational and Adult Education, references the OMB Circulars A-87 (Cost Principles for State, Local, and Indian Tribal Governments), CFR 225, Attachment B (Selected Items of Cost), #27 (Meetings and Conferences) states: Costs of meetings and conferences, the primary purpose of which is the dissemination of technical information is allowable. This includes the costs of meals, rental of facilities, and other items incidental to such meetings or conferences. The costs should be considered necessary and reasonable, and allocable and only when secondary to meetings, workshops or events, (e.g., the meal is not the purpose of the meeting).

OBJECT CODE 400/500- OTHER PURCHASED PROPERTY SERVICES/OTHER PURCHASED SERVICES

Services purchased to operate, repair, maintain, and rent property owned or used by the school district. These services are performed by persons other than school district employees. Although a product may or may not result from the transaction, the primary reason for the purchase is the service provided. Repair and/or maintenance of instructional equipment meeting these criteria is an eligible expenditure. *General maintenance agreements for equipment not purchased under these criteria are not an eligible expenditure.*

District staff expenses budgeted and reported here include travel expenses and other activities that support the requirements of the legislation. Instate travel is allowable. Out-of-state travel is allowable if the grantee is unable to receive comparable information (a comparable service or conference) within the state. If the budget includes expenses for out of state travel, include justification under performance measures/planned activities. Examples of allowable expenses may include:

- Board and lodging
- Meals
- Airfare (if appropriate)

Travel expenses are limited to airfare, meals and lodging. Travel must be justified in terms of value of the travel to the successful completion of the local application.

Costs associated with participation in both in-state and out-of-state conferences are approvable as requested on the local application. The potential benefit to NCE programs should be identified on the local application for justification of conference participation.

OBJECT CODE 600 – SUPPLIES

Instructional Materials and Equipment (Instructional Equipment items <\$5,000) Appropriate non-consumable instructional and curriculum materials include reference books, audio-visual materials, instructional software, curriculum and necessary duplication of materials. State the instructional materials/equipment to be purchased and the activities to be addressed. Supplies and materials are allowable expenditures, within reason, used to meet the intent of the program. Simply stating intent to purchase (for example, applied academics curriculum for consortium schools) is not adequate. Any instructional materials, software and equipment (both <\$5,000 and >\$5,000 per item) must be justified according to their ability to modernize, improve or expand the career and technical education offerings and align them with current industry standards and expectations. **It is not permissible to buy residential grade equipment and seek Perkins reimbursement.** Any equipment purchased (both <\$5,000 and >\$5,000 per item) must be industry grade and quality to be eligible for reimbursement. Office supplies used specifically for Perkins purposes may include:

Instructional Software. Instructional software is defined as software that is needed to improve the academic or technical skill development of students; is used for professional development of teachers; or to update technological resources available in the programs. Instructional materials, software and/or equipment must enhance instruction for students to gain knowledge and skills that meet industry standards and expectations in high wage, high skill and high demand occupations. Instructional materials, software or equipment used in hobby, craft or leisure arts courses are not approvable for reimbursement.

Instructional Materials. Instructional materials must be non-consumable (student *workbooks* are not an approvable expense). Textbooks are considered a part of the regular school's obligation and therefore are not approvable because of the federal guidelines on supplanting state and local resources *except* when the books or curriculum are purchased for developing new curriculum not previously offered. Supplanting occurs when the school is replacing textbooks of an existing program. Online working documents that are purchased as a per student fee are not eligible for reimbursement.

Instructional Equipment (Items <\$5,000) Instructional equipment for this section costs **less than \$5,000 per individual unit** and is described as a movable or portable item, an implement, a devise or a machine designed for a specific instructional purpose that meets the following conditions:

- Retains its original shape and appearance with use and is **non-consumable**. (Consumable supplies that are not eligible include such things as plants, potting soil, welding rods/wire, welding gas, food, printer cartridges, paper, office supplies, lumber, etc.)
- Equipment purchased using lease/purchase is approvable.
- It is generally repairable.
- Retains its identity.
- It is a necessary adaptation to upgrade an existing item of equipment in order to be consistent with technology found in business and industry.

OBJECT CODE 700 – CAPITAL ASSETS (EQUIPMENT ITEMS >\$5,000)

Capital Assets defined as equipment that costs more than \$5,000 per individual item. **It is not permissible to buy residential grade equipment and seek Perkins reimbursement.** Any equipment purchased (both <\$5,000 and >\$5,000 per item) must be industry grade and quality to be eligible for reimbursement. Equipment is described as a movable or portable item, an implement, a device or a machine designed for a specific instructional purpose that meets the following conditions:

- Retains its original shape and appearance with use and is **non-consumable**. (Consumable supplies that are not eligible include such things as plants, potting soil, welding rods/wire, welding gas, food, printer cartridges, paper, office supplies, lumber, etc.)
- Equipment purchased using lease/purchase is approvable.
- It is generally repairable.
- Retains its identity.
- It is a necessary adaptation to upgrade an existing item of equipment in order to be consistent with current technology found in business and industry.
- Repair and/or maintenance of instructional equipment meeting these criteria is an eligible expenditure. General maintenance agreements for equipment not purchased under these criteria are not an eligible expenditure.
- All equipment must be housed within career education programs, not in general use computer or learning labs. Equipment purchased with federal funds must be used for career education instruction purposes. For example, computers purchased using federal funds may not be used for general school clerical/office work.
- Equipment purchased by a consortium must be maintained and inventoried by the consortium.
- **All equipment purchases must be shown on an itemized printout that is submitted with the final claim for reimbursement.**
- All equipment must be housed within career education programs, not in general use computer or learning labs. Equipment purchased with federal funds must be used for career education instruction purposes. For example, computers purchased using federal funds may not be used for general school clerical/office work or library computer labs.
- All equipment must be tagged designating the source of funding as Perkins.
- Equipment purchased by a stand-alone/consortium must be maintained and inventoried by the stand-alone/consortium using the local inventory process.
- Periodic review or request of inventory list may occur through monitoring.
- All equipment purchases must be detailed and shown on an itemized printout that is submitted with the final claim for reimbursement. An inventory must be maintained, which includes the make, model number, serial number, school/consortium inventory number and depreciation schedule, until the item is depreciated. The depreciation schedule used should be the same as the school depreciation schedule. In the absence of a local depreciation schedule, NDE defaults to IRS guidelines. Inventory is maintained at the consortium level.

In the case of food and food science labs, residential grade equipment may be purchased with Perkins funds to modernize or expand career and technical education offerings. However, any equipment (free standing or counter top) purchased **must** demonstrate or showcase the most recent technology within the equipment category. For example: a low end, coil burner, electric range does not demonstrate or showcase the most recent technology in electric ranges. Residential grade washers/dryers, salt and pepper shakers, flatware, spatulas, private label products sold through home parties outlets, used/damaged or discounted because of damage, light grade plastic products (bowl toppers), etc., are not approvable and are the responsibility of the local school.

Items of equipment with an original purchase unit price of \$5,000 or more must be identified in the Capital Assets category on the local application consolidated budget and final claim form. An inventory must be maintained that includes the make, model number, serial number, school/consortium inventory number and depreciation schedule, until the value of the item is less than \$5,000. See sample inventory tag in the section *Use of Perkins Funds for Instructional Materials, Software and/or Equipment Examples* of this manual.

The depreciation schedule used should be the same as the school depreciation schedule. In the absence of a local depreciation schedule, NDE defaults to IRS guidelines.

Equipment items with a current unit value of \$5,000 or more cannot be disposed of without approval from the Nebraska Department of Education. Disposal of items is defined as sale, trade-in, transfer, exchange or loan. If disposal is approved, the federal share of the equipment must be used for approved career and technical education purposes or returned to NDE for reallocation.

If an item of equipment is stolen, copies of letters should be submitted to the Nebraska Department of Education to document the notification and action of law enforcement officers.

For the purposes of disposing or transferring equipment, current fair market value is determined by obtaining two signed bids from potential purchasers or two appraisals from authorized appraisers for the purpose of disposing of or transferring equipment. When the equipment is being traded in for like or similar equipment used in the same program for the same purpose, the trade in value constitutes the current fair market value of the traded in equipment.

ADMINISTRATIVE COSTS

Administrative costs must be associated with the direct administration of the local application. Costs are limited to no more than 5% of total allocation. Approved indirect costs are considered administrative costs and must be included in the 5% limitation. **Documentation of actual expenses must be maintained to claim the 5% administrative cost.** Budget and reporting of the direct administrative expenditures should appear in the appropriate object code.

Expenses associated with conducting an advisory committee meeting may be considered a direct or indirect administrative cost. This may include meals or breaks associated with the meeting.