

Appendix B

Guidelines, Definitions and Allowable Expenditures for CTE Transitions Allocations

Determining if a Cost is Allowable

All allowable costs, must meet three primary criteria: 1) Substantiate that the cost was necessary and reasonable for proper and effective administration of the CTE Transitions allocations; 2) The cost must be allocable to CTE Transitions activities; and 3) The cost must not be a general expense required to carry out the fiscal agent's overall responsibilities (not supplanting). However, even if the costs meet the prior three criteria, the costs must be approved within the allocation application workplan/budget of the individual fiscal agent otherwise they are not allowable within that year without workplan/budget changes. Also the State has the discretion to impose special conditions above and beyond the Act which would also determine allowability of cost.

Is the proposed cost allowable under the CTE Transitions Allocation?

The CTE Transitions Allocation is about emphasizing the facilitation of transition of CTE students from secondary to postsecondary to high skill, high wage, high demand occupations. The areas that will be funded through CTE Transitions are:

1. Outreach/Career Exploration

Outreach/Career Exploration is allowable so far as it facilitates the transition from secondary to postsecondary CTE programs, the expenditures are allowable (see Appendix B – Expenditure Table), and the costs are reasonable.

2. Professional Development

- a. Project Director (only) may attend the statewide Educating for Careers Conference. Other than this conference, no funding for individual professional development is allowed.
- b. Joint Training may be funded for secondary or postsecondary counselors, teachers and faculty directly related to the allowable activities (outreach/career exploration, articulation, credit by exam mechanisms, concurrent enrollment options, and work-based learning).

3. Consortia Meetings

- a. Meetings must be specifically about CTE Transitions activities and partnerships (such as Strategic Planning meetings).
- b. Meetings must be reasonable in number and the costs itemized and justified in the application budget detail form.

- c. No stipends can be paid to attend these meetings.
4. Articulation
 - a. New articulation agreements may be created or existing ones renewed.
 - b. Before forming new articulation agreements first check the Statewide Career Pathways (SCP) site for an official template and use it as a starting point. If you cannot find a SCP Articulation Agreement template that matches your proposed program, follow the standard SCP Articulation Agreement template format.
 - c. Articulation meetings must be reasonable in number and the costs itemized and justified in the application budget detail form.
5. Support for “credit by examination” mechanisms
 - Testing
 - Registrars
6. Support for concurrent enrollment options (but no direct instructional costs)
 - Registrars
 - Textbook options
7. Support for coordination of work-based learning/internships/placement at the postsecondary level.

The CTE Transitions funding is for the above-mentioned activities only. CTE Transitions funding does not fund classroom or laboratory equipment or materials, direct services to students, programs of study development, curriculum development, or out-of-state travel. It is the expectation of the Chancellor’s Office that these prohibited activities will be funding through SB70 or Perkins Title I-C funding.

While the proposed cost is allowable under CTE Transitions is it also reasonable?

Reasonable is defined by the dictionary as: agreeable to sound judgment, not exceeding the limit prescribed by reason (not excessive), moderate in price, and a rational decision.

Systems that can guide this definition are: necessary for the performance of the grant; following sound business practices (procurement processes, follow federal, state and local laws, follow the terms of the grant); use of fair market prices; acting with prudence under the circumstances; and having no significant deviation from established prices.

What are the guidelines of Allocable?

Allocable is defined by the dictionary as: capable of being allocated or assigned. A cost is considered allocable to a particular federal program to the extent it actually benefits the objectives of that program. You can only charge in proportion to the value received by the

CTE Transitions program. An example would be that a project director works 20% on the CTE Transitions program (only 20% of the salary and benefits can be charged to the allocation). Above and beyond this definition allocable also means that the cost must be related to the workplan/activities that have been approved by the fiscal agent's Project Monitor.

What is supplanting?

Federal grant funds must supplement and not supplant state or local funds. Federal funds may not result in a decrease in state or local funding that would have been available to conduct the activity had Federal funds not been received. Federal funds may not free up state or local dollars for other purposes but should create or augment programs to an extent not possible without federal dollars. You must be able to demonstrate that Federal funds are added to the amount of state and local funds that would, in absence of Federal funds, be made available for uses specified in your plan. Allocation recipients and sub-recipients must use CTE Transitions funds to provide extra goods, services, materials, staff coordination positions etc. that would not otherwise be purchased with state, local or other non Federal funds. For instance, if you used CTE Transitions funds to provide a Career Technical Education service that the local education agency is required to provide under state or local law then supplanting would occur. It would also be supplanting if something was purchased in the previous year with state, local or other funding and is now being purchased with Federal CTE Transitions funding.

Expenditures

Allowable	Allowable With Prior Approval	Unallowable
Advertising ¹⁰		Advertising ¹⁰
Articulation ²⁰		Alcoholic Beverages
Benefits		Any costs not allocable to the program
Outreach & Career Guidance ²¹		Any costs not necessary and reasonable
Communication Costs ⁹		Bad Debts
Depreciation and use allowance		Commencement and Convocation Costs
Direct Administrative Expense (5% of the allocation agreement) ¹⁷		Construction/Remodeling ⁵
Direct Coordination		Contingencies
Indirect Expense (4% of the total direct costs)		Cost of membership (civic or community organization)
Maintenance and Repair		Curriculum Development ¹⁴
Professional and Consultant Services		Food for Outreach & Guidance Events ¹
Meeting Expenses ¹		Entertainment Costs
Publication and Printing Costs ⁴	Equipment ¹⁵	Equipment Classroom or Laboratory ¹⁵
Single Audit Act Costs		Fines and Penalties
Maintenance and Repair Costs ⁸		Fund Raising
Work based learning, internships, placement ¹⁹		Furniture ¹²
Institutional Memberships ³		Individual Memberships ³
In-State Travel ¹³		Out-of-State Travel ¹⁶
Supplies/Materials		Supplies & Materials (Classroom, Laboratory, or Guidance Center Use)
		General expenses required to carry out the overall responsibilities of the fiscal agent (supplanting)
		Gifts of Public funds are never allowed ² (memorabilia, honoraria, models, gifts, souvenirs, etc.)

		Good or Services for Personal Use
		Legislative Expenses/Lobbying
		Donations and contributions (cash, property or services)
		Pre-agreement Costs ⁶
		Programs of Study ¹⁴
		Renting or Leasing Office Space ¹¹
		Student expenses or direct assistance to students ⁷
		If you can't do something under State law you can't use Federal funds to pay for it.

- ¹ Consortia meetings are allowed but must be specifically about CTE Transition activities and partnerships (strategic planning meeting). Meetings must be reasonable in number and cost itemized and justified in the application. No stipends can be paid for attendance at these meetings. Food is only allowed at meetings that require a working breakfast, lunch or dinner and disseminate technical information to participants. The meeting must have an agenda that shows a working meal; must have a sign-in sheet for participants; and cannot go over the district's per diem guidelines for food purchases. Snacks, coffee and sodas cannot be paid for unless the district's per diem guidelines allow more than breakfast, lunch and dinner per diem. The 5/10/04 OMB circular for education institutions (A-21) specifies that cost of meetings and conferences, the primary purpose of which is the dissemination of technical information, are allowable. This includes cost of meals, transportation, rental of facilities, speakers' fees, and other items incidental for such meetings or conferences. **Food is not allowed for student events.**
- ² If it looks like a gift it is. You are not allowed to purchase pencils, pens, mouse pads, t-shirts, etc. and give them out (under the marketing banner). This would still be considered a gift of public funds. Awards and honorarium would also be considered a gift of public funds and not allowed.
- ³ Individual memberships and subscriptions are not allowable uses of CTEA funds. Only institutional memberships and subscriptions are allowable (see the 5/10/04 OMB circular for educational institutions A-21, #33 memberships, subscriptions and professional activity). **NOTE:** Because of the current objectives of CTE Transitions funding it is not anticipated that memberships will be needed but individual monitors will determine allowable, reasonable and not supplanting for any requests that are included in individual RFAs.
- ⁴ 5/10/04 OMB circular for education institutions (A-21, #39 publications and printing costs) specifies that if publication or printing costs can be identified with a particular cost objective they can be allocated as direct expense. However if it cannot be directly allocable to a particular cost objective then it will be allocated as indirect expense. *Example:* The fiscal agent is giving an articulation day that is in their workplan. As part of that articulation day materials need to be printed. This would be a direct expense. An indirect printing expense would be when the fiscal agent gets an automatic percentage of overhead/printing charged to the allocation agreement (from their administration) no matter what is in their workplan. That amount would have to come out of the 4% indirect allowed for CTE Transitions allocation agreements.

- 5 Activities such as construction and remodeling, which increase the value of an asset or appreciably extend its useful life, are not allowed with federal funds unless authorized by the Act. Perkins IV does not authorize this use. However, C5/10/04 OMB Circular for education institutions (A-21, #18 equipment and other capital expenditures) does allow that the purchase of equipment can include ancillary charges such as installation as part of the acquisition. So if there is a cost that would normally add value to a building such as special wiring but you cannot install necessary equipment without it, it is allowable.
- 6 C5/10/04 OMB Circular for education institutions (A-21, #36 pre-agreement costs) state that costs incurred prior to the effective date of the sponsored agreement, whether or not they would have been allowable there under if incurred after such date, are unallowable unless approved by the sponsoring agency. The State does not approve any funding requests that come before the legal date of performance. Additionally, if the legal date of performance has been met but the application is not yet substantially approvable, the State will not approve expenditures until such a time as it meets the substantially approvable definition.
- 7 OMB circular for education institutions (A-21 #48 student activities and costs) it states that costs incurred for intramural activities, student publications, student clubs, and other student activities are unallowable, unless specifically provided for in the sponsored agreements. The Chancellor's Office has determined that student expenses or direct services to student are not allowed. This includes: books, tuition, fees, etc.
- 8 Permitted are costs that keep a piece of equipment in efficient operating order. However prohibited would be costs incurred for maintenance or repair that would add to the permanent value.
- 9 Telephone services, telegrams, postage, messenger, electronic or computer transmittal services are stated as allowable in C5/10/04 OMB Circular for education institutions (A-21, #9 Communication Costs).
- 10 Advertising and Public relations cost are defined in C5/10/04 OMB Circular for education institutions (A-21, #1 advertising cost) as advertising media and corollary administrative costs (including magazines, newspapers, radio, television, direct mail, exhibits, electronic or computer transmittals and the like. Public relations includes community relations and means those activities dedicated to maintaining the image of the institution or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public. This section is a combination of permitted and prohibited expenditures. Advertising costs are only allowed for 1) recruiting personnel required for the CTE Transitions allocation agreement, 2) the procurement of goods and services for the allocation agreement, 3) disposal of surplus materials acquired by the allocation agreement, costs of communicating with the public or 4) press pertaining to specific activities of the allocation agreement or accomplishment of the consortium as part of the outreach effort of CTE Transitions. Prohibited are advertising and public relations designed solely to promote the fiscal agent (Community College District/College). It is unallowable for advertising and public relation cost to pay for meeting, conventions, convocations, or other event including displays, demonstrations, and exhibits. Prohibited are costs for meeting rooms, hospitality suites and other special facilities used in conjunction with other special events as well as promotional items, memorabilia including models, gifts and souvenirs used solely for advertising purposes.
- 11 While C5/10/04 OMB Circular for education institutions (A-21, #43 Rental costs of building and equipment) states that rental costs are allowable to the extent that the rates are reasonable, however the State believes that due to the small amount of money that is given out for CTE Transitions allocation agreements that this is an item to be donated by the fiscal agent or delegated out of the indirect cost rate of 4%. Anything that would deviate from this would require special approval by the recipients project monitor.
- 12 C5/10/04 OMB Circular for education institutions (A-21, #18 equipment and other capital expenditures) defines furniture as a general purpose equipment expense and specified that general

purpose expenditures are not allowable as direct charges. For Title I-C Basic Grant the Chancellor's Office made the decision that furniture would not be an acceptable expense and has also determined the same for CTE Transitions.

- 13 The Chancellor's Office Article I – Legal Terms and Conditions specify that all travel necessary for the performance of allocation agreement travel is allowable and should be reimbursed by the travel policy and procedures of the fiscal agent. OMB Circular A-21, #53 specifies that the fiscal agent can use cost basis or per diem basis as long as the method is consistently used across the board and only one method is chosen. All cost must not only be necessary but reasonable.
- 14 Programs of Study and curriculum development are not expenses funded with CTE Transitions Allocation money.
- 15 Because of the limited funding for CTE Transitions allocations, equipment, supplies or material purchases are not allowed for classroom. Laboratory or guidance center use. However, project monitors can approve funding that they deem reasonable and necessary to further the seven objects of CTE Transitions funding. It is anticipated that equipment purchases will be very limited and closely scrutinized by individual project monitors.
- 16 Out-of-State travel for professional development is not allowed with CTE Transitions funding.
- 17 The allocation for CTE Transitions allows for 5% of the allocation agreement to be used for direct administrative expenses (person does not have day-to-day responsibility for the project).
- 18 CTE Transitions funding allows for the project director to attend the education for careers conference as individual professional development. Other than that conference, no funding for individual professional development is allowed. Joint training may be funded for secondary or postsecondary counselors, teachers and faculty directly related to the allowable activities (outreach/career exploration, articulation, credit by exam mechanisms, concurrent enrollment options, and work-based learning).
- 19 CTE Transitions supports coordination of work-based learning/internships/placements for postsecondary students so these expenditures are allowable with this funding as long as it does not fund direct expenditures of students.
- 20 Articulation is allowed between secondary and postsecondary related to programs of study. New articulation agreement may be created or existing ones renewed. Before forming new articulation agreements the Statewide Career Pathways (SCP) site must be checked for an official template and use as a starting point. If a SCP Articulation Agreement template is unavailable, the standard SCP Articulation Agreement template format must be used. Articulation meetings must be reasonable, costs itemized and justified, and can include stipends.
- 21 Outreach and career guidance is allowed with CTE transitions funding. Paying for buses to transport students to the college for an event is allowable. Paying for equipment, supplies, food, or what would be considered gifts (bags, pens, t-shirts, etc.) is not allowable.

