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DATE: May 01, 2015

CEP 15-03

TO: Administrators of Occupational Education
Title I-C District Project Directors
CTE Transitions Project Directors

FROM: Walter Di Mantova, Dean
Workforce Policy and Practice Alignment

SUBJECT: Guidance on the Three Year Rule for Use of Perkins Funding

Synopsis: The purpose of Perkins IV funding is for Career Technical Education (CTE) course and program improvement (support new, expanded, improved, modernized or developed projects, services or activities) and not to maintain or sustain efforts over long periods of time.

While Perkins has always been silent regarding a definition of long periods of time, the California Community College Chancellor's Office determined since 1990 (using the AVA Audit Handbook Avoiding Audit Liability written by Michael Brustein and published by the American Vocational Association in 1990) that a "three year rule" would apply. The rule states that expenditures for new, expanded, improved, modernized or developed projects, services or activities are eligible for up to **three** years of funding – the year of its inception and the two following years. This is a reasonable expectation and fits well within the guidelines of Perkins IV.

Using the above-mentioned rule, when the same service or activity has been funded for three consecutive years, as of the fourth year the activities would be considered maintaining/sustaining effort and therefore not an allowable expense.

The risk in the case of continuing programs is **supplanting** when funding is not used for the purpose of expanding, improving, modernizing or developing projects, services or activities innovation but for maintenance.

The provisions in Perkins are clear about the difference between supplementing and supplanting. The purpose of a supplement, not supplant provision is to help ensure that federal grant funds are expended to benefit the intended population defined in the authorizing statute, rather than being diverted to cover expenses that the College would have paid out of other funds in the event the federal funds were not available. In this way, the federal government can ensure that the level of

state and local support for a program remains at least constant and is not replaced by federal funds.

Any CTE education project, service, or activity not offered by the recipient during the instructional term preceding funding under this program may be considered a new, expanded, improved, modernized or developed project, service or activity.

Chancellor's Office review of the Perkins IV 2015-2016 CTE Title I-C/CTE Transitions applications will place focus on CTE course and program improvement (support new, expanded, improved, modernized or developed projects, services or activities) and the Three Year Rule. **Any application that does not meet the course and program improvement requirements or the Three Year Rule defined within this memo will not be approved.**

If you have any questions or concerns please contact the Perkins Monitor assigned to your region:
<http://extranet.cccco.edu/Divisions/WorkforceandEconDev/ContactUs.aspx>

cc: Chief Executive Officers
Chief Instructional Officers
Workforce & Economic Development Division Staff