

APPENDIX D

Guidelines, Definitions and Allowable Expenditures

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 allocations; 2) The cost must be allocable to the funding source 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 application annual workplan/budget summary of the individual fiscal agent otherwise they are not allowable within that year without annual workplan/budget summary changes. Also the State has the discretion to impose special conditions above and beyond the funding source which would also determine allowability of cost.

While the proposed cost is allowable under the funding source 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 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 funding source/program to the extent it actually benefits the objectives of that program. You can only charge in proportion to the value received by the funding source/program. An example would be that a Project Director works 80% on the funded program (only 80% of the salary and benefits can be charged in the grant application). Above and beyond this definition allocable also means that the cost must be related to the annual workplan/activities that have been approved by the Chancellor's Office Project Monitor.

What is supplanting?

SB 1070 Career Technical Education Pathways Program funding may not result in a decrease in state or local funding that would have been available to conduct the activity had these funds not been received. These grant funds may not free up state or local dollars for other purposes but should create or augment programs to an extent not possible without the funding. You must be able to demonstrate that the funds are added to the amount of state and local funds that would, in absence of the grant funds, be made available for uses specified in your plan.

Permissive Activities for SB 1070

The following activities are permissive activities within Senate Bill 1070. However, as stated in the allowable section above the State has the discretion to impose special conditions on the funding source and/or require certain objectives which also determines allowability of cost. The primary objectives of this RFA are to solidify the policies and regional infrastructure necessary to increase the effectiveness of CTE educational pathways from high schools to community colleges. The grant requires that secondary and postsecondary policies, infrastructure, practices, and data collection mechanisms be designed and implemented for long-term effectiveness and sustainability without need for ongoing grant dollars.

It is the intent of the Chancellor's Office for this RFA that:

- Existing career pathways, articulation agreements, dual enrollment and credits earned in courses is foundational for this work.
- Consortia within regions will establish a baseline measurement for articulated courses, dual enrollments, career pathways, and for the number of CTE students completing articulated courses, earning college credit, and matriculating from high schools to community colleges. This information will be used to design and implement plans that promote student success, student cohort completions, and program improvement.
- Activities will build long-term and locally sustainable infrastructure that is supported by the districts within the region.
- Strategies used will include work based learning opportunities for high school and postsecondary students.
- As with all other CCCCO grants funded under the Doing What Matters for Jobs and the Economy, Common Metrics and Accountability Measures (Appendix E), and student success metrics must be collected for the LaunchBoard and utilized for accountability.

- Consortia will use and build upon existing regional capacity including, Regional Consortia, Deputy Sector Navigators, CTE Transitions networks, and existing SB 70 funded Collaboratives.
- Applicants will address the implementation of success of pathways through strategies that may include dual enrollment, articulation agreements, and utilize credit by exam.

Pathways and Programs of Study

First priority on comprehensive regional collaboration to create new pathways or course sequences that start in middle school and lead up to articulating with postsecondary.

Professional Development (Middle & High School Teachers, Community College Faculty)

Curriculum development; model curriculum development.

Increasing academic knowledge & understanding of industry standards.

Improve delivery of career-oriented CTE education.

Provide faculty & teacher's access and opportunity to examine current research linked to improving student learning and achieving and maintaining learning communities.

Articulation

Establishing articulation agreements; career pathway, career lattice or stackable credential (includes articulations between secondary and postsecondary)

Responsive to Industry Needs

Increase attainment of industry recognized certificates

Middle School and High School Specific Activities

- Increase middle and high school readiness and access to postsecondary education and careers – Focused on high-need, high-growth, or emerging regional economic sectors; increase attainment of industry recognized certificates.
- Increase student success in postsecondary education and training – Focused on high-need, high-growth, or emerging regional economic sectors

- Align postsecondary CTE programs with high school CTE curriculum for seamless transitions through effective means including articulations.
- Promote partnerships that will build on existing regional structures in CTE secondary, postsecondary, emerging and growing businesses and industry and associated labor organizations.
- Promote and track the participation of middle school and high school pupils and college students in articulated courses developed to meet requirements for UC and CSU admission and align with high-priority industry sectors.

Counseling or Guidance

Permitted as connected with increasing middle school and high school readiness and access

Curriculum Development

Curriculum is permitted as related with aligning postsecondary CTE programs with high school CTE curriculum.

Transitioning from Community Colleges to UC/CSU

Articulation Agreements
Dual and Concurrent Enrollment

Allowability of General Costs

There are permissible activities within Senate Bill 1070 (as seen above). In addition there are criteria for what can be funded while doing those activities. The following table is a synopsis of rules to determining allowability of costs. The rules in their entirety can be found in (Title 2 Code of Federal Regulations (2 CFR Parts 215 and 220)
http://www.whitehouse.gov/sites/default/files/omb/fedreg/2005/083105_a21.pdf

The following table is an easy reference synopsis of allowability of general costs. As stated above in the permissive section, just because a cost is allowable via 2 CFR 215-220, the intent of the RFA must be followed, the cost must be necessary, reasonable, allocable and not supplanting, and any additional cost restrictions listed in the RFA would supersede allowable costs within this document.

Allowability of General Costs

Allowable	Allowable With Prior Approval	Unallowable
Advertising and Public Relations ¹		Advertising and Public Relations ¹
Advisory Councils (<i>if the RFA requires or allows Advisory Councils</i>)		
		Alcoholic Beverages
		Alumni Activities
Audit Costs (<i>required by Single Audit Act</i>)		
Audit Costs (<i>if not required by Single Audit Act can be included in indirect cost rate 4% of the proposal</i>)		
		Bad Debts
		Commencement and Convocation Costs
Communication Costs (<i>telephone, telegrams, postage, messenger</i>)		
Compensation for Personnel Services (<i>salary, wages, fringe benefits</i>)		
		Contingencies
Contributions or Donations Received (<i>cash, property, services</i>)		Contributions or Donations Rendered (<i>cash, property, services</i>)
		Entertainment Costs ²
Equipment ³		Equipment ³
Fines and Penalties ⁴		Fines and Penalties ⁴
		Fund Raising and Investment Costs
		Gifts of Public funds are never allowed (<i>memorabilia, honoraria, gifts, souvenirs, etc.</i>) ⁵
		Goods and Services for Personal Use
Improvements ⁶		Improvements ⁶
Indirect or Administrative Expenditures (<i>4% of total direct costs</i>)		
		Lobbying ⁷
		Losses on Other Sponsored Agreements or Contracts

Allowable	Allowable With Prior Approval	Unallowable
Materials & Supply Costs (only those actually used for performance of sponsored agreement)		
Meetings and Conferences ⁸		Meetings and Conferences ⁸
	Memberships ⁹	
Professional and Consultant Services		
Proposal Costs (only using 4% indirect)		
Publication and Printing Costs (must be a direct cost, indirect cost can only use the 4%)		
Maintenance & Repair Costs ¹⁰ (keeping in efficient operating condition)		Maintenance & Repair Costs ¹⁰ (construction, remodeling, increasing value)
		Student Expenses, Activities or Direct Services ¹¹
		Selling and Marketing ¹²
Travel ¹³	Out-of-State Travel ¹³	Out-of-Country Travel ¹³

¹ **Advertising and Public Relations:** The term advertising costs means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television, direct mail, exhibits, electronic or computer transmittals, and the like. The term 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.

ALLOWABLE Advertising costs are those that are solely for: (1) The recruitment of personnel required for the performance by the institution of obligations arising under a sponsored; (2) The procurement of goods and services for the performance of a sponsored agreement; (3) The disposal of scrap or surplus materials acquired in the performance of a sponsored agreement except when non-Federal entities are reimbursed for disposal costs at a predetermined amount; or (4) Other specific purposes necessary to meet the requirements of the sponsored agreement.

ALLOWABLE Public Relations costs are those that are solely for: (1) Costs specifically required by the sponsored agreement; (2) Costs of communicating with the public and press pertaining to specific activities or accomplishments which result from performance of sponsored agreements (these costs are considered necessary as part of the outreach effort for the sponsored agreement); or (3) Costs of conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary keep the public informed on matters of public concern, such as notices of Federal contract/grant awards, financial matters, etc.

UNALLOWABLE: advertising and public relations costs include the following: (1) All advertising and public relations cost unless specified as allowable above; (2) Costs of meetings, conventions, convocations, or other events related to other activities of the institution, including: (a) Costs of displays, demonstrations, and exhibits; (b) Costs of meeting rooms, hospitality suites, and other special facilities used in conjunction with shows and other special events; and (c) Salaries and wages of

employees engaged in setting up and displaying exhibits, making demonstrations, and providing briefings; (3) Costs of promotional items and memorabilia, including models, gifts, and souvenirs; (4) Costs of advertising and public relations designed solely to promote the institution.

² **Entertainment Costs:** Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable.

³ **Equipment:** Equipment means article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the institution for financial statement purpose, or \$5,000. Any equipment requested within the SB 1070 CTE Pathways Program Grant will be closely scrutinized to determine purchases meet the intent of the funding and show long-term sustainability.

General Purpose Equipment – General purpose equipment furnishings, modular offices, telephone, networks, information technology equipment systems, air conditioning equipment, reproduction and printing equipment, motor vehicles, etc. are unallowable unless the awarding agency approves them in advance. The Chancellor's Office considers general purpose equipment and furnishings to be the responsibility of the local education agency and as such it will not approve such expenditures.

⁴ **Fines and Penalties:** Costs resulting from violations of, or failure of the institution to comply with, Federal, State, and local or foreign laws and regulations are unallowable, except when incurred as a result of compliance with specific provisions of the sponsored agreement, or instructions in writing from the authorized official of the sponsoring agency authorizing in advance such payments.

⁵ **Gifts of Public Funds:** 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.

⁶ **Improvements:** Improvements for land, buildings, or equipment which materially increases their value or useful life are unallowable as a direct cost except with the prior approval of the awarding agency. The Chancellor's Office will not approve improvements for land, building, or equipment with the following exception: If a piece of equipment has been approved for purchase and that piece of equipment has some building modification required in order to make it usable for the purpose for which it was acquired (upgraded plug/wiring etc.) then that improvement to the building is allowed.

⁷ **Lobbying:** Lobbying is never allowed unless it meets the following criteria: (1) Technical and factual presentations on topics directly related to the performance of a grant, contract, or other agreement (through hearing testimony, statements, or letters to the Congress or a State legislature, or subdivision, member, or cognizant staff member thereof), in response to a documented request (including a Congressional Record notice requesting testimony or statements for the record at a regularly scheduled hearing) made by the recipient member, legislative body or subdivision, or a cognizant staff member thereof, provided such information is readily obtainable and can be readily put in deliverable form, and further provided that costs under this section for travel, lodging or meals are unallowable unless incurred to offer testimony at a regularly scheduled Congressional hearing pursuant to a written request for such presentation made by the Chairman or Ranking Minority Member of the Committee or Subcommittee conducting such hearings.

⁸ **Meetings and Conferences:** Costs of meetings and conferences, the primary purpose of which is the dissemination of technical information, are allowable. This includes costs of meals, transportation, rental of facilities, speakers' fees, and other items incidental to such meetings or conferences. Be aware not to cross over into entertainment costs.

NOTE: 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. The Chancellor's Office is not allowing the cost of food be charged for outreach and/or student events.

⁹ **Memberships:** OMB only allows institutional memberships (not individual memberships), the CCCC Budget and Accounting Manual allows individual memberships that are required within a job description. The CTE Pathways program grant is regional in its function and therefore if the Project Director requests any (individual, institutional, or regional) membership costs the application must justify why the regional workplan cannot be accomplished without paying for such membership(s). Business, technical and professional organization or periodical memberships are allowed. Civic or community, or country club or social or dining club memberships are not allowed.

¹⁰ **Maintenance and Repairs:** Activities such as construction and remodeling, which increase the value of an asset or appreciably extend its useful life, are not allowed unless authorized by the funding source. None of the current funding sources SB 1070, SB 1402, or Perkins IV authorized this type of expense. Maintenance of equipment which neither adds to the permanent value of the property nor appreciably prolongs its intended life, but keeps it in an efficient operating condition is allowable.

¹¹ **Student Expenses, Activities or Direct Services:** All forms of student aid are allowable only when the purpose of the sponsored agreement is to provide training to selected participants and the charge is approved by the sponsoring agency. SB 1070 does not specify providing training to select participants so no student expenses or direct services to students is allowed per this funding. Cost incurred for intramural activities, student publications, student clubs, and other student activities are unallowable.

¹² **Selling and marketing:** Cost of selling and marketing any products or services of the institution are unallowable unless the agreement requires this activity or if it is an allowable under public relations costs (see #1 above).

¹³ **Travel:** Only travel necessary for the project is allowed. Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business for the grant. Such costs (via Legal Article II attached to the application) will be based the fiscal agent's per diem rates. These costs shall be considered reasonable and allowable only to the extent such costs do not exceed charges normally allowed by the institution in its regular operations as the result of the institution's written travel policy.

OUT-OF-STATE TRAVEL: Out-of-State travel will be closely scrutinized and requires completion of the Out-of-State Travel Request Form found within Appendix C of the application and must be disclosed on the Budget Detail sheet. After the application is fully executed, any further Out-of-State travel requires prior approval of the Project Monitor by sending in the above-mentioned form for approval. The state reserves the right to limit Out-of-State travel.

OUT-OF-COUNTRY TRAVEL: The Chancellor's Office has determined that Out-of-Country travel will not be an allowed via this funding source.