

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, please ask the State Office of Career and Technical Education.

Test for Allowable Use of Funds: instructional materials, software and/or equipment must enhance instruction for career and technical education (CTE) students to gain knowledge and skills that meet industry standards and expectations for approved programs of study and are also in high wage, high skill and high demand occupations.

<u>Administration</u>	
Administrative costs (limited to 5% of total expenditures, including direct administrative costs and indirect costs)	Allowable
Audit costs and related services in accordance with the Single Audit Act (Uniform Administrative Requirements, Cost Principles and Audit Requirements – Subpart F) - the portion directly attributable to auditing the Perkins grant may be charged against the 5% administration category	Allowable
Bonding costs	Allowable
Compensation for CTE Instructors (salaries, wages, fringe benefits (limited to new CTE programs and limited to 3 years))	Allowable
Conference costs that are essential to improvement of CTE programs and reflect the work that is taking place in continuous improvement models including professional development workshops, seminars or conferences intended to improve the implementation of CTE programs/POS	Allowable
Contracted Services that support CTE programs	Allowable
Travel and lodging for approved CTE travel as identified and approved in the current year Perkins Plan	Allowable
Organizational memberships and subscriptions in business, professional, technical groups/associations (not at the individual level)	Allowable
Professional development costs as long as it is not credit-bearing.	Allowable
Professional service costs (consultants)	Allowable
Program evaluation	Allowable
Substitute teachers (salary and benefits) for CTE teachers while attending approved CTE travel identified in the current year Perkins Plan	Allowable
Teacher in-service (including in-service training of both academic and CTE teachers to integrate academic and career and technical skills)	Allowable
Child care may be allowable for economically disadvantaged students who could not participate in CTE activities without child care; or special populations such as single parents participating in special CTE assistance programs	*Require Prior Approval from OSSE

Food/drink purchases at meetings/conferences (limited availability)	*Require Prior Approval from OSSE
When trying to rebut the presumption of supplanting	*Require Prior Approval from OSSE
Any item/expense not covered herein	*Require Prior Approval from OSSE
<u>Guidance and Advisement</u>	
Career guidance and counseling, such as: salary for additional counseling personnel to provide a comprehensive career guidance and counseling program where such a program has not been previously provided or to expand and improve the delivery of such a program (limited to a maximum of 10% of the total grant award)	Allowable
College visits funding to transport students to and from local (within a 150 miles radius from the District of Columbia) college visits as a class/school trip for the purpose of informing students on postsecondary and career options, including baccalaureate degree programs, for secondary CTE students	Allowable
Communication costs (publications, postage) associated with the promotion and recruitment of CTE programs and programs of study	Allowable
Marketing and outreach activities (newspapers, radio/TV, magazines, social media) that is directed toward a specific CTE program, program of study or service	Allowable
Recruitment and affirmative outreach activities to assure access quality CTE programs for students who are members of special populations	Allowable
Any item/expense not covered herein	*Require Prior Approval from OSSE
<u>Programs</u>	
CTSO related costs (instructional materials (non-consumable): advisor expenses (transportation and registration, one per school (when conditions are met (non-traditional or special population student advancement to state leadership conference or national leadership conference))): student transportation and registration to state and national CTSO leadership conferences (when conditions are met (non-traditional or special population)	Allowable
Curriculum development and publication including new or improved instructional resources (curriculum writing, validation, resources development)	Allowable
Electronic Instructional Materials - Subscription-based fees that supplement CTE classroom instruction	Allowable
Equipment and resources for the delivery of instruction in CTE 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. Industry certifications/exams/credentials/licenses are not nonallowable as this would be direct assistance to an individual student)	Allowable

Furniture - required to make reasonable accommodation for a student with disabilities may be approvable	Allowable
Linguistically appropriate assessment and other CTE instructional and supportive material for individuals with limited English proficiency	Allowable
Maintenance and repair costs which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition. These costs cannot be included in rental or other agreements.	Allowable
Middle school CTE Programs (7-8 only) purchases would be allowable ONLY if they are to modernize, improve or expand CTE offerings AND align them to current industry standards and expectations. Must also be used for a course or courses that enhance instruction for students to gain knowledge and skills that meet industry standards and certifications (career skills development)	Allowable
Modification or upgrade of equipment to meet current business and industry specifications	Allowable
Software - only approvable if it is for use in CTE classrooms for skill enhancement, or for career exposure/awareness purposes	Allowable
Rental/lease costs of equipment	*Require Prior Approval from OSSE
Any item/expense not covered herein	*Require Prior Approval from OSSE
<i>*Prior approval is separate and distinct from budget approval. If an eligible recipient receives approval for its budget, it does not mean that it has received prior approval for expenditures within the budget. The eligible recipient is still obligated to reach out to OSSE to obtain prior approval before making any expenditures.</i>	
Unallowable Expenditures	
*** This is not a complete list of items that should <i>not</i> be purchased with Perkins funds. If there is a question regarding an expenditure, please contact a Perkins consultant at OSSE.	
Advertising and public relations designed to solely promote the institution (not tied directly and exclusively to CTE)	Unallowable
Alcoholic beverages	Unallowable
Alumni/ae activities	Unallowable
Audits other than the Single Audit (the cost of a general school/institution audit is not permissible); and interest paid or other financial costs are not approvable	Unallowable
Bad debts (losses from uncollectible accounts)	Unallowable
Building modifications, attachments, accessories, construction (including plumbing, wiring, HVAC, etc.) or land purchases are not approvable	Unallowable

Certification/ Exams – May not be used to pay for an individual certification or certification exams or tests. Perkins funds may <i>not</i> be used for industry recognized certifications (this applies to students and teachers)	Unallowable
Commencement and convocation costs	Unallowable
Conferences for Non-CTE - Perkins can only pay for the expenses of CTE teachers, School Counselors or Perkins Administrators attending conferences that are directly related to CTE instruction.	Unallowable
Construction, renovation, and/or remodeling of facilities (Construction costs and materials for a permanent structure (e.g., greenhouse) or anything that becomes a part of a permanent structure are not allowable expenditures)	Unallowable
Consumable Instructional Materials (any instructional materials that are consumable (one use only) or that are retained by the student are not approvable) including by not limited to:CO2 cartridges; Drill bits; Food; Ink, Toner, Printer cartridges; Lumber; Office supplies (e.g., markers, glue, shears, thank-you notes); Paper; Plants, Potting soil; Replacement batteries; Safety Glasses; Welding rods/wire; and Workbooks	Unallowable
Contingency or “petty cash” funds	Unallowable
Contributions or donations	Unallowable
Copyrights/patents	Unallowable
CTSO costs (items retained by student/advisor, non-instructional activities, social activity/assemblage, membership dues, students’ food or lodging expenses, awards, personal uniforms, printing of non-instructional materials, local travel expenses)	Unallowable
Delivery fees	Unallowable
Direct support to students (payments to students participating in work-based learning experiences (internships, job shadows, etc.)	Unallowable
Distance Learning Fees associated with operation of distance learning as it provides a direct benefit to individual students.	Unallowable
Dues/memberships to professional organizations or societies (for individuals)	Unallowable
Entertainment costs: meals, banquets, transportation, gratuities and lodging	Unallowable
Fines and penalties of any type are not approvable	Unallowable
Equipment – Expenditures for equipment that are not specifically used for approved CTE courses/ program of study; not used for general administrative or personal use; that is mounted or becomes a part of a building or structure; equipment and supplies needed for building maintenance	Unallowable
Expenditures for CTE courses prior to the 7 th grade	Unallowable
Goods or services for personal use	Unallowable
Interest and other financial costs	Unallowable

Installation costs for equipment purchased with Perkins (expenses for installing equipment or materials including wiring are not approvable. Perkins funds <i>may be used</i> for professional development for the use or set-up of equipment)	Unallowable
Expenditures for CTE programs that are not approved	Unallowable
Expenditures that supplant non-federal funds expended to carry out CTE activities (There are three scenarios in which the presumption of supplanting occurs: if an eligible recipient used Perkins funds to provide services that the eligible recipient (1) was required to make available under other Federal, State or local laws, except as permitted by section 324(c) of Perkins IV; (2) provided with non-Federal funds in the prior year; or (3) provided with non-Federal funds for non-career and technical education students but charged to Perkins IV funds for career and technical education students. A subgrantee may rebut the presumption of supplanting when the above occurs)	Unallowable
Fines and penalties	Unallowable
Fundraising	Unallowable
Furniture - typical classroom (chairs, desks, bookcases, etc. typical to a traditional classroom setup. <i>Exception: if the furniture is unique to a tool or piece of equipment and is required for that tool or equipment to operate safely and properly, furniture may be approvable</i>)	Unallowable
Gifts, door prizes, etc.	Unallowable
Insurance – (building, equipment or personal/institutional insurance is not allowable)	Unallowable
Instructional materials/ aides that are consumed by students or have a useful life of less than two years	Unallowable
Items retained by students (supplies, clothing/uniform, tools, PDAs, calculators)	Unallowable
Kitchen Tools/Culinary - Basic kitchen and culinary tools are not approvable, e.g., flatware, dishes, food containers, spatulas, whisks, etc. (equipment MUST be industry grade commonly found in professional culinary kitchens and quality and demonstrate or showcase the most recent technology within the category). Residential type kitchen tools are not allowable (e.g., salt and pepper shakers, flatware, dishes, spatulas, private label products sold through home party outlets, light-grade plastic products)	Unallowable
Lobbying and other political activities	Unallowable
Monetary awards	Unallowable
Promotional items, such as t-shirts, pens, cups, key chains, etc.	Unallowable
Purchase or lease of passenger vehicles including automobiles, trucks, buses, utility vehicles, airplanes, boats, kit-cars, and golf carts	Unallowable
Purchase or construction of buildings/facilities, including permanent or semi-permanent modifications to existing buildings/facilities	Unallowable
Remedial courses (courses designed to provide instruction in reading, writing, and mathematics for students who have not acquired the basic skills necessary to succeed in general or career education)	Unallowable

Scholarships - Perkins funds may not be used for scholarships or awards.	Unallowable
Tests - College-prep tests or any test charging a “fee per student” are considered a direct benefit to students and are not allowable.	Unallowable
Textbooks are not approvable expenditures unless used for instructional materials for new programs or new courses that are part of a new program of study not previously provided by the school provided the curriculum is tied to current industry standards. (Workbooks or consumable items are not approvable)	Unallowable
Tools (Basic hand tools or tools that would not be considered innovative are not allowable e.g., chisels, clamps, gardening tools, hammers, hand saws, levels, planes, pliers, punches, rasps, screwdrivers, tape measures, trouble lights, vise grips, wrenches are not allowable) - an exception may be made for initial program setup	Unallowable
Travel unrelated to career and technical education programs	Unallowable
Tuition costs - Any tuition fee charged for students to attend a course is not allowable because it would be considered a direct benefit.	Unallowable

SECTION 135, CARL D. PERKINS ACT OF 2006

Uses of Funds at the Local Level

This section discusses the specific uses of funds for which an eligible recipient is authorized to spend its Perkins allocation, and how much must be spent towards each use.

Local awards become available to eligible recipients on July 1 and are available for obligation until June 30. The reimbursement period for local awards is October 1 through September 30.

Administration

As required by Perkins section 135(d), an eligible recipient may not use more than 5% of its subgrant for administrative expenditures. Administrative activities are those activities necessary for the proper and efficient performance of the eligible recipient's duties under Perkins, including the supervision of such activities. *See* section 3(1) of the Perkins Act. Administrative activities do ***not*** include curriculum development, personnel development, or research activities. Any cost that supports the management of the Perkins program is administrative in nature. For example, the salary costs associated with the development of the local application plan are administrative. Additionally, all Perkins-funded travel by a recipient administrator must come out of the local administrative set-aside. Administrative costs must be tracked separately from program costs.

Program Activities

The remaining 95% of an eligible recipient's subgrant must be spent on activities that are consistent with section 135. Pursuant to the Perkins statute, there are certain mandatory and permissive uses for the grant funds received by recipients.

Recipients are required to use Perkins funds to:

1. Strengthen the academic and career and technical skills for students participating in CTE programs:
 - a. expenses are only allowable for currently enrolled CTE students
2. Link CTE programs at the secondary level to postsecondary CTE programs, including by offering the relevant elements of not less than 1 program of student. :A program of study must:
 - a. Incorporate secondary education and post-secondary education elements;
 - b. include coherent and rigorous content aligned with challenging academic standards and relevant career and technical content in a coordinated, non-duplicative progression of courses that align secondary education with post-secondary education to adequately prepare students to succeed in postsecondary education;

- c. may include the opportunity for secondary education students to participate in dual or concurrent enrollment programs or other ways to acquire postsecondary education credits; and
 - d. lead to an industry-recognized credential or certificate at the post-secondary level, or an associate or baccalaureate degree.
- 3. Provide students with strong experience in and understanding of all aspects of an industry:
 - a. shall include curricular elements within each CTE course;
 - b. shall include the appropriate soft and technical skills necessary for employment;
- 4. Develop, improve, or expand the use of technology in CTE, which may include [§134(b)(1 & 3) & §135(b)(1-3):
 - a. training of CTE teachers, faculty, and administrators to use industry relevant technology that may include distance learning;
 - b. provide CTE students with the academic (mathematics, science and English/language arts) and career and technical skills that lead to entry into the technology fields;
 - c. encourage schools that offer CTE courses to collaborate with technology industries to offer voluntary internships and mentoring program that improve the academic and technical skills of students;
- 5. Provide professional development programs that are consistent with section 122 to secondary and postsecondary teachers, faculty, administrators, and career guidance and academic counselors who are involved in integrated CTE including [§122(c)(2); §134(b)(1-4 & 6); §135(b)(3 & 80; §135(b)(5)(A-D)]:
 - a. In-service and pre-service training on:
 - I. Integration of career and technical education provided jointly with academic teachers;
 - II. effective pedagogical methods for CTE teachers based on research and best practice;
 - III. Initiating effective practices to improve parental and community involvement; and;
 - IV. Use scientifically based research and data to improve CTE instruction;
 - b. support education programs for CTE teachers and personnel in public and charter schools who are involved in the direct delivery of educational services to CTE students. To ensure that CTE teachers and personnel stay current with all aspects of an industry;
 - c. internship programs that provide relevant business experience to CTE students; and
 - d. programs designed to train CTE teachers in the effective use and application of technology to improve instruction;
- 6. Develop and implement evaluations of how CTE programs are carried out with funds under this title, include assessments of how the needs of special populations are being met (Special populations definitions are found in Appendix D.) [§134(b)(7-8) & §135(b)(6)];
- 7. Initiate, improve, expand, and modernize quality CTE programs, including relevant technology;
- 8. Provide services and activities to CTE students that are of sufficient size, scope, and quality to be effective;
 - a. Sufficient Size Scope and Quality,
 - i. Size – means the quantifiable evidence, physical parameters, and limitations of each program- such as courses within the approved sequence, amount of available resources, number of staff involved, and the average number of students served each year- that relate to the ability of the program to address all student learning outcomes.
 - 1. minimum of one full-time instructor per program of study with a minimum student load of 100 students; and
 - 2. minimum of two programs of study (one must represent high-skill, high-wage, or high-demand occupations)

- ii. Scope – means the curricular parameters and limitations of each program- such as the ability of a curriculum to cover the full breadth of its subject and maintain continuous relevance to the modern workplace. Qualifiers include course content, range of offerings within each sequence, ability to fully simulate the appropriate workplace environment, number of work skills and competencies taught, etc.
 - 1. CTE programs provide an array of career exploration within the fields of study and include all aspects of industry
 - 2. CTE programs deliver a technical curriculum that has been validated by business and industry
 - 3. CTE programs are aligned to academic standards of learning in the areas of language arts, mathematics, and science
 - iii. Quality – is the measure of how successfully each program is able to teach all enrolled students all workplace standards, competencies, and skills necessary for them to practice careers within their chosen field after graduation, while at the same time supporting a high level of student performance in core academic areas and skills. Mechanisms are in place to ensure high quality programs align with current workplace standards, practices and competencies.
 - 1. CTE programs provide industry relevant curriculum that meets the workforce expectation
 - 2. students complete CTE programs at a rate to meet the workforce need
 - 3. Student earn industry relevant certifications and credentials
9. Provide services and activities to prepare special populations, including single parents and displaced homemakers who are enrolled in CTE programs, for high-skill, high-wage, or high-demand occupations that will lead to self-sufficiency [§134(b)(8-10) & §135(b)(6)];
- a. high-skill, high-wage, high-demand (*District of Columbia 2018*)
 - a. Architecture and Construction;
 - b. Information Technology;
 - c. Hospitality and Tourism;
 - d. Health Sciences;
 - e. Law, Public Safety, Corrections and Security; and
 - f. Science, Technology, Engineering and Mathematics.

It is the U.S. Department of Education, Office of Career, Technical, and Adult Education’s (OCTAE’s) policy that while an eligible recipient must demonstrate that they are complying with all mandatory uses, the recipient does not have to use federal Perkins funds to satisfy all required uses. *See* OCTAE Non-Regulatory Guidance, version 5.0, Question D.11 (August 5, 2016), available at <http://cte.ed.gov/legislation/about-perkins-iv>.

As long as all required uses are being addressed, a recipient may use Perkins funds for the following permissive uses:

- 1. To involve parents, businesses, and labor organizations as appropriate, in the design, implementation, and evaluation of CTE programs authorized under this title, including establishing effective programs and procedures to enable informed and effective participation;
- 2. To provide career guidance and academic counseling for students participating in CTE programs that –
 - a. improve graduation rates and provides information on postsecondary and career options, including baccalaureate degree programs, for secondary students, which activities may include the use of graduation and career plans; and
 - b. provides assistance for postsecondary students, including for adult students who are changing careers or updating skills;
- 3. Support local business - education partnerships including industry experience for teachers and faculty (externship);

4. To provide programs for special populations;
5. To assist career and technical student organizations;
6. To mentor and support services;
7. To lease, purchase, upgrade, or adapt equipment, including instructional aids and publications (support for library resources) designed to strengthen and support academic and technical skill achievement;
8. For teacher preparation programs that address the integration of CTE academic that assist individuals who are interested in becoming CTE teachers and faculty, (individuals with experience in business and industry);
9. To develop and expand postsecondary program offerings in formats that are accessible for students;
10. To develop initiatives that facilitate the transition of sub-baccalaureate CTE students into baccalaureate degree programs:
 - a. articulation agreements between sub-baccalaureate degree granting CTE postsecondary educational institutions and baccalaureate degree granting postsecondary educational institutions;
 - b. postsecondary dual and concurrent enrollment programs;
 - c. academic and financial aid counseling for sub-baccalaureate CTE students that informs the students of the opportunities for pursuing a baccalaureate degree and advises the students on how to meet any transfer requirements; and
 - d. other initiatives—
 - I. to encourage the pursuit of a baccalaureate degree; and
 - II. to overcome barriers to enrollment in and completion of baccalaureate degree programs, including geographic and other barriers affecting rural students and special populations;
11. For improving or developing new CTE courses, including the development of new proposed career and technical programs of study for:
 - a. eligible agency and courses that prepare individuals academically and technically for high-skill, high-wage, or high-demand occupations; and
 - b. dual or concurrent enrollment opportunities by which CTE students at the secondary level could obtain postsecondary credit to count towards a postsecondary degree;
12. to provide CTE programs for adults and school dropouts to complete the secondary school education, or upgrade the technical skills, of the adults and school dropouts;
13. To support training and activities (such as mentoring and outreach) in non-traditional fields;
14. to pool a portion of such funds with a portion of funds available to not less than 1 other eligible recipient for innovative initiatives, which may include—
 - a. improving the initial preparation and professional development of career and technical education teachers, faculty, administrators, and counselors;
 - b. establishing, enhancing, or supporting systems for—
 - i. accountability data collection under the Perkins Act; or
 - ii. reporting data under the Perkins Act;
 - c. implementing career and technical programs of study; or
 - d. implementing technical assessments; and
15. To support other CTE activities that are consistent with the purpose of the Perkins Act.

➤ **BASIC COST PRINCIPLES**

In addition to the required and permissive uses outlined in Section 135 of the Carl D. Perkins Act of 2006, **all** expenditures must meet the basic cost principles outlined in the Uniform Grants Guidance - 2 C.F.R. Part 200 (Part 200). The cost principles of Part 200 provide guidelines on how federal funds may be spent, and were officially incorporated into the Education Department General Administrative Regulations (EDGAR). The following factors must be considered when making an allowability determination:

- **Be Necessary and Reasonable for the performance of the federal award.** An eligible recipient must consider these elements when determining the reasonableness of a cost. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision to incur the cost was made. For example, reasonable means that sound business practices were followed, and purchases were comparable to market prices.

When determining reasonableness of a cost, consideration must be given to:

- Whether the cost is a type generally recognized as ordinary and necessary for the operation of the institution for the proper and efficient performance of the federal award (in this case, Perkins).
- The restraints or requirements imposed by factors, such as: sound business practices; arm's-length bargaining; federal, state and other laws and regulations; and terms and conditions of the federal award.
- Market prices for comparable goods or services for the geographic area.
- Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the eligible recipient, its employees, its students, the public at large, and the federal government.
- Whether the eligible recipient significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the federal award's cost. 2 C.F.R. §200.404

While 2 C.F.R. §200.404 does not provide specific descriptions of what satisfies the “necessary” element beyond its inclusion in the reasonableness analysis above, necessary is determined based on the needs of the program. Specifically, the expenditure must be necessary to achieve an important program objective. A key aspect in determining whether a cost is necessary is whether the eligible recipient can demonstrate that the cost addresses an existing need, and can prove it. For example, the eligible recipient may deem a language skills software program necessary for a limited English proficiency program. It is not necessary to make expenditures on new computers where current computers meet the needs of the program.

When determining whether a cost is necessary, consideration may be given to:

- Whether the cost is needed for the proper and efficient performance of the grant program.
- Whether the cost is identified in the approved budget or application.
- Whether there is an educational benefit associated with the cost.
- Whether the cost aligns with identified needs based on results and findings from a needs assessment.
- Whether the cost addresses program goals and objectives and is based on program data.

- **Allocable to the federal award.** A cost is allocable to the federal award if the goods or services involved are chargeable or assignable to the federal award in accordance with the relative benefit received. This means that the federal grant program, in this case Perkins, derived a benefit in proportion to the funds charged to the program. 2 C.F.R. §200.405. For example, if 50% of an instructor’s salary is paid with Perkins funds, then that instructor must spend at least 50% of his or her time on a Perkins program.
- **Consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the eligible recipient.**
- **Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the federal award.**
- **Consistent treatment.** A cost cannot be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been assigned as an indirect cost under another award.
- **Adequately documented.** All expenditures must be properly documented.
- **Be determined in accordance with general accepted accounting principles (GAAP), unless provided otherwise in Part 200.**
- **Not included as a match or cost-share, unless the specific federal program authorizes federal costs to be treated as such.** Some federal program statutes require the non-federal entity to contribute a certain amount of non-federal resources to be eligible for the federal program.
- **Be the net of all applicable credits.** The term “applicable credits” refers to those receipts or reduction of expenditures that operate to offset or reduce expense items allocable to the federal award. Typical examples of such transactions are: purchase discounts; rebates or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the state relate to the federal award, they shall be credited to the federal award, either as a cost reduction or a cash refund, as appropriate. 2 C.F.R. § 200.406.

Selected Items of Cost

Part 200 examines the allowability of 55 specific cost items (commonly referred to as Selected Items of Cost) at 2 C.F.R. §§ 200.420-200.475. These cost items are listed in the chart below along with the citation discussing whether the item is allowable. Please do not assume that an item is allowable because it is specifically listed in the regulation as it may be unallowable despite its inclusion in the selected items of cost section. The expenditure may be unallowable for a number of reasons, including: the express language of the regulation states the item is unallowable; the terms and conditions of the grant deem the item unallowable; or State/local restrictions dictate that the item is unallowable. The item may also be unallowable because it does not meet one of the cost principles, such as being reasonable because it is considered too expensive. If an item is unallowable for any of these reasons, federal funds cannot be used to purchase it.

School personnel responsible for spending federal grant funds and for determining allowability must be familiar with the Part 200 selected items of cost section. The eligible recipient must follow these rules when charging these specific expenditures to a federal grant. When applicable, the eligible recipient’s staff must check costs against the selected items of cost requirements to ensure the cost is allowable. In addition, State rules may deem a cost as unallowable and personnel must follow those non-federal rules as well.

The selected item of cost addressed in Part 200 includes the following (in alphabetical order):

Item of Cost	Citation of Allowability Rule
Advertising and public relations costs	2 CFR § 200.421
Advisory councils	2 CFR § 200.422
Alcoholic beverages	2 CFR § 200.423
Alumni/ae activities	2 CFR § 200.424
Audit services	2 CFR § 200.425
Bad debts	2 CFR § 200.426
Bonding costs	2 CFR § 200.427
Collection of improper payments	2 CFR § 200.428
Commencement and convocation costs	2 CFR § 200.429
Compensation – personal services	2 CFR § 200.430
Compensation – fringe benefits	2 CFR § 200.431
Conferences	2 CFR § 200.432
Contingency provisions	2 CFR § 200.433
Contributions and donations	2 CFR § 200.434
Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements	2 CFR § 200.435
Depreciation	2 CFR § 200.436
Employee health and welfare costs	2 CFR § 200.437
Entertainment costs	2 CFR § 200.438
Equipment and other capital expenditures	2 CFR § 200.439
Exchange rates	2 CFR § 200.440
Fines, penalties, damages and other settlements	2 CFR § 200.441
Fund raising and investment management costs	2 CFR § 200.442
Gains and losses on disposition of depreciable assets	2 CFR § 200.443
General costs of government	2 CFR § 200.444
Goods and services for personal use	2 CFR § 200.445
Idle facilities and idle capacity	2 CFR § 200.446
Insurance and indemnification	2 CFR § 200.447
Intellectual property	2 CFR § 200.448
Interest	2 CFR § 200.449
Lobbying	2 CFR § 200.450
Losses on other awards or contracts	2 CFR § 200.451
Maintenance and repair costs	2 CFR § 200.452
Materials and supplies costs, including costs of computing devices	2 CFR § 200.453

Memberships, subscriptions, and professional activity costs	2 CFR § 200.454
Organization costs	2 CFR § 200.455
Participant support costs	2 CFR § 200.456
Plant and security costs	2 CFR § 200.457
Pre-award costs	2 CFR § 200.458
Professional services costs	2 CFR § 200.459
Proposal costs	2 CFR § 200.460
Publication and printing costs	2 CFR § 200.461
Rearrangement and reconversion costs	2 CFR § 200.462
Recruiting costs	2 CFR § 200.463
Relocation costs of employees	2 CFR § 200.464
Rental costs of real property and equipment	2 CFR § 200.465
Scholarships and student aid costs	2 CFR § 200.466
Selling and marketing costs	2 CFR § 200.467
Specialized service facilities	2 CFR § 200.468
Student activity costs	2 CFR § 200.469
Taxes (including Value Added Tax)	2 CFR § 200.470
Termination costs	2 CFR § 200.471
Training and education costs	2 CFR § 200.472
Transportation costs	2 CFR § 200.473
Travel costs	2 CFR § 200.474
Trustees	2 CFR § 200.475

Helpful Questions for Determining Whether a Cost is Allowable

In addition to the cost principles and standards described above, the applicable office for the eligible recipient can refer to this section for a useful framework when performing an allowability analysis. In order to determine whether federal funds may be used to purchase a specific cost, it is helpful to ask the following questions:

- Is the proposed cost allowable under Perkins?
- Is the proposed cost consistent with the approved Local Application Plan and budget?
- Is the proposed cost consistent with program specific fiscal rules?
 - For example, the LEA may be required to use federal funds only to supplement the amount of funds available from nonfederal (and possibly other federal) sources.
- Is the proposed cost consistent with Part 200?
- Is the proposed cost consistent with specific conditions imposed on the grant (if applicable)?