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NONTRADITIONAL STUDENTS: How to Comply with Perkins & Basic Grants Management Requirements

Brette Kaplan, Esq.
bkaplan@bruman.com
Brustein & Manasevit, PLLC
www.bruman.com
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Agenda

- ▶ Perkins
 - ▶ Legislation
 - ▶ Statutory Requirements
- ▶ How to Determine if a Cost is Allowable
 - ▶ Basic Cost Principles
 - ▶ Omni Circular
 - ▶ Selected Items of Cost

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Perkins: Statutory Requirements



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Legislation & Guidance

- ▶ Carl D. Perkins Career and Technical Education Act of 2006
 - ▶ 20 U.S.C. §§ 2301 et seq.
- ▶ Perkins IV Non-Regulatory Guidance Q & A -Version 3.0, released June 2, 2009
- ▶ Q&A Regarding the Implementation of the Carl D. Perkins Career and Technical Education Act of 2006 - Version 2.0, released June 7, 2007
- ▶ Q&A Regarding the Implementation of the Carl D. Perkins Career and Technical Education Act of 2006 - Version 1.0, released Jan. 9, 2007
- ▶ The Perkins Collaborative Resource Network (PCRN): <http://cte.ed.gov/perkinsimplementation/index.cfm>

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Important Definitions

- ▶ Eligible Agency
 - ▶ State board designated or created consistent with State law as the Sole State agency responsible for the administration of career and technical education in the State or for the supervision of the administration of career and technical education in the State.
 - ▶ Sec. 3(12)
 - ▶ LCTCS = Eligible Agency
 - ▶ MOU between LCTCS and LDE

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Important Definitions

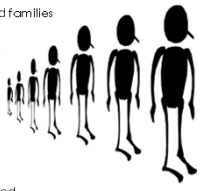
- ▶ Nontraditional Fields
 - ▶ Occupations or fields of work with individuals of one gender making up less than 25% of the individuals employed in the occupation or field of work
 - ▶ Includes careers in computer science, technology, and MORE!
 - ▶ Other current and emerging high skill occupations
 - ▶ Sec. 3(20)



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Important Definitions


- ▶ **Special Population**
 - ▶ Individuals with disabilities
 - ▶ Individuals from economically disadvantaged families
 - ▶ Foster children
 - ▶ Individuals preparing for non-traditional fields
 - ▶ Single parents
 - ▶ Single pregnant women
 - ▶ Displaced homemakers
 - ▶ Individuals with limited English proficiency
- ▶ Sec. 3(29)
- ▶ Does not include academically disadvantaged
- ▶ Nontraditional students are a special population, but not all special populations are nontraditional.



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State Allocations

- ▶ **State Level (Sec. 112)**
 - ▶ State Administration – not more than 5%
 - ▶ State Administrative Match (Sec. 112(b))
 - ▶ Leadership – not more than 10%
 - ▶ Nontraditional Set-Aside – \$60,000 - \$150,000
 - ▶ Corrections – not more than 1%
 - ▶ Pass Through – not less than 85%
 - ▶ Reserve – not more than 10%



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Redistribution

- ▶ May unobligated funds be carried over?

NO!

- ▶ Section 133(b) of Perkins
- ▶ In any academic year that a recipient does not expend all of the funds allocated to it, the recipient must return unexpended amounts to the eligible agency to be reallocated


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Perkins Act

1. Serve only CTE students
2. Meet the Local Plan requirements on Section 134 (Budgets)
3. Satisfy the Section 135 requirements on uses of funds
4. Accountability – Section 113
5. Local Improvement Plans – Section 123

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All activities supported with Perkins funds must benefit CTE/CTE students!



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What is CTE?



- ▶ Sec. 3(5)
- ▶ Sequence of Courses
- ▶ Integrate academic and technical skills
- ▶ Leads to skill proficiency, credential, certificate, associate degree

- ▶ Remedial courses = Not allowable
- ▶ Remedial services = Allowable
 - ▶ Not defined in Perkins law, but in guidance
 - ▶ A course designed to provide instruction in reading, writing, and mathematics for students who have not acquired the basic academic skills necessary to succeed in general or in CTE courses
 - ▶ *Perkins IV, Non-Regulatory Guidance Q&A – Version 3.0, Funding for Remedial Education begins at Question D.18 (June 2, 2009)*

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Who is a CTE Student?

- A CTE student for purposes of Perkins is one who elects to enroll in a career and technical education program, which is defined as a sequence of courses. Accordingly, a student who is taking a single CTE course, with no intent to pursue a sequence of CTE courses, would not qualify.
- Sec. 2

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Local Uses of funds Section 135

- a) Improve CTE programs
- b) 9 Mandatory uses
- c) 20 Permissive uses
- d) Administrative costs - 5% cap

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Administrative Costs

- ▶ Activities necessary for the proper and efficient performance of the recipients duties under the Perkins Act
 - ▶ Including the supervision of such activities.
 - ▶ Does not include curriculum development activities, personnel development, or research activities.
- ▶ Ex:
 - ▶ Drafting and submission of LAP
 - ▶ Data collection
 - ▶ Reporting




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Consortiums

- ▶ Funds allocated to consortiums must be used for purposes and programs that are mutually beneficial to all members of the consortium.
- ▶ Funds may not be reallocated to individual members of the consortium for purposes or programs benefitting only one member of the consortium.
 - ▶ Section 132(a)(3) of Perkins.

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HOW TO DETERMINE IF A COST IS ALLOWABLE



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Helpful Questions to Ask

- ✓ Is the proposed cost allowable under the relevant program?
- ✓ Is the proposed cost consistent with program specific fiscal rules?
- ✓ Is the proposed cost consistent with federal cost principles?
- ✓ Is the proposed cost consistent with EDGAR?

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Additional Questions

- ✓ Is the proposed cost consistent with special conditions imposed on the grant?
- ✓ Is the proposed cost consistent with the underlying needs of the program?



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IS THE PROPOSED COST CONSISTENT WITH THE APPLICABLE FEDERAL COST PRINCIPLES?



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Federal Cost Principles and Allowable Costs

- ▶ Must follow applicable cost principle to determine reasonableness, allowability, and allocability of all costs
 - ▶ A-21 Educational Institutions
 - ▶ A-87 State, Local & Indian Tribal Governments
 - ▶ A-122 Non-Profit Organizations
 - ▶ 48 CFR pt. 31 For-Profit Organizations



Cost Principles: Basic Guidelines

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All Costs Must Be:

1. Necessary
2. Reasonable
3. Allocable
4. Legal under state and local law
5. Conform with federal law & grant terms
6. Consistently treated
7. In accordance with GAAP
8. Not included as match
9. Net of applicable credits
10. Adequately documented

Necessary & Reasonable

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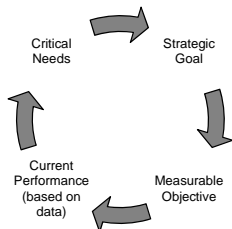
Necessary and Reasonable

- ▶ Must be necessary for the performance or administration of the grant
- ▶ Must follow sound business practices:
 - ▶ Arms length bargaining (hint: procurement processes)
 - ▶ Follow federal, state and local laws
 - ▶ Follow terms of the grant award
- ▶ Fair market prices
- ▶ Act with prudence under the circumstances
- ▶ No significant deviation from established prices

Necessary & Reasonable

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Data driven decision making



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Necessary & Reasonable (cont.)

- ▶ Practical aspects of "necessary"
 - ▶ Do I really need this?
 - ▶ Is this the minimum amount I need to spend to meet my need?
- ▶ Practical aspects of "reasonable"
 - ▶ Is the expense targeted to valid programmatic/administrative considerations?
 - ▶ Do I have the capacity to use what I am purchasing?
 - ▶ Did I pay a fair rate? Can I prove it?
 - ▶ If I were asked to defend this purchase, would I be comfortable?

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Allocable

- ▶ Allocable
 - ▶ Can only charge in proportion to the value received by the program
 - ▶ Example: Subgrantee purchases a computer to use 50% in the Perkins program and 50% in a state program – can only charge half the cost to the Perkins program

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Basic Guidelines (cont.)

- ▶ Legal under state and local law
 - ▶ If you can't do it under state law, you can't pay for it with federal funds
- ▶ Conform with federal law & *grant terms*

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Basic Guidelines (cont.)

- ▶ Consistently treated
 - ▶ Must follow uniform policies that apply equally to federal and non-federal activities



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Basic Guidelines (cont.)

- ▶ In accordance with GAAP
- ▶ Not included as match
- ▶ Net of applicable credits
 - ▶ Examples: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, adjustments of overpayments

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Basic Guidelines (cont.)

- ▶ Adequately documented
 - ▶ Amount of funds under grant
 - ▶ How the funds are used
 - ▶ Total cost of the project
 - ▶ Share of costs provided by other sources
 - ▶ Records that show compliance
 - ▶ Records that show performance
 - ▶ Other records to facilitate an effective audit



Allowability and Obligation of Funds

- Obligation:
 - Transaction that requires payment



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Obligation of Funds

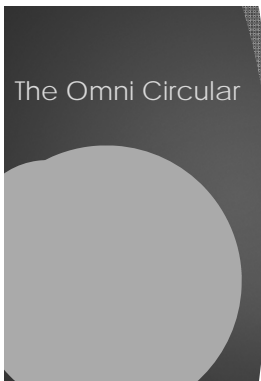
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If the obligation is for...	The obligation is made...
Acquisition of property	Date of binding written commitment (contract/PO)
Personal services by employee	When services are performed
Personal services by contractor	Date of binding written commitment (contract/PO)
Public utility services	When services are received
Travel	When travel is taken
Rental of Property	When property is used

Source: EDGAR Sections 75.707 and 76.707

The Omni Circular

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The OMNI Circular: What is covered?

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- ✓ A-102: Administrative Rules State and Local Govts
 - ✓ Part 80 – EDGAR
- ✓ A-110: Administrative Rules IHEs and Nonprofits
 - ✓ Part 74 – EDGAR
- ✓ A-87: Cost Principals – State and Local Govts
- ✓ A-21: Cost Principals – IHEs
- ✓ A-122: Cost Principals – Nonprofit Orgs
- ✓ A-133: Audit Rules

Reasons for the Change?

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1. Simplicity
2. Consistency
3. Obama Executive Order on Regulatory Review
 - Increase Efficiency
 - Strengthen Oversight

Who is Covered?

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- ▶ All “nonfederal entities” expending federal awards

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Key Dates:

- ❖ Feb 1, 2013 Notice of Proposed Rulemaking
- ❖ Dec 19, 2013 Final Rule Released
- ❖ Dec 26, 2013 Federal Register Published Rule
- ❖ ~~April~~ May 2014 New OMB Compliance Supplement
- ❖ June 26, 2014 ED Draft EDGAR Changes
- ❖ Dec 26, 2014 Final EDGAR Published

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Inconsistency Between Program Statute and Circular

- If federal program statute or regulation differs from Omni Circular, then statute/regulation governs.

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Most Significant Changes

- ▶ Shift from focus on *compliance* to focus on PERFORMANCE!!!
 - Auditors (A-133 + Federal OIG) and Monitors (Federal and State Pass Through) must look more to "outcomes" than to "process"
 - The Omni Circular adds significant flexibility to way grantees / subgrantees can adopt their own processes

Most Significant Changes (Cont.)

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- The Omni Circular has a **MAJOR** emphasis on “strengthening accountability” by improving policies that protect against waste, fraud and abuse

Selected Items of Cost

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- ▶ OMB Circular A-21, Appendix A, Part J
- ▶ OMB Circular A-87, Appendix B

- ▶ Omni Circular, Starting at 2 CFR § 200.420



Advertising and Public Relations

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- ▶ Allowable to the extent that they benefit the grant.
 - ▶ Recruitment of personnel required for performance of the grant.
 - ▶ The procurement of goods and services for the performance of the grant.
 - ▶ Cost of communicating with the public about specific activities or accomplishments which result from the grant.
- ▶ Unallowable:
 - ▶ Cost of promotional items and memorabilia
 - ▶ Cost of advertising and public relations designed solely to promote the institution.



Alcohol and Entertainment Costs

- ▶ Alcohol
 - ▶ Not allowable

- ▶ Entertainment Costs
 - ▶ Not allowable



Maintenance and Repair Costs

- ▶ Costs for necessary "maintenance, repair, or upkeep" are allowed as long as they do not add to the permanent value of the property or appreciably prolong the property's life, but keep it in an efficient operating condition.
- ▶ Omni Circular changes:
 - ▶ Costs for "utilities insurance, security, necessary maintenance, janitorial services, repair or upkeep"



Memberships, Subscriptions and Professional Activity Costs


- ▶ Cost of institution's membership in business, technical, and professional organizations is allowable.
 - ▶ Individual's membership unallowable.
- ▶ Cost of civic, community organization, or social organization membership is unallowable.
- ▶ Costs of membership in lobbying organizations is unallowable.



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Meetings and Conferences

- ▶ Allowable as long as the primary purpose is the dissemination of technical information.
- ▶ Includes costs of meals, transportation, rental of facilities, speaker's fees and other items incidental to such meeting and conferences.
 - ▶ ED Guidance re: Food and Beverages



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Conferences - NEW

- ▶ **Conferences 200.432 (Changed)**
 - ▶ Prior Rule: Generally allowable
 - ▶ Includes Meals / Conferences / Travel and Family Friendly Policies
 - ▶ Allowable conference costs include rental of facilities, costs of meals and refreshments, transportation, unless restricted by the federal award
 - ▶ Costs related to identifying, but not providing, locally available dependent-care resources (but 200.474 allows for "above and beyond regular dependent care")
 - ▶ Conference hosts must exercise discretion in ensuring costs are appropriate, necessary and managed in manner than minimizes costs to federal award

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Travel Costs

- ▶ Includes costs associated with transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-profit organization.
- ▶ Allowable to the extent that they are consistent with the policies of the non-profit organization.



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Travel Costs - New

- ▶ **Travel Costs 200.474 (Changed)**
 - ▶ Prior rule: allowable with certain restrictions
 - ▶ Travel costs may be charged on actual, per diem, or mileage basis
 - ▶ Travel charges must be consistent with entity's written travel reimbursement policies
 - ▶ Grantee must retain documentation that participation of individual in conference is necessary for the project
 - ▶ Travel costs must be reasonable and consistent with written travel policy / or follow GSA 48 CFR 31.205-46(a)
 - ▶ Temporary dependent care costs (above and beyond regular dependent care) may be allowable

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RFP Tips!

- ▶ Read the ENTIRE RFP!
- ▶ Take notes and highlight important information and deadlines
- ▶ Ask questions
- ▶ Review evaluation criteria
- ▶ Address RFP prompts directly
- ▶ Use proper format
- ▶ Submit proposal on time!



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Questions???



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