INDIANA COMMISSION for HIGHER EDUCATION

Perkins Policy Guidance for Secondary CTE Directors

CAREER & TECHNICAL EDUCATION INDIANA

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Contents

Introduction & Disclaimer

This guidance provides explanations and best practices regarding various topics related to managing the Perkins V grant. Its purpose is to promote adherence to federal and state grant management laws and regulations surrounding supplanting, time and effort recordkeeping, and equipment management and disposal. The forms and templates provided offer examples to use in order to help satisfy these requirements.

The following pages serve an informational purpose only and should not be construed as legal advice. Districts are encouraged to reach out to CHE for assistance with any questions relating to these topics, as well as Perkins V in general.

Employee Time and Effort

1. Time and effort reporting guidelines are specified in **2 CFR Part 200 §200.430**. All employees, including instructors, administrators, and other staff who are paid with federal funds, are required to document the time and effort they spend within that program. The portion of the federally paid wages should be reflective of the time and effort the individual has put forth for that federal program. Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

    a. Be supported by a system of internal controls that provide reasonable assurance that the charges are accurate, allowable, and properly allocated; and
    b. Be incorporated into the official records of the organization.

2. Employees compensated using Perkins funds, including stipends, are required to maintain auditable time-and-effort documentation that shows how each employee spent his or her compensated time. Such documentation is written, after-the-fact, documenting how the time was actually spent (not estimated or budgeted). Sample forms can be found on the CHE website and linked within this manual.

    a. **Semi-annual certifications are required for personnel whose compensation is funded solely from the Perkins grant.** These certifications document that the person has been working solely in activities supported by the Perkins grant. Some local policies may require monthly reports for these personnel. Every six months is only the minimum. The certification must: (1) cover a semi-annual period of time; (2) identify Perkins as the program; and (3) be signed and dated by an employee and supervisor having first-hand knowledge of the work performed by the employee. (Sample 6-month Certification Form)

    b. **Monthly certifications are required for personnel whose time is split between Perkins allowable activities and non-allowable activities and is charged in part to Perkins and in part to other sources (split-funded staff).** These reports document the portions of time and effort dedicated to Perkins and to other revenue sources. Such records must: (1) be completed after-the-fact; (2) account for the total time for which the employee is compensated; (3) be prepared at least monthly and coincide with one pay period; and (4) be signed by the employee and by an administrator or supervisor. If there are differences in the amount of time that an individual is reporting and what is actually being paid, adjustments must be made in the payroll to accurately reflect the time and effort spent on Perkins activities. (Sample Split-funded Personnel Activity Template)

Procurement Standards & Property Management

General Procurement Standards (Ref: 2 CFR Part 200, §200.318)

All subrecipients will follow §200.318 General procurement standards through §200.327 - Contract provisions.

Equipment (Ref: 2 CFR Part 200 §200.313)

Definition: *Tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the recipient or subrecipient for financial statement purposes, or $10,000.00.*

Use

1. Equipment must be used by the subrecipient in the program or project for which it was acquired as long as needed, regardless of whether the project or program continues to be supported by the Federal award, and the subrecipient must not obligate funds to purchase equipment without prior approval of CHE. When no longer needed for the original program or project, the equipment may be used in other activities supported by the Federal awarding agency, in the following order of priority:

    a. Activities under a Federal award from the Federal awarding agency which funded the original program or Perkins project; then,

    b. Activities under Federal awards from other Federal-awarding agencies. This includes consolidated equipment for information technology systems.

2. During the time that equipment is used on the project or program for which it was acquired, the subrecipient must also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by the Federal awarding agency that financed the equipment, and second preference must be given to programs or projects under Federal awards from other Federal awarding agencies. Use for non-federally funded programs or projects is also permissible. User fees should be considered if appropriate.

3. When acquiring replacement equipment, the subrecipient may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

Management

Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place must meet the following requirements:

1. Property records must be maintained that include:
    a. At a minimum, tags will identify the item as purchased with Perkins funds and include an inventory number that corresponds with property records.
    b. Property records must include a description of the property, a serial number or other identification number, the source of funding for the property, who holds title, the acquisition date, and cost of the property, percentage of federal participation in the cost of the property, the location, use and condition of the property and any ultimate disposition data including the date of disposal or sale price of the property. (Sample Property Management Template)
    c. Computing devices that cost less than $10,000.00 per unit are not considered equipment. However, it is highly recommended that all items susceptible to pilferage (considered small and attractive) and purchased with Perkins funds are inventoried and visibly tagged before being placed into service.
2. A physical inventory of the property must be taken, and the results reconciled with the property records at least once every two (2) years.
3. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
4. Regular maintenance procedures must be developed to keep the property in good working condition.
5. If the subrecipient is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.
6. Lost, Damaged, or Stolen Items: Subrecipients must take reasonable precautions to ensure that items purchased with Perkins funds are properly maintained, accounted for, and protected from damage, loss, unreasonable deterioration and theft. Subrecipients are advised to implement the following controls, and any additional controls deemed necessary to safeguard the property:
    a. Maintain adequate and current property records that allow the items to be located and maintain records of the person or persons who have property in their possession or are responsible for their security during non-duty hours. Accountability and responsibility must always be maintained, whether the property is located onsite or offsite.
    b. Have a written policy which requires employees to sign for property in their possession.

When property acquired with Perkins funds is lost, damaged or stolen, the subrecipient must conduct - and fully document - an investigation. When appropriate, law enforcement authorities should be notified and a police report should be filed and maintained for records. The subrecipient must notify CHE of any loss, damage, or theft of equipment that will have an impact on the program.

Disposition

When original or replacement equipment acquired under a federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, except as otherwise provided in Federal statutes, regulations, or Federal awarding agency disposition instructions, the subrecipient must request disposition instructions from CHE. Disposal requests are submitted in Indy grants. (Disposal Help Guide)

Disposition of the equipment will be made as follows, in accordance with the Federal awarding agency disposition instructions:

1. Items of equipment with a current per-unit fair-market value of $10,000.00 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency.
2. Except as provided in §200.312, or if the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit-fair-market value in excess of $10,000.00 may be retained by the subrecipient or sold. The Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit the subrecipient to deduct and retain from the Federal share $500 or 10 percent of the proceeds, whichever is less, for its selling and handling expenses.
3. The subrecipient may transfer title of the property to the Federal Government or to an eligible third party provided that, in such cases, the subrecipient must be entitled to compensation for its attributable percentage of the current fair market value of the property.
4. In cases where a subrecipient fails to take appropriate disposition actions, the Federal awarding agency may direct the subrecipient to take disposition actions.

Supplementing Versus Supplanting

Overview

In accordance with Perkins V, Title II, Part A, Section 211(a), funds made available under the Act must supplement and not supplant non-federal funds expended to carry out CTE activities. In other words, Perkins funds must be used to enhance career and technical education programs and activities and cannot be used when non-Perkins funds are available or have previously supported these CTE programs or activities.

1. It will be presumed that supplanting has occurred where:

    a. Subrecipients use Perkins funds to provide services that the subrecipient is required to make available under another federal, state, or local law; or

    b. Subrecipients use Perkins funds to provide services that the subrecipient provided with non-Perkins funds in the prior year; or

    c. Subrecipients provide services for non-CTE programs with non-federal funds and provides the same services to CTE programs using Perkins funds.

Rebuttable Presumption

The aforementioned presumptions are rebuttable if the subrecipient can demonstrate that it would not have provided the services in question with non-Federal funds had the Federal funds not been available. For example, a subrecipient in the past year had used state or local funds to pay the salaries of certain personnel. The subrecipient then experiences significant loss of revenue. In the next year, that subrecipient may be able to demonstrate that the use of current year Federal program funds to pay for the salary costs would not be supplanting because, without the Federal funds, it would not have the resources needed to maintain these positions. This exception can also be used where the services are mandated by state law, but the state provides no funds for it.

When using this rebuttable presumption exception, it is very important that the subrecipient maintains good fiscal records and documentation from their Management (School Board, Board of Directors, Authorized Representatives, etc.) that will permit an auditor or program monitor to conclude that they have not supplanted.

In particular, a subrecipient that believes it could not maintain services previously paid with state or local funds had Federal program funds not been available, should be able to demonstrate a decrease of state and local funds from the prior year, and the maintenance or increase in standard operating costs (salaries, benefits, supplies, etc.) from the prior year. CHE recommends subrecipients incorporate a gap year between funding streams.

In instances where a question of supplanting arises, the subrecipient will be required to substantiate that the reduction in non-federal resources occurred for reasons other than the receipt or expected receipt of federal funds. Subrecipients may be required to submit documentation showing that supplanting did not occur. If supplanting occurs, CHE has the authority to suspend or terminate grant funding and could bar the subrecipient from receiving future federal funding. Subrecipients may also have to repay the misused funds.