

Grant Management Procedures Manual

Snyder ISD Business Office

Table of Contents

Table of Contents	2
Overview of Grant.....	3
Staff Directory.....	4
Responsibilities of the Grant Manager.....	5
Responsibilities of the Business Office.....	6
Flow Chart of a Grant.....	7
Supplement Not Supplant Procedures.....	8
Time and Effort Requirements	9-11
General Fund Information	12-13
2009-2010 Grants.....	14
APPENDIX A	
TEA Guidelines	15
APPENDIX B	
Side by Side Federal Cost Principles.....	28
APPENDIX C	
34CFR Section 80.36.....	58

Overview of Grants

Special revenue funds, as related to Snyder Independent School District, are funds from local, state, and federal sources for the purpose of financing approved educational programs, which are student-oriented and are beneficial to the children. The approved programs are referred to as grants, as each has an intended special purpose.

A grant is created when an application is filed and approved with the Texas Education Agency (TEA), the Department of Education or other federal agency, or a local grantor. For local grants, a grant is created upon a letter of notification to the District. The grantor approves the amount of the grant, the funding period, and the conditions related to the approval of the funds. Approval is executed through the “Notification of Grant Award” (NOGA).

The funds for the grants are obtained through state, federal, and local agencies. State funds are authorized by statutory provisions and regulations of the TEA. Federal funds are authorized through categorical and other federal grants for public education. Funding can flow directly from the federal agency or through the TEA. Local funds are authorized by private sources such as; foundations, philanthropy, business, and industry.

The funds are to be utilized according to the terms of the approved budget which has been approved by the grantor. Expenditures by the grantee are not to exceed the initial grant award. The budget is the financial plan of the grantee to carry out the project or program.

Staff Directory

Asst. Superintendent of Curriculum & Instruction Dixie Haggard dhaggard@snyderisd.net

211 Title I Part A
212 Title I Part C - Migrant
255 Title II Teacher and Principal Training
270 Rural and Low Income

Special Education Director

224 Idea B Formula
225 Idea B Preschool

Leticia McJimsey

lmcjimsey@snyderisd.net

Even Start/21st Century Coordinator

213 Even Start Literacy
265 21st Century
409 Collaborative Dropout Reductions

Mary Ann Juarez

majuarez@snyderisd.net

Snyder Academy Instructor

244 Carl Perkins

Janell Jones

jonesj@snyderisd.net

Chief Financial Officer

287 EduJobs

Dr. Randy Burks

rburks@snyderisd.net

Accountant

Leanne Rogers

lrogers@snyderisd.net

Responsibilities of the Grant Manager

- Maintaining current knowledge of federal, state, and District policies related to grants
- Identifying available funding sources and grant opportunities
- Preparing grant applications responsive to the District needs and finances
- Coordinating the preparation of the grant budget with the business office. This will ensure that budgeted line items are classified correctly according to the Financial Accountability System Resource Guide, also known as FAR
- Reviewing all grant applications prior to submission for approval by the Superintendent or CFO.
- Ensuring that the Superintendent or CFO approves all applications and modifications that may take place
- Making any/all necessary copies and distribution of the grant documents once the grant is approved. This distribution must include copies to the business office
- Controlling and amending the budget as necessary
- Spending grant funds during the school year to meet the goals of the grant. Stockpiling of supplies for use after the grant ends is not allowed
- Monitoring that no expenditure is made unless funds have been properly authorized and are approved in the application. Also, that they are allowable costs and are aligned with identified needs in the CIPs and DIPs
- Ensuring that all the proposed activities are planned, implemented, and completed as approved in the application
- Filing Progress Reports, Evaluation Reports, and Compliance Reports. A copy of all reports should be sent to the Business Office.
- Reviewing annually the code of ethics (34CFR Section 80.36), and the grant policies for all of the above listed duties and responsibilities
- Notifying the Business Office of all Expenditure Report Deadlines

Responsibilities of the Business Office

- Maintaining current knowledge of federal, state, and District policies related to grants
- Maintaining fiduciary and financial responsibility for all grant activities
- Providing staff and campus training for federal and state grants, as appropriate
- Coordinating the preparation of the grant budget with the grant manager. This will ensure that budgeted line items are classified correctly according to the Financial Accountability System Resource Guide, also known as FAR
- Ensuring that the grant application is submitted by the proper person
- Entering and maintaining budgets according to the grant award for all special revenue funds
- Monitoring grant expenditures for coding, competitive procurement, correct pricing on bids and proposals, and eligible vendors
- Ensuring that all expenditures and activities are properly documented and make those records available to the funding agency if required. *The Business Office records are the official grant fiscal accounting documents.*
- Preparing and submitting all expenditure reports on a timely basis. There are two types of expenditure reports:
 - Cumulative Expenditure reports for cash drawn down purposed through TEASE
 - Quarterly and Annual Expenditure reports on use of funds if required
- Sending the grant manager a report summarizing the grant's financial activity to date monthly
- Coordinating required components and documentation for all employees funded by special revenue funds (time and effort, employment certifications, etc.)
- Reviewing annually the code of ethics (34CFR Section 80.36), and the grant policies for all of the above listed duties and responsibilities
- Maintaining grant records to include the following:
 - A copy of transmittal letter if applicable and application
 - A copy of the approved application as negotiated by TEA
 - Notification of Grant Award (NOGA)
 - Detailed accounting records, including all appropriate supporting documentation for changes to the grant
 - Payroll records (supported by individual time and effort documentation)
 - Budgeting
 - Grant payments
 - Refunds
 - Financial reports

Flowchart of a grant

Duties	Staff Responsible
Identify funding sources and grant opportunities	Grant Manager
Conduct comprehensive needs assessment for District	Asst Superintendent of Curriculum and Instruction District Advisory Team
Prepare, from the assessment, the grant applications	Grant Manager
Prepare the grant budget	Grant Manager Business Office
Review application forms	Grant Manager
Submit application	Superintendent/Chief Financial Officer/Accountant
Receive grant agreement and forward copies to the Business Office	Grant Manager
Enter and maintain the budget	Accountant
Control and amend the budget as necessary	Grant Manager
Monitor that no expenditure is made unless funds have been properly authorized and are approved in the application. Also, that the costs are allowable and are aligned with identified needs in the CIPs and DIPs	Grant Manager
Monitor grant expenditures for coding, competitive procurement, correct pricing, and eligible vendors	Chief Financial Officer/Accountant
Ensure that all expenditures are properly documented and keep the records available to the funding agency if required	Accountant
Prepare and submit expenditure reports	Accountant
Send the Grant Manager a summary of the financial activity to date	Accountant
Document for all employees funded by special revenue funds (time and effort and employee certification)	Chief Financial Officer
Ensure that all the proposed activities are planned, implemented, and completed as approved in the application	Grant Manager
File Progress reports, Evaluation Reports, and Compliance Reports	Grant Manager
Annual review of code of ethics (34CFR Section 80.36) and policies for all of the above listed duties and responsibilities of the Grant Manager and Business Office	Grant Manager Chief Financial Officer Superintendent

Supplement Not Supplant Procedures

Snyder ISD adheres to the Texas Education Agency policy regarding supplement vs. supplant. Supplement means to add to; to enhance; to expand; to increase; to extend; to create something new. Supplant means to take the place of; to replace by something else.

Federal funds may be used only to supplement the educational programs generally offered with state and local funds.

Federal funds may be used only to provide supplemental services that would not have been provided had the federal funds not been available.

State or local funds which previously funded activities may not be diverted to another purpose simply because federal funds are now available to fund those activities.

In other words, the use of federal funds may not result in a decrease in state or local funds for a particular activity, which, in the absence of the federal funds, would have been available to conduct the activity.

Federal funds must supplement that which must be provided by state law, SBOE rule, or any activities which have been adopted as policy by a local school board of education to fund from non-federal sources.

If federal funds are used to enhance or expand a state mandate, SBOE rule, or local board policy, the federal supplementary activities must be separately identified and clearly distinguishable from the activities identified as necessary for implementing a state mandate, SBOE rule, or local board policy as outlined in the implementation plan.

This concept of supplementing and supplanting is specifically tested by the external auditors on an annual basis. All grant managers controlling federal funds are reminded of this issue.

Time and Effort Requirements

Time and effort certifications or time and effort logs are required from all grant funded District personnel. All charges to payroll for grant-funded personnel must be based on one of the following, semi-annual certification or time and effort records.

Semi-annual certification

This applies to employees who work 100% of their time under a single grant program. These employees are not required to maintain time and effort records. However they must certify in writing semi-annually, that they worked solely on the program for the period covered by the certification. The certification must be signed by the employee, the Principal or Director and the Chief Financial Officer. Charges to the grant must be supported by these certifications. An example of the form is on page 10.

Time and effort certification

This applies to employees who are split funded between multiple grant programs. These employees are required to maintain time and effort records monthly to coincide with pay periods. The reports must reflect an after-the-fact distribution of 100 percent of the actual time spent on each activity and must be signed by the employee. An example of the time and effort log is on page 11.

All completed forms are to be submitted to the Chief Financial Officer in a timely manner. The Business Office is responsible for reconciling time and effort to actual pay and making necessary adjustments.

Snyder Independent School District
Semi-Annual Employee Certification

Date:

Employee:

Campus: Elementary

Assignment: Aide

Re: Title I Employee Certification

I certify that the above mentioned employee is funded at the following percentage from Federal Funds, for the Spring Semester during the 2009-2010 school year. This employee is covered by the single cost objective rule.

<u>Budget Code</u>	<u>% Charged</u>
211.11.6129.00.109.0.30.0.70	100%
Employee	Date
Principal	Date
Chief Financial Officer	Date

**This document will be provided to the Finance office each fall and spring.

**SNYDER INDEPENDENT SCHOOL DISTRICT
Split Funded Personnel Time and Effort Log
Month _____**

Campus _____

Employee Name _____

Position _____

Funding Sources _____ Percentages _____

<u>Activity Worked on</u>	<u>Time Spent</u>	<u>% of Time Worked</u>	<u>Funding Source</u>

Total Hours Worked _____

Employee _____ Date _____

Grant Manager _____ Date _____

Chief Financial Officer _____ Date _____

General Grant Information

1. The following approved grant documentation must be submitted to the Business Office:
 - a. Copy of the original and any amended Notice of Grant Awards (NOGA);
 - b. Copy of Approved/Amended Grant Award Letter
 - c. Copy of Class Object Breakdown
 - d. Copy of Allowable Budget Variation Percentage, if any
2. The Grant Manager should not approve any spending of grant funds until written notification is received from the granting agency that the grant has been awarded.
3. When reclassifying allowable expenses into a grant, items received and services rendered must occur within the grant period.
4. If a Grant Manager approves more spending than budgeted in the grant, the Grant Manager is responsible for finding other funding sources to be used for the overage
5. All grant funds must be fully spent or encumbered by the grant ending date. If funds are allowed to be encumbered, the items on the purchase order must be received and paid within 30 days after the grant ending date.
6. Indirect Cost Revenue:

Indirect Cost Revenue rate period is: July 1 through June 30 This rate is revised every year with an effective date of July 1.

Indirect Cost revenue may be claimed on applicable grants. As indirect cost revenues are earned in the Special Revenue Fund on federally funded grants, these revenues are transferred from the Special Revenue Fund to the General Fund. After the Indirect Cost Revenue has been recorded in the General Fund, the revenues can be used for any legal purpose and are intended to defray the cost of providing certain services to grant programs. Examples of these costs are accounting, auditing, and payroll processing.

7. If a budget amendment is necessary during the plan year, the Grant Manager will submit an amendment to the granting agency. These should be approved by the granting agency before expenditures, that exceed acceptable limits, are incurred to ensure that the grant remains in compliance with the granting agency's guidelines.

Examples of Budget Amendments include:

- 25% rule
- Change in the number of funding positions
- Change in program intent
- Change in funding amount

8. ALL EXPENDITURES MUST BE DOCUMENTED IN THE DISTRICT OR CAMPUS IMPROVEMENT PLAN.

9. Additional funds may be available to a campus with justification from campus administration that supports increased instructional assistance. Requests should be accompanied by a detailed description of the activities/strategies to be implemented,

indicating target population, start and end dates, and criteria for evaluation. Furthermore, any requests for funds must be tied to one or more goals/strategies addressed in the Campus/District Strategic Improvement Plan. This documentation should be submitted to the Grant Manager for review. Final approval will be granted by the Superintendent.

10. Federal funds may not be used to pay for gratuity. This must be paid by another funding source.

11. The Texas Education Agency (TEA) Office of Planning, Grants and Evaluation is pleased to provide Frequently Asked Questions (FAQS) for grants administered by TEA.

Here is a link to the website:

<http://burleson.tea.state.tx.us/GrantOpportunities/forms/>

Select “Frequently Asked Questions” under the “General Resources” heading

12. See Appendix A and B for Allowable and Unallowable grant expenditures.

13. Each grant program guide may have additional restrictions on how funds may be spent. Program guides are available on the TEA website or contact the Business Office.

2011-2012 Grants

FEDERAL GRANTS

211	Title I Part A	656,564
212	Title I Part C - Migrant	87,142
224	Idea B Formula	1,338,556
225	Idea B Preschool	44,417
255	Title II Part Teacher & Principal	127,168
270	Rural and Low Income	53,231

OTHER FEDERAL GRANTS

213	Even Start Family Literacy	309,276
244	Carl Perkins	32,120
265	21st Century	1,000,000

STATE GRANTS

409	Collaborative Dropout Reductions	184,537
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APPENDIX A

TEA - Guidelines Related to Specific Costs

Texas Education Agency (TEA)

Guidelines Related to Specific Costs

Funds must be expended for *reasonable and necessary costs* in conducting grant activities. *Reasonable* means a cost is consistent with prudent business practice and comparable to current market value. *Necessary* means the cost is essential for you to accomplish the objectives of the project. All costs must be properly supported by the original source documentation (i.e., invoices, receipts, purchase orders, travel vouchers, etc.) to be reimbursable by TEA. Your organization must comply with the applicable Federal cost principles in expending grant funds. See the last section of this appendix for a list of the Federal cost principles.

This document addresses certain specific costs only and is not intended to be all-inclusive.

Advertisements

Advertisements are allowed for recruiting grant personnel only as long as the advertisement is *not* in color and not excessively large.

Advertisements are allowed for communication with the public and press when the costs are considered necessary as part of the outreach effort for the grant.

Alcoholic Beverages

Alcoholic beverages are not allowable under any circumstances.

Audit Fees

Audit fees are allowable in accordance with the following:

- Audit fees and expenses may not be charged to State-funded grants.
- Audit fees and expenses are allowable only when the audit is required by and performed in accordance with [OMB Circular A-133, Audits](#).
- Audit fees and expenses may not be charged as a direct cost when such audit-services costs are part of your organization's indirect cost pool.

Awards for Recognition and Incentives for Participation

Minimal-cost certificates, plaques, ribbons, small trophies, or instructionally-related items to be used in the classroom (such as pens and pencils) are acceptable incentives for participation in program activities or awards for recognition. The following items may be donated by others but may not be purchased with grant funds

- Gifts or items that appear to be gifts
- Souvenirs, memorabilia, or promotional items, such as T-shirts, caps, tote bags, imprinted pens, and key chains
- "Door prizes," movie tickets, gift certificates, passes to amusement parks, and so on
- Food of any kind (snacks, beverages, refreshments, meals and so on)

Calendars and Calendaring Systems

Calendaring systems to manage *personal* calendars—whether paper calendars, personal digital assistants (PDAs), or electronic or software calendars—are not allowable costs.

Cellular Telephones for Personal Use

A cellular telephone for personal use is not an allowable cost.

Ceremonies, Banquets, or Celebrations

Costs associated with ceremonies, banquets, or celebrations are not allowable.

Conflict of Interest

Any purchase or expenditure that would pose a conflict of interest, real or perceived, is not allowable.

Construction, Remodeling, or Renovation

These costs are not allowed unless specifically authorized in the authorizing program statute and unless specifically approved by TEA in the applicable grant application.

Consultants

You shall not use or pay any consultant in the conduct of this application if the services to be rendered by such consultant could have been rendered by your employees. You must select consultants based on demonstrated competence, qualifications, and experience and on the reasonableness of the proposed fee.

(Corporate) Credit Card Charges

TEA will reimburse costs charged to the grant using corporate credit cards *only* when the accounting ledger reflects each individual charge on the credit card statement by:

- The individual vendor name (not just the credit card company name)
- The grant funding source/code
- The expense category (i.e., supplies, instructional materials, equipment, travel, etc.)
- The actual date of the charge (as opposed to the billing statement or the date the credit card bill was paid)

The grantee must maintain the original *itemized* receipt that identifies each item purchased (and not just the credit card receipt). The grantee must also maintain all other appropriate internal accounting records, such as travel vouchers, expense reimbursement vouchers, purchase orders, etc.

Donations

Donations to other organizations or to other units within the grantee organization are not allowable.

Employee Service Awards

Employee service awards cannot be paid from grant funds.

Employer Contributions to Voluntary Retirement Plan

Employer contributions to an employee's *voluntary* retirement plan, such as a 401(k) or 403(b), are not allowable. Employer contributions to *mandatory* pension plans, whereby it is mandatory that every employee participate and the employee cannot opt out, are allowable.

Entertainment, Recreation, Social Events

Costs associated with any type of entertainment, recreation, or social event are not allowable.

Field Trips

If specified in the grant program, *educational* field trips are allowable under certain circumstances if allowed in the grant program. Educational field trips are approved, planned instructional activities that involve students in learning experiences that are difficult to duplicate in a classroom situation. These field trips should provide hands-on activities that encourage students to experiment and ask questions. The field trip must support Texas Essential Knowledge and Skills (TEKS), must be reasonable in cost, and must be necessary to accomplish the objectives of the grant program.

The field trip must also appear as a part of the teacher's lesson plans, which should include activities that prepare students for the trip and follow-up activities that allow students to summarize, apply, and evaluate what they learned from the trip.

Costs for the field trip must be reasonable. Any entrance fees and transportation costs must be reasonable in comparison to the intended objectives of the trip.

For audit purposes, your organization must maintain documentation of the field trip and must provide clear evidence of how the expense ties back to an instructional objective. Documentation should include the following:

- Destination of each field trip
- Costs associated with each field trip
- Objectives to be accomplished from conducting the field trip
- Teacher's lesson plan and follow-up activities

If the supplement-not-supplant requirement applies to the grant program in question, documentation must demonstrate the supplementary nature of the field trip as well.

Examples of Appropriate Educational Field Trips

Examples of appropriate educational field trips include the following:

- Curricular academic activities focused on math, science, and technology, such as service learning, internships, academic UIL competitions (such as robotics or math), or science and technology fairs
- Laboratory and field investigation instruction, used to improve students' understanding of science TEKS objectives
- Trips to a river, archaeological site, or nature preserve that might include contracting with local science centers, museums, zoos, and horticultural centers for visits and programs
- Trips to the local library to increase access to high-interest reading materials or research
- Visits to colleges and universities to encourage interest in the pursuit of higher education

Unallowable Costs Related to Field Trips

The following costs are not allowable:

- Field trips for social, entertainment, or recreational purposes
- Field trips that supplant and do not supplement local or state expenditures or activities
- Field trips that are not part of a teacher's lesson plan or that do not meet the instructional objectives of the grant program
- Field trips that are not reasonable in cost or are not necessary to accomplish the objectives of the grant program
- Field trips that are not properly documented (as described above)

Fines and Penalties

Fines and penalties are not allowable.

Food and Beverage Costs

Expenditures on food must be *reasonable in cost, necessary to accomplish program objectives, and an integral part of the instructional program*. If TEA determines that you expended grant funds on food costs that are not reasonable or necessary to meet the intent and objectives of the grant, TEA reserves the right to restrict your organization from expending any funds on food costs or to disallow expenditures on food costs.

Food Costs for Participant Meetings/Training

Unless otherwise specified by TEA, a limited amount of funds may be expended on light meals for *participant meetings or training events under very limited circumstances*. The use of grant funds for this purpose is specifically limited to *light working lunches* for participants when the working lunch is noted on an agenda, is clearly described, and is mandatory. The purpose of a working lunch should be to shorten the overall meeting or training time and to facilitate accomplishing the objectives of the meeting or training and the overall program.

A –working lunch|| or –light lunch|| described below is considered to be reasonable in cost when the cost of the lunch including tax does not exceed \$20 per person; therefore, TEA will not reimburse a grantee for more than \$20 per person, including tax. Any amount over \$20 per person must be paid from other allowable funding sources. The \$20 per person does not include any *mandatory service fee or set-up fee*. Anything termed a –gratuity|| or –tip|| is not reimbursable by TEA.

Specifically, grant funds may be expended for the following costs provided that the grantee maintains adequate and sufficient documentation that the costs were necessary and reasonable to further the intent and objectives of the grant.

- **Light Lunch during an All-Day Meeting or Training Session:** Light lunch (not to exceed \$20 per person, including tax) for participants who are cloistered in an all-day (at least six-hour) meeting or training session. You must document that it was impractical for participants to obtain lunch on their own (for example, because of an isolated location or distance to eateries) and that their attendance at the meeting or training session was essential to accomplishing the objectives of the grant. You must maintain an agenda that clearly identifies the topics discussed during the meeting or training session and the time allocated to each topic, including the lunch period.

- **Working Lunch during an All-Day Meeting or Training Session:** Light meals during a –working lunch|| (not to exceed \$20 per person, including tax). A working lunch is defined as an activity in which staff or participants are engaged in exercises or activities during the normal meal time. You must maintain an agenda that shows that no other opportunity for a meal was provided and that clearly identifies the exercise or activity the participants were engaged in. You should also retain a representative sample of the work product, if any, that was generated as a result of the working session.

No other food costs, including food and beverages for refreshments, breaks, or snacks, are permitted.

Allowable Food Costs for Parents and/or Students

- Nutritional snacks for students during extended day (after-school) programs
- Nutritional snacks for children in child care while parents are participating in grant activities
- Food necessary to conduct nutrition education programs for parents
- Parent involvement activities in which refreshments are necessary to encourage participation or attendance by parents, such as in low-income areas, and thus meet program objectives.

Full meals for parents or students are not allowable for these purposes under any circumstances. Expenditures must be reasonable in cost, necessary to accomplish program objectives, and an integral part of the instructional program.

Unallowable Food Costs

The following costs are not allowable:

- Refreshments of any kind, including beverages, breaks, and snack foods except as necessary for parent involvement activities to encourage attendance by parents
- Refreshments or meals at an awards banquet or function
- Any food costs that are not necessary to accomplish the objectives of the grant program
- Any food cost associated with an event in which a guest speaker or other individual conducts a presentation and the participants are not actively engaged in performing activities
- Breakfast
- Working lunches or –light lunches that exceed \$20 per person, including tax
- Gratuities or tips

Fundraising Activities

Costs of organized fund raising, including solicitation of gifts and bequests, endowment drives, financial campaigns, and similar expenses incurred to raise capital or to obtain contributions are not allowable. Costs associated with attending or sponsoring training on fundraising are not allowable.

Gifts

Gifts or items that appear to be gifts are not allowable.

Interest Paid

Interest paid in a prior grant period may not be charged retroactively to this grant period.

Land Purchase and Improvements

Land purchase and improvements to land are not allowable costs, unless specifically authorized in the grant program statute and specifically approved by TEA in the grant application.

Legal Fees

Legal fees and expenses are allowable only as necessary for the administration of the grant program. Retainer fees are not allowable costs.

Lobbying

Any costs incurred for lobbying are not allowable.

Membership in Civic and Social Organizations or Lobbying Organizations

Memberships in civic and social organizations and in organizations that are substantially engaged in lobbying are not allowable costs.

Personal Calendaring Systems

Calendaring systems to manage *personal* calendars—whether paper calendars, personal digital assistants (PDAs), or electronic or software calendars—are not allowable costs.

Printing Costs

Printing costs are allowable when documentation demonstrates that they are reasonable and necessary. Any multi-color printing must be reasonable in cost and must be necessary to carry out the objectives of the grant program. Documentation must be maintained demonstrating that any such costs are reasonable and necessary.

Professional or Individual Liability Insurance

Professional liability insurance for individual employees is not an allowable cost.

Promotional Items, Memorabilia, or Souvenirs

Promotional items, memorabilia, or souvenirs are not allowable costs.

Renovation, Remodeling, or Construction

Renovation, remodeling, or construction is not allowable unless specifically designated as allowed in the authorizing statute and specifically approved by TEA in the applicable grant application.

Salaries, Wages, and Employee Benefits

Salaries and wages are allowable for personnel who work on the grant provided the appropriate time and activity reports (i.e., time and effort reports) are maintained in accordance with the applicable federal cost principles and submitted to the TEA Accounting Division to document charges to payroll. Benefits are allowable in the same proportion as salaries and wages.

Social Events

The costs associated with social events of any kind are not allowable.

Substitute Pay for Private Schoolteachers

Substitute pay for private schoolteachers (for-profit or nonprofit) is not allowable under any circumstances.

Training or Technical Assistance on Grant Writing

Funds may not be used for training or technical assistance on grant writing or for costs associated with writing other grant applications.

Transportation Costs

The cost of transporting students (or parents, if appropriate for the particular grant program) to or from \ grant activities is an allowable expenditure. You may not charge the grant for costs incurred in transporting students to and from the *regular* school day.

Travel Costs

All organizations should have a local travel policy that is applied consistently among all employees so employees are reimbursed at the same rates, whether traveling on a state or federal grant or for other purposes. The maximum amounts that may be charged to the grant are restricted to the rates that are approved in the State of Texas Appropriations Bill in effect for the particular grant period.

If local policy restricts travel, per diem, and other travel expenses to a rate less than State law, the applicant must budget and request reimbursement from the grant *at the lesser rate*. If local policy exceeds the maximum recovery rate specified in the Appropriations Bill, then the difference must be paid from state or local funds, i.e., not from grant funds. *Travel allowances*, in which the per diem is paid to the employee regardless of the amount actually expended, are not allowable.

Travel generally means a destination outside the city or town in which the individual works (i.e., duty point). Travel can also mean transportation from one duty point to another within the same city or town, such as with an itinerant teacher or counselor who visits multiple campuses in the same work day. This is usually termed –in-district|| travel.

Travel Costs for Executive Director, Superintendent, or Board Members

Travel costs for executive directors, superintendents, or board members or directors are allowed only when they are specifically related to carrying out the objectives of the grant project and only with specific TEA approval in the grant application.

Allowable Travel Expenses

For more detailed information regarding allowable travel expenses, consult the Texas State Comptroller's Web site, at <http://window.state.tx.us>. Follow these steps to locate information on the comptroller's site regarding specific aspects of travel reimbursement:

1. Click the –Finances and Economy|| tab at the top of the home page.
2. Scroll down to the –Fiscal Management|| section, and click –State of Texas Travel Information.||
3. In the –Resources|| section, click –Textravel.|| (Note: The –Travel Reimbursement Rates|| link opens a general summary page of travel information. Specific travel information is not readily available at that link.)

4. Click either the Meals and Lodging or the Transportation tab.
5. On the left of the page that opens is a blue menu listing subtopics of specific travel information (e.g., on the Transportation page, the subcategories listed in the blue menu include Mileage in Personal Vehicle, Parking, and Rental Vehicles). Click the appropriate subtopic.

The following travel expenses are allowable:

■ **Mileage** reimbursement is allowable for travel necessary to carry out the objectives of the grant project. When an employee is on travel for the purposes of the grant, mileage reimbursement cannot exceed the rate established by the Texas Comptroller. Effective January 1, 2010, reimbursement for mileage is not to exceed 50 cents per mile. (The mileage reimbursement rate for travel between January 1, 2009, and December 31, 2009, was 55 cents per mile.) If local organization policy reimburses at a lower rate, you must claim that lower rate.

■ As of September 1, 2009, the Texas Mileage Guide is no longer used to calculate mileage. Travelers are required to calculate mileage by one of the following two methods:

- Odometer reading (point-to-point method)
- Electronic mapping source (such as that on www.Mapquest.com or any other online mapping service). If this method is chosen, the traveler must print out the driving directions provided by the site and attach them to the travel voucher.

Travelers are required to select the shortest and most economical route but may justify the selection of another route if it was chosen for safety reasons and specific justification of the selection is given.

■ **Airfare** is allowable at the lowest fare available and must be documented with a receipt. First-class airfare is not allowable.

■ **Car rental** fee (at destination) is not allowable unless other transportation such as taxi or shuttle is not available for performing official business or unless you document that car rental is more cost effective than alternate modes of travel. (The car rental must be documented with a receipt.) Gasoline for the rental car is allowable with a receipt.

■ **Airport parking** is allowable.

■ For both **in-state and out-of-state travel**, the traveler may apply funds available for meal reimbursement toward lodging. For instance, if the traveler chooses for the sake of convenience to stay in a hotel that costs \$10 more a night than the allowable maximum for lodging, the traveler can apply \$10 of the maximum available for meal reimbursement toward the lodging rate. If the traveler chooses to apply meal reimbursement to lodging, the maximum meal reimbursement rate is reduced by the same amount. (Applying \$10 of the meal reimbursement to lodging would reduce the maximum allowable meal reimbursement by \$10.)

■ **In-state travel:** Beginning September 1, 2009, the Federal Rate Schedule will be used for reimbursement of in-state meal and lodging expenditures. Because the reimbursement rates can change, it is recommended that travelers print the page at the time reservations are made and submit the printout with the travel reimbursement voucher as a supporting document.

Follow these steps to access federal meal and lodging reimbursement rates for traveling in Texas on the Texas State Comptroller's web site, at <http://window.state.tx.us>:

1. Click the – Finances and Economy tab at the top of the page.
2. Scroll down to the – Fiscal Management section, and click – State of Texas Travel Information.
3. In the – Resources section, click – Travel Reimbursement Rates.
4. Click – Domestic Maximum Per Diem Rates.
5. On the U.S. map, click Texas.

6. Important: Disregard the note regarding CONUS at the top of the page; that is a federal standard that does not apply. Find your destination on the list, and apply the maximum meal and lodging rates for the city or area to which you are traveling.

- If the Texas city to which you are traveling is not listed, check the county list. If the county to which you are traveling is listed, use the rate given for that county.
- If the Texas county to which you are traveling is not listed, use the standard maximum rate of \$85 for lodging and \$36 for meals.

■ **In-state day trips: In accordance with local policy**, an employee whose duties require the employee to travel outside the employee’s designated headquarters **without an overnight stay** away from the employee’s headquarters may be reimbursed for the **actual cost** of the employee’s meals, **not to exceed \$36**. In the absence of a local policy, no reimbursement shall be made from the grant for this purpose.

– Designated headquarters|| is defined as the area within the boundaries of the city or town in which a traveler’s place of employment is located. **Travel must take the employee outside designated headquarters for more than six consecutive hours; the cost of meals for travel lasting less than six consecutive hours is not allowable to be charged to the grant.**

■ **Out-of-State Travel:** A state employee who travels within or outside the continental United States shall be reimbursed for the **actual cost of lodging and meals**. However, the reimbursements from grant funds **may not exceed** the maximum meals and lodging rates based on **the federal travel regulations** and issued by the Texas Comptroller of Public Accounts. If local policy reimburses at a **lesser** amount, you must comply with local policy. If local policy reimburses at a **greater** amount, you must pay the difference from local or state funds (i.e., not from grant funds).

Follow these steps to access federal meal and lodging reimbursement rates for traveling out of state on the Texas State Comptroller’s web site, at <http://window.state.tx.us>:

1. Click the – Finances and Economy|| tab at the top of the page.
2. Scroll down to the – Fiscal Management|| section, and click – State of Texas Travel Information.||
3. In the – Resources|| section, click – Travel Reimbursement Rates.||
4. Click – Domestic Maximum Per Diem Rates.||
5. On the U.S. map, click the state to which you are traveling.

6. Important: Disregard the note regarding CONUS at the top of the page; that is a federal standard that does not apply. Find your destination on the list, and apply the maximum meal and lodging rates for the city or area to which you are traveling.

- If the out-of-state city to which you are traveling is not listed on the Federal Rate Schedule, find the city on the list that is nearest geographically to your travel destination and apply the lodging and meal rates given for that city.
- When determining the nearest listed city, it is permissible to cross state lines. (For example, if travel takes you to northern New Mexico, the nearest listed city might be a city in Colorado rather than another location in New Mexico.)

■ **Summary of Rates:** The following table summarizes reimbursement rates for in-state and out-of-state travel.

In-State Meals and Lodging	Refer to the federal Domestic Maximum Per Diem Rates . For cities not listed, apply the rate for the county in which the city is located. If the county is not listed, the rates are as follows: Lodging in-state: Up to \$85/night Meals in state: Up to \$36/day
Out-of-State Meals and Lodging	Refer to the federal Domestic Maximum Per Diem Rates . For areas not listed, use the rate for the nearest city. When locating the nearest city, it is permissible to cross state lines.

- **Taxi fares** for official business are allowable. Tips cannot be reimbursed.
- Itemized **miscellaneous business expenses** (such as business phone calls, printing, or materials) for carrying out official business of the meeting, conference, or workshop are allowable.
- **Registration fees** to attend workshops or conferences are allowable. Social events or recreational events available at a cost above the basic registration fee may not be paid from grant funds.

Unallowable Travel Expenses

The following travel expenses are not allowable:

- First-class air fare
- Per diem (meals and lodging) for meeting, conference, or workshop participants who live in the same city where the event is held. (Automobile mileage is allowable.)
- Tips or gratuities of any kind
- Alcoholic beverages
- Entertainment, recreation, or social events
- Any expense for other persons
- Automobile mileage or taxi fares for other than official business
- Personal accident insurance or personal effects coverage for rental cars
- Rental car for personal use or for purposes not associated with the official business of the meeting, conference, or workshop
- Travel allowances (i.e., per diem paid regardless of participant's actual expenses)

- Noninstructional field trips (see guidance under –Field Trips||)

Travel Documentation

Travel costs must be properly documented to be reimbursable. The employee must document travel costs with a travel voucher or other comparable documentation. Documentation must include the following at a minimum:

- Name of the individual claiming travel reimbursement
- Destination and purpose of the trip, including how it was necessary to accomplish the objectives of the grant project
- Dates of travel
- Actual mileage (not to exceed reimbursement at the maximum allowable rate). As of September 1, 2009, the Texas Mileage Guide is no longer used to calculate mileage. Travelers are required to calculate mileage by one of the following two methods:

- Odometer reading (point-to-point method)
- Electronic mapping source (such as that on www.Mapquest.com or any other online mapping service). If this method is chosen, the traveler must print out the driving directions provided by the site and attach them to the travel voucher.

Travelers are required to select the shortest and most economical route but may justify the selection of another route if it was chosen for safety reasons and specific justification of the selection is given.

- Actual amount expended on lodging per day, with a receipt attached (may not exceed the maximum allowable)
- Actual amount expended on meals per day (may not exceed the maximum allowable; tips and gratuities are not reimbursable). Receipts are not required by TEA but may be required per local organization policy.
- Actual amount of airfare (receipt must be attached)
- Actual amount expended on public transportation, such as taxis and shuttles
- Actual amount expended on a rental car, with receipt attached and justification for why a rental car was necessary and how it was more cost effective than alternate transportation ; receipts for any gasoline purchased for the rental car must be attached (mileage is not reimbursed for a rental car – only the cost for gasoline is reimbursed)
- Actual amount of gasoline for a rental car (receipt must be attached)
- Actual amount of parking
- Actual amount expended on incidentals, such as hotel taxes, copying of materials, and other costs associated with the travel
- Total amount reimbursed to the employee

Tuition

Tuition fees, either paid directly to an institution or on a reimbursement basis to an employee, are allowable only for courses *directly related to the grant program* and where authorized in the grant program as an allowable use of funds.

Federal Cost Principles

The applicable cost principles as established by the Federal Office of Management and Budget (OMB) are as follows:

Type of Entity	Applicable Cost Principles
<ul style="list-style-type: none"> • Public school districts • Regional education service centers (ESCs) • Open enrollment charter schools operated by a governmental entity • Local governments (e.g., cities, counties) 	<p>OMB Circular A-87, Cost Principles for State and Local, and Indian Tribal Governments http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html</p>
<ul style="list-style-type: none"> • Open-enrollment charter schools operated by a nonprofit organization • Nonprofit organizations, including community-based organizations and faith-based organizations 	<p>OMB Circular A-122, Cost Principles for Nonprofit Organizations http://www.whitehouse.gov/omb/circulars/a122/a122_2004.html</p>
<ul style="list-style-type: none"> • Open-enrollment charter schools operated by an institution of higher education (i.e., college or university) • Institutions of higher education (IHEs) 	<p>OMB Circular A-21, Cost Principles for Educational Institutions http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html</p>

APPENDIX B

Federal Cost Principles Side by Side

FEDERAL COST PRINCIPLES

SIDE BY SIDE

OMB Circular A-87
OMB Circular A-122
OMB Circular A-21

FOR GENERAL INFORMATION PURPOSES ONLY

REFER TO SPECIFIC APPLICABLE SET OF FEDERAL COST PRINCIPLES FOR ENTIRE TEXT

Developed by the

Texas Education Agency
Division of Discretionary Grants
For Grants Administered by the Texas Education Agency

The following summary is provided for your convenience and as a "guide" only. TEA accepts no responsibility for the interpretation of the cost principles as outlined below. Grantees should consult the complete set of applicable cost principles to determine allowability and unallowability of costs prior to expending funds. All costs must be budgeted and approved in the Budget Summary in the applicable grant application prior to expenditure. Some costs require specific prior approval in the application, in which case the line item must be specifically budgeted and approved by TEA prior to expenditure.

COST PRINCIPLES			
Items of Cost	<u>OMB Circular A-87</u> State and Local Governments (i.e., school districts, ESCs, and open enrollment charter schools operated by a governmental entity)	<u>OMB Circular A-122</u> Non-Profit Organizations (i.e., includes open enrollment charter schools operated by a non-profit organization)	<u>OMB Circular A-21</u> Educational Institutions (i.e., institutions of higher education—includes open enrollment charter schools operated by a college/university)
Accounting	<u>Not Addressed</u>	<u>Not Addressed</u>	<u>Not Addressed</u>
Advertising (See Public Relations)	<p><u>Allowable</u> Recruitment of grant personnel; procurement of goods and services; and disposal of surplus materials except when disposal cost is reimbursed. (OMB A-87, Attachment B, section 1c)</p> <p><u>Unallowable</u> Other advertising costs not specified in section 1c, 1d., 1e.; cost of meetings and related activities including, displays, demonstrations, exhibits; cost of space rental; salaries/wages for employees doing set up, demonstrations, and briefings; cost for promotional material and gifts; costs for solely promoting the governmental unit.</p>	<p><u>Allowable</u> Recruitment of grant personnel; procurement of goods and services; and disposal of surplus materials except when disposal cost is reimbursed. (OMB A-122, Attachment B, section 1c)</p> <p><u>Unallowable</u> 1. Other advertising costs not specified in section 1c, 1d., 1e.; cost of meetings and related activities including, displays, demonstrations, exhibits; cost of space rental; salaries/wages for employees doing set up, demonstrations, and briefings; costs for promotional material and gifts; costs for solely promoting grant</p> <p>2. Costs of help wanted advertising that includes color, advertising material for other than recruitment purposes, or is excessive in size (OMB A-122, section 44b).</p>	<p><u>Allowable</u> Recruitment of grant personnel; procurement of goods and services; and disposal of surplus materials except when non-Federal entities are reimbursed for disposal costs. (OMB A-21, section 1c)</p> <p><u>Unallowable</u> 1. Other advertising costs not specified in section 1c, 1d., 1e.; cost of meetings and related activities including, displays, demonstrations, exhibits; cost of space rental; salaries/wages for employees doing set up, demonstrations, and briefings; cost for promotional material and gifts; costs for solely promoting the institution</p> <p>2. Costs of help wanted advertising that includes color, advertising material for other than recruitment purposes, or is excessive in size (OMB A-21, section 42b).</p>

Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
Advertising cont.		3. Costs of help wanted advertising, special emoluments, fringe benefits, and salary allowances that are not reasonable and do not conform with established practices of the organization (OMB A-122, section 44c).	3. Costs of help wanted advertising, special emoluments, fringe benefits, and salary allowances that are not reasonable and do not conform with established practices of the organization (OMB A-21, section 42c).
Advisory Councils or Committees	<u>Allowable</u> with prior specific approval from TEA NOTE: <u>Ed-Flex</u> programs do not require specific approval from TEA. <u>For all</u> other grant programs, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.	<u>Not Addressed</u>	<u>Allowable</u> as a direct cost with specific approval by TEA or as an indirect cost
Alcoholic Beverages	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Alumni/ae Activities	<u>Not Addressed</u>	<u>Not Addressed</u>	<u>Unallowable</u>
Audit Costs and Related Services (Audit fees/expenses may not be charged to state-funded grants)	<u>Allowable</u> : audits required by and conducted in accordance with the Single Audit Act (OMB Circular A-133). Other audit costs are allowable if included in a cost allocation plan or indirect cost proposal; or with prior specific approval of TEA as a direct cost.	<u>Not Addressed</u> , but allowable for audits required by and conducted in accordance with the Single Audit Act (OMB Circular A-133). Other audit costs require prior specific approval of TEA.	<u>Allowable</u> : audits required by and conducted in accordance with the Single Audit Act (OMB Circular A-133). Other audit costs are allowable if included in an indirect cost proposal or with prior specific approval of TEA as a direct cost.
Automatic Electronic Data Processing	<u>Not Addressed</u>	<u>Not Addressed</u>	<u>Not Addressed</u>
Awards for Recognition or Incentives for Participation	Although not specifically addressed in OMB A-87, allowable when reasonable in cost and when necessary to accomplish program objectives. Acceptable awards and incentives include certificates, plaques, ribbons, and small trophies nominal in cost, or	Although not specifically addressed in OMB A-122, allowable when reasonable in cost and when necessary to accomplish program objectives. Acceptable awards and incentives include certificates, plaques, ribbons, and small trophies nominal in cost, or	Although not specifically addressed in OMB A-21, allowable when reasonable in cost and when necessary to accomplish program objectives. Acceptable awards and incentives include certificates, plaques, ribbons, and small trophies nominal in cost, or

Items of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
Awards for Recognition or Incentives for Participation cont.	inexpensive instructionally-related items such as pens/pencils to be used in the classroom. <u>Unallowable</u>	inexpensive instructionally related items such as pens/pencils to be used in the classroom. <u>Unallowable</u>	inexpensive instructionally related items such as pens/pencils to be used in the classroom. <u>Unallowable</u>
Award Ceremonies	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Bad Debts	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Bonding Costs	<u>Allowable</u> : costs required by terms of the award; costs required by the agency to conduct business in accordance with sound business practice and rates/premiums are reasonable. <u>Not Addressed</u>	<u>Allowable</u> : costs required by terms of the award; costs required by the agency to conduct business in accordance with sound business practice and rates/premiums are reasonable. <u>Not Addressed</u>	<u>Allowable</u> : costs required by terms of the award; costs required by the agency to conduct business in accordance with sound business practice and rates/premiums are reasonable. <u>Not Addressed</u>
Budgeting	<u>Not Addressed</u>	<u>Not Addressed</u>	<u>Not Addressed</u>
Building Purchase	<u>Allowable only with prior specific approval from TEA</u>	<u>Allowable only with prior specific approval from TEA</u>	<u>Allowable only with prior specific approval from TEA</u>
Capital Outlay	All capital outlay except for library books and media requires prior specific approval from TEA <u>Not Addressed</u>	All capital outlay except for library books and media requires prior specific approval from TEA <u>Not Addressed</u>	All capital outlay except for library books and media requires prior specific approval from TEA <u>Not Addressed</u>
Civil Defense	<u>Not Addressed</u>	<u>Not Addressed</u>	<u>Not Addressed</u>
Commencement & Convocation Costs	<u>Unallowable</u> : see section 1f(2)	<u>Not Addressed</u>	<u>Unallowable except as specified in OMB A-21, section F9.</u>
Communication Costs (includes telephone services, local and long distance telephone calls, telegrams, postage, messenger, electronic or computer transmittal services, personal communication devices, etc.)	<u>Allowable</u> <u>Unallowable</u> 1. Communication devices such as Cellular phones, calendaring assistants (PDAs), electronic or software calendars for personal use are not allowable. 2. Cellular phone calls for personal use are not allowable.	<u>Allowable</u> <u>Unallowable</u> 1. Communication devices such as Cellular phones, calendaring systems such as personal digital assistants (PDAs), electronic or software calendars 2. Cellular phone calls for personal use are not allowable.	<u>Allowable</u> <u>Unallowable</u> 1. Communication devices such as Cellular phones, calendaring systems such as personal digital assistants (PDAs), electronic or software calendars 2. Cellular phone calls for personal use are not allowable.
Compensation for Personnel Services (includes salaries, wages, and fringe benefits) (Refer to Instructions to Schedule 3B to "Documentation Required for Charges to Payroll for additional information.)	<u>Allowable</u> if costs are reasonable, comparable for similar work, and charges are supported with time distribution records or other documentation as stipulated in OMB A-87.	<u>Allowable</u> if costs are reasonable, comparable for similar work, and charges are supported with time distribution records or other documentation as stipulated in OMB A-122.	<u>Allowable</u> if total compensation to employees conforms to the established policies of the institution, are consistently applied, and work performed directly on sponsored agreements are determined and

				supported. See OMB A-21, section 10a for specifics.
Items of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21	
Compensation for Personnel Services cont.	<u>Unallowable</u> costs which are unallowable under other paragraphs of this attachment shall not be allowable under this paragraph solely on the basis that they constitute personal compensation.	<u>Unallowable</u> costs which are unallowable under other paragraphs of this attachment shall not be allowable under this paragraph solely on the basis that they constitute personal compensation.		
Conferences and Meetings	<u>Allowable</u> Cost of meetings and conferences including transportation, room rental charges, speakers' fees, and items incidental to these meetings/conferences. (section 27) See Attachment B, section 14, Entertainment costs, which are not allowable. Also see "Food Costs" with regard to meals for conferences and meetings.	<u>Allowable</u> Cost of meetings and conferences including transportation, room rental charges, speakers' fees, and items incidental to these meetings/conferences. (section 29) See section 14, Entertainment costs, which are not allowable, and section 34 Participant support costs) Also see "Food Costs" with regard to meals for conferences and meetings.	<u>Allowable</u> Cost of meetings and conferences including transportation, room rental charges, speakers' fees, and items incidental to these meetings/conferences. (section 32) See section J.17, Entertainment costs, which are not allowable. Also see "Food Costs" with regard to meals for conferences and meetings.	
Construction, Remodeling, or Alterations	<u>Allowable</u> only with prior specific approval from TEA and only if permitted under the authorizing statute.	<u>Allowable</u> only with prior specific approval from TEA and only if permitted under the authorizing statute.	<u>Allowable</u> only with prior specific approval from TEA and only if permitted under the authorizing statute.	
Contingencies	<u>Unallowable</u> Exclusion: self-insurance reserves, pension plan reserves, post-retirement health and other benefit reserves (section 9)	<u>Unallowable</u> Exclusion: self-insurance reserves, pension plan reserves, post-retirement health and other benefit reserves (section 8)	<u>Unallowable</u> Exclusion: self-insurance reserves, pension plan reserves, post-retirement health and other benefit reserves (section 11)	
Contributions and Donations (See Donations and Contributions)	<u>Unallowable</u> (section 12)	<u>Unallowable</u> (section 9)	<u>Unallowable</u> (section 15)	
Deans of Faculty and Graduate Schools	<u>Not Addressed</u>	<u>Not Addressed</u>	<u>Allowable</u> Salaries and expenses of deans of faculty and graduate schools, or their equivalents, and their staffs	
Debt Service	<u>Unallowable</u> for TEA discretionary grants	<u>Unallowable</u> for TEA discretionary grants	<u>Unallowable</u> for TEA discretionary grants	

Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
Defense and Prosecution of Criminal and Civil Proceedings, and Claims	<p>Allowable: Legal expenses required in the administration of Federal programs</p> <p><u>Unallowable</u>: In defense of any civil or criminal fraud proceeding where the contractor is found liable or has pleaded nolo contendere to fraud; by a contractor in connection with any criminal, civil or administrative proceedings; prosecution of claims against the federal government</p>	<p>Generally <u>Unallowable</u>; unallowable in defense of antitrust suit or prosecution of claims against federal/state government.</p> <p>Other costs allowable or unallowable as stipulated in OMB A-122, section 10.</p>	<p>Generally <u>Unallowable</u></p> <p>For costs allowable and unallowable see OMB A-21, section 10</p>
Depreciation and Use Allowances of Building Space	Allowable at 2% of original acquisition cost as stipulated in OMB A-87.	Allowable at 2% of original acquisition cost as stipulated in OMB A-122.	Allowable at 2% of original acquisition cost as stipulated in OMB A-21, section 11
Depreciation and Use Allowances of Equipment	Allowable at 6 2/3% of original acquisition cost	Allowable at 6 2/3% of original acquisition cost	Allowable at 6 2/3% of original acquisition cost
Disbursing Service	<u>Not Addressed</u>	<u>Not Addressed</u>	<u>Not Addressed</u>
Displays, Demonstrations, and Exhibits	<u>Unallowable</u> ; section 1f(2)(e)	<u>Unallowable</u> section 1f(2)(i)	<u>Unallowable</u> section 1f(2)(i)
Donations and Contributions	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Employee Morale, Health, and Welfare	Allowable as stipulated in OMB A-87, section 13	Allowable as stipulated in OMB A-122, section 13	Allowable as stipulated in OMB A-21, section 13
Employee Service Awards	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Entertainment (including amusement, diversion, social activities, and related costs)	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Equipment and Other Capital Expenditures (May include ancillary charges such as taxes, duty, protective in transit insurance, freight, and	Allowable: All capitalized furniture and equipment requires prior specific approval from TEA regardless of the cost.	Allowable: All capitalized furniture and equipment requires prior specific approval from TEA regardless of the cost.	Allowable: All capitalized furniture and equipment requires prior specific approval from TEA regardless of the cost.

Installation)			
Items of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
<p>Equipment and Other Capital Expenditures cont.</p> <p>Equipment is defined as an 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 governmental unit, or \$5,000.</p>	<p><u>Unallowable</u></p> <ol style="list-style-type: none"> Improvements to land, buildings, or equipment which materially increase their value or useful life EXCEPT with prior specific approval from TEA. Equipment and other capital expenditures are unallowable as indirect costs. <p>See section 11, Depreciation and use allowance, and section 37, Rental costs, for rules of allowability for depreciation and rental costs.</p> <p>Items requiring specific approval from TEA must be specifically budgeted and approved in the applicable grant application prior to expending funds</p>	<p><u>Unallowable</u></p> <ol style="list-style-type: none"> Capital expenditures for general purpose equipment, land or buildings, improvement to land, buildings, or equipment are unallowable as a direct cost except with prior specific approval from TEA. Equipment and other capital expenditures are unallowable as indirect costs. <p>See section 11 for allowability of use allowances or depreciation on buildings, capital improvements, and equipment. Also see section 46 for allowability of rental costs for land, buildings, and equipment.</p> <p>Items requiring specific approval from TEA must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p>	<p><u>Unallowable</u></p> <ol style="list-style-type: none"> Capital expenditures for general purpose equipment, land or buildings, improvement to land, buildings, or equipment are unallowable as a direct cost except with prior specific approval from TEA. Equipment and other capital expenditures are unallowable as indirect costs. <p>See section 11 for allowability of use allowances or depreciation on buildings, capital improvements, and equipment. Also see section 46 for allowability of rental costs for land, buildings, and equipment.</p> <p>Items requiring specific approval from TEA must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p>
Executive Lobbying Costs	<u>Unallowable</u>	<u>Unallowable</u> (Not specifically addressed in OMB A-122—closest was section 25(3)(II))	<u>Unallowable</u>
Field Trips	<p>Not specifically addressed in OMB A-87. See TEA <i>Guidelines Related to Specific Costs</i> for clarification of allowable field trips.</p> <p><u>Unallowable:</u> Field trips for <u>social, entertainment or recreational purposes</u></p>	<p>Not specifically addressed in OMB A-122. See TEA <i>Guidelines Related to Specific Costs</i> for clarification of allowable field trips.</p> <p><u>Unallowable:</u> Field trips for <u>social, entertainment or recreational purposes</u></p>	<p>Not specifically addressed in OMB A-21. See TEA <i>Guidelines Related to Specific Costs</i> for clarification of allowable field trips.</p> <p><u>Unallowable:</u> Field trips for <u>social, entertainment or recreational purposes</u></p>
Fines and Penalties	<p>Unallowable, except when incurred as a result of compliance with specific federal award provisions</p>	<p>Unallowable, except when incurred as a result of compliance with specific federal award provisions</p>	<p>Unallowable, except when incurred as a result of compliance with specific federal award provisions or with prior specific approval of TEA</p>

Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
<p>Food Costs</p>	<p>Allowable (specific to TEA grants)</p> <ol style="list-style-type: none"> Light lunch during an all-day meeting or training session: Light lunch for participants who are cloistered in an all-day (i.e., at least six-hour) meeting or training session. The grantee must document that it was impractical for participants to obtain lunch on their own (e.g., due to isolated location and/or distance to eateries) and that their attendance at the meeting/training session was essential to accomplishing the objectives of the grant. The grantee must maintain an agenda that clearly identifies the topics discussed during the meeting/training session and the time allotted to each topic, including the lunch period. Only a nominal amount of grant funds may be used per participant. Working lunch during an all-day meeting or training session: Light meals during a "working lunch." A working lunch is defined as an activity in which staff or participants are engaged in exercises/activities during the normal meal time as stated on an agenda and in which no other opportunity for a meal is provided. The grantee must maintain an agenda that clearly identifies the exercise or activity that the participants are engaged in and should retain a representative sample of the work product, if any, that was generated as a result of the working session. Only a nominal amount of grant funds may be used per staff/participant. 	<p>Allowable (specific to TEA grants)</p> <ol style="list-style-type: none"> Light lunch during an all-day meeting or training session: Light lunch for participants who are cloistered in an all-day (i.e., at least six-hour) meeting or training session. The grantee must document that it was impractical for participants to obtain lunch on their own (e.g., due to isolated location and/or distance to eateries) and that their attendance at the meeting/training session was essential to accomplishing the objectives of the grant. The grantee must maintain an agenda that clearly identifies the topics discussed during the meeting/training session and the time allotted to each topic, including the lunch period. Only a nominal amount of grant funds may be used per participant. Working lunch during an all-day meeting or training session: Light meals during a "working lunch." A working lunch is defined as an activity in which staff or participants are engaged in exercises/activities during the normal meal time as stated on an agenda and in which no other opportunity for a meal is provided. The grantee must maintain an agenda that clearly identifies the exercise or activity that the participants are engaged in and should retain a representative sample of the work product, if any, that was generated as a result of the working session. Only a nominal amount of grant funds may be used per participant. 	<p>Allowable (specific to TEA grants)</p> <ol style="list-style-type: none"> Light lunch during an all-day meeting or training session: Light lunch for participants who are cloistered in an all-day (i.e., at least six-hour) meeting or training session. The grantee must document that it was impractical for participants to obtain lunch on their own (e.g., due to isolated location and/or distance to eateries) and that their attendance at the meeting/training session was essential to accomplishing the objectives of the grant. The grantee must maintain an agenda that clearly identifies the topics discussed during the meeting/training session and the time allotted to each topic, including the lunch period. Only a nominal amount of grant funds may be used per participant. Working lunch during an all-day meeting or training session: Light meals during a "working lunch." A working lunch is defined as an activity in which staff or participants are engaged in exercises/activities during the normal meal time as stated on an agenda and in which no other opportunity for a meal is provided. The grantee must maintain an agenda that clearly identifies the exercise or activity that the participants are engaged in and should retain a representative sample of the work product, if any, that was generated as a result of the working session. Only a nominal amount of grant funds may be used per participant.

Items of Cost	OMB Circular A-87	amount of grant funds may be used	per staff/participant.
Food Costs cont.	<p>OMB Circular A-87</p> <p>3. Nutritional snacks for students in extended day (i.e., after-school) programs.</p> <p>4. Nutritional snacks for children in child care while parents are participating in grant activities.</p> <p>5. Food necessary to conduct <u>nutrition education programs</u> for parents.</p> <p>6. Parent involvement activities where refreshments are necessary to encourage participation/attendance by parents, such as in low-income areas, and thus meet program activities.</p> <p>Full meals for parents and/or students are not allowable for these purposes under any circumstances. Expenditures must be <u>reasonable</u>, in cost, <u>necessary to accomplish program objectives</u>, and <u>an integral part of the instructional program</u>.</p> <p>No other food costs, including beverages and other refreshments, breaks, or snacks, are permitted.</p> <p><u>Unallowable</u></p> <ol style="list-style-type: none"> 1. Refreshments of any kind, including beverages, breaks, and snack foods except as described above for parent involvement activities and nutritional snacks for children 2. Refreshments or meals at an awards banquet/function 3. Any food costs not necessary to accomplish the objectives of the grant program 4. Any event in which a "guest speaker" or other individual 	<p>OMB Circular A-122</p> <p>per staff/participant.</p> <p>3. Nutritional snacks for students in extended day (i.e., after-school) programs.</p> <p>4. Nutritional snacks for children in child care while parents are participating in grant activities.</p> <p>5. Food necessary to conduct <u>nutrition education programs</u> for parents.</p> <p>6. Parent involvement activities where refreshments are necessary to encourage participation/attendance by parents, such as in low-income areas, and thus meet program activities.</p> <p>Full meals for parents and/or students are not allowable for these purposes under any circumstances. Expenditures must be <u>reasonable</u>, in cost, <u>necessary to accomplish program objectives</u>, and <u>an integral part of the instructional program</u>.</p> <p>No other food costs, including beverages and other refreshments, breaks, or snacks, are permitted.</p> <p><u>Unallowable</u></p> <ol style="list-style-type: none"> 1. Refreshments of any kind, including beverages, breaks, and snack foods, for staff meetings/staff training 2. Refreshments or meals at an awards banquet/function 3. Any food costs not necessary to accomplish the objectives of the grant program 4. Any event in which a "guest speaker" or other individual 	<p>OMB Circular A-21</p> <p>3. Nutritional snacks for students in extended day (i.e., after-school) programs.</p> <p>4. Nutritional snacks for children in child care while parents are participating in grant activities.</p> <p>5. Food necessary to conduct <u>nutrition education programs</u> for parents.</p> <p>6. Parent involvement activities where refreshments are necessary to encourage participation/attendance by parents, such as in low-income areas, and thus meet program activities.</p> <p>Full meals for parents and/or students are not allowable for these purposes under any circumstances. Expenditures must be <u>reasonable</u>, in cost, <u>necessary to accomplish program objectives</u>, and <u>an integral part of the instructional program</u>.</p> <p>No other food costs, including beverages and other refreshments, breaks, or snacks, are permitted.</p> <p><u>Unallowable</u></p> <ol style="list-style-type: none"> 1. Refreshments of any kind, including beverages, breaks, and snack foods, for staff meetings/staff training 2. Refreshments or meals at an awards banquet/function 3. Any food costs not necessary to accomplish the objectives of the grant program 4. Any event in which a "guest speaker" or other individual conducts a presentation 5. Breakfast

	5. conducts a presentation Breakfast	5. conducts a presentation Breakfast	
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Items of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
Food Costs cont.	TEA reserves the right to restrict a grantee from expending any funds on food costs or to disallow expenditures on food costs should the TEA determine that the grantee expended grant funds on food costs that are not reasonable or necessary to meet the intent and objective(s) of the grant.	TEA reserves the right to restrict a grantee from expending any funds on food costs or to disallow expenditures on food costs should the TEA determine that the grantee expended grant funds on food costs that are not reasonable or necessary to meet the intent and objective(s) of the grant.	TEA reserves the right to restrict a grantee from expending any funds on food costs or to disallow expenditures on food costs should the TEA determine that the grantee expended grant funds on food costs that are not reasonable or necessary to meet the intent and objective(s) of the grant.
Fringe Benefits	<u>Allowable</u>	<u>Allowable</u> <u>Unallowable</u> Costs of insurance when the organization is named as the beneficiary	<u>Allowable</u> <u>Unallowable</u> Tuition benefits for family members other than the employee are unallowable for fiscal years beginning after September 30, 1998.
Fundraising and Investment Management Costs (Including financial campaigns and solicitation of gifts, donations, contributions, etc.)	<u>Allowable</u> Costs associated with investments covering pension, self insurance, or other funds which include Federal participation. <u>Unallowable</u> 1. Costs of organized fund raising and similar expenses incurred to raise capital or obtain contributions 2. Training on fund raising	<u>Unallowable</u>	<u>Allowable</u> Costs related to the physical custody and control of monies and securities <u>Unallowable</u> 1. Costs of organized fund raising and similar expenses incurred solely to raise capital or obtain contributions 2. Costs of investment counsel and staff and expenses incurred to enhance income
Gains and Losses on Disposition of Depreciable Property and Other Capital Assets and Substantial Relocation of Federal Programs	Allowable as stipulated in OMB A-87, section 18	Allowable as stipulated in OMB A-122, section 40	Allowable as stipulated in OMB A-21, section 21
General Government Expenses	<u>Unallowable</u>	<u>Not Addressed</u>	<u>Not Addressed</u>
Gifts or Items that appear to be Gifts	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Goods or Services for	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>

Personal Use			
Items of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
Gratuities or Tips	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Honorariums	<u>Not allowable in Texas.</u> The term "fee" must be used in lieu of honorarium in all accounting records and consultant agreements.	<u>Not allowable in Texas.</u> The term "fee" must be used in lieu of honorarium in all accounting records and consultant agreements.	<u>Not allowable in Texas.</u> The term "fee" must be used in lieu of honorarium in all accounting records and consultant agreements.
Hospitality Rooms	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Housing and Personal Living Expenses	<u>Unallowable</u>	<u>Allowable as direct costs for organization's officers when necessary for performance of grant award with specific approval by TEA.</u> <u>Unallowable as fringe benefit or indirect costs regardless of whether the cost is reported as taxable income to employees.</u>	<u>Unallowable</u>
Idle Facilities and Capacity	<u>Unallowable except to the extent that they are normal costs of doing business and are a factor in the normal fluctuations of usage and indirect cost rates, are for a reasonable period of time, are necessary because of changes in program requirements; and capacity is reasonably anticipated to be necessary. (See section 21)</u>	<u>Unallowable except to the extent that they are normal costs of doing business and are a factor in the normal fluctuations of usage and indirect cost rates, are for a reasonable period of time, are necessary because of changes in program requirements; and capacity is reasonably anticipated to be necessary. (See section 20)</u>	<u>Unallowable except to the extent that they are normal costs of doing business and are a factor in the normal fluctuations of usage and indirect cost rates, are for a reasonable period of time, are necessary because of changes in program requirements; and capacity is reasonably anticipated to be necessary. (See section 24)</u>
Insurance and Indemnity	Insurance Allowable: 1. Insurance required or approved and maintained pursuant to the Federal award. 2. Insurance in connection with general conduct of activities (type, extent and cost of coverage are in accordance with policy and sound business practice) 3. Costs incurred because of losses	Insurance Allowable: 1. Insurance required or approved and maintained pursuant to the Federal award. 2. Insurance in connection with general conduct of activities (type, extent and cost of coverage are in accordance with policy and sound business practice; business interruption or other similar insurance limited to	Insurance Allowable: 1. Insurance required or approved and maintained pursuant to the Federal award. 2. Insurance in connection with general conduct of activities (type, extent and cost of coverage are in accordance with policy and sound business practice) 3. Contributions to a reserve for self-

	not covered under nominal deductible insurance and minor	exclude coverage of management fees)	insurance are allowable as specified in OMB A-21, section 25.
Items of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
Insurance and Indemnity cont.	<p>losses not covered by insurance</p> <ol style="list-style-type: none"> Contributions to a reserve for certain self-insurance programs Actual claims paid for workers' compensation, unemployment compensation, severance pay, and similar employee benefits <p>NOTE: Ed-Flex programs do not require prior approval from TEA. For all other grant programs, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p> <p>Unallowable</p> <ol style="list-style-type: none"> Actual losses which could have been covered by permissible insurance unless provided for in OMB A-87 (See section 22) except with specific approval or requirement from TEA. Commercial insurance protecting against the contractor for correction of contractor's own defects in materials or workmanship. <p>NOTE: Ed-Flex programs do not require prior approval from TEA. For all other grant programs, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p> <p>Indemnification</p> <p>Includes securing the LEA against liabilities to third persons and other losses not compensated by insurance or otherwise. The federal government is obligated to indemnify the LEA only to</p>	<ol style="list-style-type: none"> Costs for insurance or other reserve covering the risk of loss or damage to Federal property only to the extent the organization is liable for such loss or damage. Provisions for a reserve under a self-insurance program to the extent that types of coverage, extent of coverage, rates, and premiums would have been allowed. Losses not covered under nominal deductible insurance coverage Minor losses not covered by insurance, which occur in the ordinary course of operations <p>NOTE: Ed-Flex programs do not require prior approval from TEA. For all other grant programs, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p> <p>Unallowable</p> <ol style="list-style-type: none"> Actual losses which could have been covered by permissible insurance except with specific approval or requirement from TEA. Insurance against defects. <p>Indemnification</p> <p>The Federal Government is obligated to indemnify the institution only to the extent expressly provided for in the sponsored agreement, except as provided in section 25d.</p>	<ol style="list-style-type: none"> Losses not covered under nominal deductible insurance coverage Medical liability (malpractice) insurance is an allowable cost of research programs only to the extent that research involves human subjects. <p>NOTE: Ed-Flex programs do not require prior approval from TEA. For all other grant programs, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</p> <p>Unallowable</p> <ol style="list-style-type: none"> Actual losses which could have been covered by permissible insurance except with specific approval or requirement from TEA. Insurance against defects. <p>Indemnification</p> <p>The Federal Government is obligated to indemnify the institution only to the extent expressly provided for in the sponsored agreement, except as provided in section 25d.</p>

	the extent expressly provided for in the award, except as provided in the award.		
Items of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
Insurance and Indemnity cont.	award, except as provided in section 22d. NOTE: <u>Ed-Flex</u> programs do not require prior approval from TEA. For all other <u>grant programs</u> , these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.		
Interest	<u>Allowable</u> 1. Financing costs (including interest) paid or incurred which are associated with the allowable costs of building purchase, construction, or remodeling completed on or after October 1, 1980, as specifically outlined in OMB A-87, section 23b(1)-(4). 2. Financing costs (including interest) paid or incurred on or after September 1, 1995, for land or associated with otherwise allowable costs of equipment, as specifically outlined in OMB A-87, section 23b(1)-(4). <u>Unallowable</u> 1. Costs incurred for interest on borrowed capital or the use of the governmental unit's own funds, except as specifically provided for in OMB A-87, section 23b. 2. Interest attributable to fully depreciated assets.	<u>Allowable</u> 1. Interest on debt incurred to acquire or replace capital assets (including renovations, alterations, equipment, land, and capital assets acquired through capital leases) as specified in OMB A-122, section 23. 2. Not non-profit organizations subject to full coverage under the Cost Accounting Standards, the interest allowance provisions in OMB A-122, section 23(a) do not apply but are subject to CAS 414 (48 CFR 9903.414) and CAS 417 (48 CFR 9903.417). <u>Unallowable</u> Costs incurred for interest on borrowed capital or temporary use of endowment funds, however represented.	<u>Allowable</u> Interest on debt incurred after July 1, 1982 to acquire buildings, major reconstruction and remodeling, or the acquisition or fabrication of capital equipment costing \$10,000 or more, is allowable. <u>Unallowable</u> 1. Costs incurred for interest on borrowed capital or temporary use of endowment funds, however represented. 2. Interest on debt incurred to finance or refinance assets re-acquired after the applicable effective dates stipulated in section 26b. 3. Interest attributable to fully depreciated assets
Investment Management Costs	<u>Allowable</u> if for pensions and self-insurance funds. <u>Unallowable</u> if solely to enhance income.	<u>Allowable</u> if for pensions or self-insurance funds. <u>Unallowable</u> Costs of investment counsel and staff	<u>Allowable</u> Costs related to the physical custody and control of monies and securities <u>Unallowable</u>

		and similar expenses incurred solely to enhance income from investments	Costs of investment counsel and staff and similar expenses incurred solely to enhance income from investments
Items of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
Labor Relations	Not Addressed	Allowable as specified in OMB A-122, section 24.	Allowable as specified in OMB A-21, section 27.
Lease-Purchases (i.e., debt service)	<u>Unallowable</u> for TEA discretionary grants	<u>Unallowable</u> for TEA discretionary grants	<u>Unallowable</u> for TEA discretionary grants
Legal Expenses	<u>Allowable</u> when required for the administration of the grant program. <u>Unallowable</u> for legal expenses for claims against the federal or state government and retainer fees.	<u>Allowable</u> when required for the administration of the grant program. <u>Unallowable</u> for legal expenses for claims against the federal or state government.	<u>Allowable</u> when required for the administration of the grant program. <u>Unallowable</u> for legal expenses for claims against the federal or state government.
Legislative Expenses and expenses for similar governmental bodies (such as school boards)	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Lobbying	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u> For exceptions see section 28b.
Losses on Other Awards	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Losses which could have been covered by permissible insurance	<u>Allowable</u> only with prior specific approval from TEA	<u>Allowable</u> only with prior specific approval from TEA	<u>Allowable</u> only with prior specific approval from TEA
Maintenance, Operations, and Repairs	<u>Allowable</u> Unless prohibited by law, utilities, insurance, security, janitorial services, elevator service, upkeep of grounds, necessary maintenance, normal repairs and alterations, and the like to the extent that property is kept in efficient operating condition; do not add to the permanent value of the property and are not included in rental or other charges for space. Costs which add to the permanent value	<u>Allowable</u> Costs incurred for necessary maintenance, repair, or upkeep of buildings and equipment which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition. Costs for improvements which add to the permanent value of buildings or equipment appreciably prolong its intended life shall be treated as capital	<u>Allowable</u> Costs incurred for necessary maintenance, repair, or upkeep of buildings and equipment which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition. Costs for improvements which add to the permanent value of buildings or equipment appreciably prolong its intended life shall be treated as capital

	of property or appreciably prolong its intended life shall be treated as capital expenditures. (OMB A-87, Sections 11 and 15)	expenditures. (OMB A-122, Section 15)	expenditures. (OMB A-21, Section 30)
Items of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
Materials and Supplies	<u>Allowable</u>	<u>Allowable</u>	<u>Allowable</u>
Meetings and conferences (Includes rental of meeting space and equipment; supplies/materials/ consultant fees, etc.)	<u>Allowable</u> Costs for the dissemination of technical information, including costs of meals, transportation, rental of facilities, speakers' fees, and other items incidental to such meetings or conferences.	<u>Allowable</u> 1. Costs associated with the conduct of meetings and conferences, including renting facilities, meals, speakers' fees, and the like. 2. Meetings and conferences held to conduct the general administration of the organization.	<u>Allowable</u> Costs for the dissemination of technical information, including costs of meals, transportation, rental of facilities, speakers' fees, and other items incidental to such meetings or conferences.
See "Conferences and Meetings"	<u>Unallowable</u> Grant funds may not be used to pay for souvenirs, memorabilia, promotional items, (i.e., give-aways) or gifts	<u>Unallowable</u> Grant funds may not be used to pay for souvenirs, memorabilia, promotional items, (i.e., give-aways) or gifts	<u>Unallowable</u> Grant funds may not be used to pay for souvenirs, memorabilia, promotional items. (i.e., give-aways) or gifts
Memberships	<u>Allowable</u> 1. Membership in business, technical, and professional organizations related to the grant program. Membership must be in the name of the grantee organization and not in the name of an individual. 2. Membership in civic and community organizations are allowable with prior specific approval from TEA. NOTE: Ed-Flex programs do not require prior approval from TEA. For all other grant programs, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds. <u>Unallowable</u> Membership in any social organization or organizations substantially engaged	<u>Allowable</u> 1. Membership in business, technical, and professional organizations related to the grant program. Membership must be in the name of the grantee organization and not in the name of an individual. 2. Membership in civic and community organizations are allowable with prior specific approval from TEA. NOTE: Ed-Flex programs do not require prior approval from TEA. For all other grant programs, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds. <u>Unallowable</u> Membership in any country club or	<u>Allowable</u> 1. Membership in business, technical, and professional organizations related to the grant program. Membership must be in the name of the grantee organization and not in the name of an individual. <u>Unallowable</u> Membership in any civic or community organization, country club or social or dining club or organization.

	in lobbying		social or dining club or organization.	
Memorabilia	<u>Unallowable</u>		<u>Unallowable</u>	<u>Unallowable</u>
Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>	
Motor Pools	<u>Not Addressed</u>	<u>Not Addressed</u>	<u>Not Addressed</u>	
Organization Costs (Related to the establishment or reorganization of an organization such as management consultants, accountants, attorneys, or investment consultants)	<u>Not Addressed</u>	<u>Unallowable EXCEPT</u> with prior specific approval of TEA to establish or reorganize the organization. These costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.	<u>Not Addressed</u>	
Participant Support Costs (such as stipends, travel, registration fees, etc.)	<u>Not addressed</u> in OMB A-87. TEA allows participant support costs which are reasonable and necessary to accomplish the objectives of the project.	<u>Allowable</u> with prior specific approval from TEA. NOTE: Ed-Flex programs do not require prior approval from TEA. For all other grant programs, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.	<u>Not Addressed</u> in OMB A-217. TEA allows participant support costs which are reasonable and necessary to accomplish the objectives of the project.	
Patents	<u>Allowable</u> 1. Preparation of disclosures, reports, and other documents required by the grant. 2. Preparation of documents and other patent costs in connection with filing and prosecution of the U.S. patent application where title and royalty-free license is required by the federal government to be conveyed to the federal government. 3. General counseling related to patent and copyright matters, such as advice on patent and copyright laws, regulation clauses, and employee	<u>Allowable</u> 1. Preparation of disclosures, reports, and other documents required by the grant. 2. Preparation of documents and other patent costs in connection with filing and prosecution of the U.S. patent application where title and royalty-free license is required by the federal government to be conveyed to the federal government. 3. General counseling related to patent and copyright matters, such as advice on patent and copyright laws, regulation clauses, and employee	<u>Allowable</u> 1. Preparation of disclosures, reports, and other documents required by the grant. 2. Preparation of documents and other patent costs in connection with filing and prosecution of the U.S. patent application where title and royalty-free license is required by the federal government to be conveyed to the federal government. 3. General counseling related to patent and copyright matters, such as advice on patent and copyright laws, regulation clauses, and employee	

	agreements. Unallowable 1. Preparation of disclosures, reports, and other documents not required by the grant.	agreements. Unallowable 1. Preparation of disclosures, reports, and other documents not required by the grant.	agreements. Unallowable 1. Preparation of disclosures, reports, and other documents not required by the grant.	agreements. Unallowable 1. Preparation of disclosures, reports, and other documents not required by the grant.
Items of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21	
Patents cont.	2. Costs associated with filing and prosecuting foreign patent applications or any U.S. patent application where conveyance of title or royalty-free license is not required by the award.	2. Costs associated with filing and prosecuting foreign patent applications or any U.S. patent application where conveyance of title or royalty-free license is not required by the award.	2. Costs associated with filing and prosecuting foreign patent applications or any U.S. patent application where conveyance of title or royalty-free license is not required by the award.	
Plant and Homeland Security Costs	<u>Allowable</u> Necessary and reasonable expenses incurred for routine and homeland security to protect facilities, personnel, and work products.	<u>Allowable</u> Necessary expenses incurred to comply with Federal security requirements or for facilities protection.	<u>Allowable</u> Necessary expenses incurred to comply with Federal security requirements or for facilities protection.	<u>Allowable</u> Necessary expenses incurred to comply with Federal security requirements or for facilities protection.
Pre-Award (pre-agreement) costs	Allowable only to the extent that they would have been allowable if incurred after the effective date of the award. Any pre-award costs must be specifically approved by TEA. NOTE: <u>Ed-Flex</u> programs do not require specific approval from TEA. For all other grant programs, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds. Unallowable unless specific approval is given by TEA.	Allowable only to the extent that they would have been allowable if incurred after the effective date of the award. Any pre-award costs must be specifically approved by TEA. NOTE: <u>Ed-Flex</u> programs do not require specific approval from TEA. For all other grant programs, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds. Unallowable unless specific approval is given by TEA.	Allowable only to the extent that they would have been allowable if incurred after the effective date of the award. Any pre-award costs must be specifically approved by TEA. NOTE: <u>Ed-Flex</u> programs do not require specific approval from TEA. For all other grant programs, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds. Unallowable unless specific approval is given by TEA.	Allowable only to the extent that they would have been allowable if incurred after the effective date of the award. Any pre-award costs must be specifically approved by TEA. NOTE: <u>Ed-Flex</u> programs do not require specific approval from TEA. For all other grant programs, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds. Unallowable unless specific approval is given by TEA.
Professional and Consultant Services Professional/consulting services are delivered by an independent contractor (individual, entity, or firm) on a fee basis for specialized services that are usually considered to be temporary or short-term in	Allowable with prior specific approval from TEA. Professional and consultant services are allowable only when provided by non-employees and when the grantee organization does not possess the expertise. See OMB A-87, section 32b for specifications of allowability.	Allowable with prior specific approval from TEA. Professional and consultant services are allowable only when provided by non-employees and when the grantee organization does not possess the expertise. See OMB A-122, section 39b for specifications of allowability.	Allowable with specific approval from TEA. Professional and consultant services are allowable only when provided by non-employees and when the grantee organization does not possess the expertise. See OMB A-21, section 37b for specifications of allowability.	Allowable with specific approval from TEA. Professional and consultant services are allowable only when provided by non-employees and when the grantee organization does not possess the expertise. See OMB A-21, section 37b for specifications of allowability.

<p>nature, normally in areas that supplement the expertise of the grantee. Includes evaluation, professional development/training, management services, legal services, etc.</p>	<p>"Honorariums" are not allowable costs in Texas. The term "fee" must be used in lieu of honorarium in all accounting records and consultant agreements.</p>	<p>"Honorariums" are not allowable costs in Texas. The term "fee" must be used in lieu of honorarium in all accounting records and consultant agreements.</p>	<p>"Honorariums" are not allowable costs in Texas. The term "fee" must be used in lieu of honorarium in all accounting records and consultant agreements.</p>
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Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
Promotional Items, such as T-shirts, caps, tote bags, key chains, imprinted pens, etc.	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Proposal Costs (i.e., preparing grant applications/proposals)	<p><u>Allowable</u> Cost for preparation of grant applications for continuing formula entitlement grant programs is allowable as a pre-award cost requiring prior specific approval by TEA.</p> <p><u>NOTE: Ed-Flex programs do not require prior approval from TEA. For all other grant programs, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</u></p> <p><u>Unallowable</u> 1. TEA does not allow costs for preparation of grant applications/proposals for competitive discretionary grants. 2. Costs for preparation of applications/proposals to obtain OTHER grant monies.</p>	<p><u>Not Addressed</u></p> <p><u>NOTE: Ed-Flex programs do not require prior approval from TEA. For all other grant programs, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</u></p> <p><u>Unallowable</u> 1. TEA does not allow costs for preparation of grant applications/proposals for competitive discretionary grants. 2. Costs for preparation of applications/proposals to obtain OTHER grant monies.</p>	<p><u>NOTE: Ed-Flex programs do not require prior approval from TEA. For all other grant programs, these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.</u></p> <p><u>Unallowable</u> 1. TEA does not allow costs for preparation of grant applications/proposals for competitive discretionary grants. 2. Costs for preparation of applications/proposals to obtain OTHER grant monies.</p>
Public Relations	<p><u>Allowable</u> 1. Costs specifically required by the award 2. Costs of communicating with the public and press regarding specific activities 3. Costs related to keeping the public informed on matters of public concern and as specified in OMB A-87, Attachment B, section 1d. 4. Costs identified in OMB A-87, Attachment B, sections c. and d. incurred for more than one award or for both sponsored work and other</p>	<p><u>Allowable</u> 1. Costs specifically required by the award 2. Costs of communicating with the public and press regarding specific activities 3. Costs related to keeping the public informed on matters of public concern and as specified in OMB A-122, Attachment B, section 1d. 4. Costs identified in OMB A-122, Attachment B, sections c. and d. incurred for more than one award or for both sponsored work and other</p>	<p><u>Allowable</u> 1. Costs specifically required by the award 2. Costs of communicating with the public and press regarding specific activities 3. Costs related to keeping the public informed on matters of public concern and as specified in OMB A-21, section 1d. 4. Costs identified in OMB A-21, sections c and d incurred for more than one award or for both sponsored work and other work of</p>

	work of the LEA to the extent that	work of the LEA to the extent that	the LEA to the extent that the
Items of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
Public Relations cont.	the principles in Attachment A, sections E and F are observed. <u>Unallowable</u> Costs of public relations designed solely to promote the grantee.	the principles in Attachment A, sections E and C are observed. <u>Unallowable</u> Costs of public relations designed solely to promote the grantee.	principles in sections D and E are observed. <u>Unallowable</u> Costs of public relations designed solely to promote the grantee.
Publication and Printing Costs (includes distribution and mailing of publications)	<u>Allowable</u>	<u>Allowable</u> as indirect costs NOTE: <u>Ed-Flex</u> programs do not require specific approval from TEA. <u>For all other grant programs</u> , these costs must be specifically budgeted and approved in the applicable grant application prior to expending funds. <u>Unallowable</u> as direct costs EXCEPT with prior specific approval from TEA.	<u>Allowable</u> For specifics with regard to professional journal publications, see section 39c(1) and (2).
Rearrangements and Alterations	<u>Allowable</u> only with prior specific approval from TEA	<u>Allowable</u> only with prior specific approval from TEA	<u>Allowable</u> only with prior specific approval from TEA
Reconversion Costs	<u>Allowable</u> to restore facility to condition existing immediately prior to the grant award (less costs related to normal wear and tear).	<u>Allowable</u> to restore or rehabilitate a facility to approximately the same condition existing immediately prior to the grant award (less costs related to fair wear and tear).	<u>Allowable</u> to restore or rehabilitate a facility to approximately the same condition existing immediately prior to the grant award (less costs related to fair wear and tear).
Recruiting and Relocation Costs	<u>Not Addressed</u>	<u>Allowable</u> as specified in OMB A-122, sections 44 and 45. <u>Unallowable</u> 1. Costs of help wanted advertising that includes color, advertising material for other than recruitment purposes, or is excessive in size 2. Costs of help wanted advertising, special emoluments, fringe benefits, and salary allowances that are not reasonable and do not conform with	<u>Allowable</u> as specified in section 42. <u>Unallowable</u> 1. Costs of help wanted advertising that includes color, advertising material for other than recruitment purposes, or is excessive in size 2. Costs of help wanted advertising, special emoluments, fringe benefits, and salary allowances that are not reasonable and do not conform with

	established practices of the organization	established practices of the organization	established practices of the organization.
Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
Recruiting and Relocation Costs cont.		<ul style="list-style-type: none"> 3. Fees and other costs associated with acquiring a new home. 4. Loss on a sale of a former home. 5. Continuing mortgage principal and interest payments on a home being sold. 6. Income taxes paid by the employee related to reimbursed relocation costs. 	
Reference Materials	<u>Not specifically addressed, but allowable when related to the grant program</u>	<u>Not specifically addressed, but allowable when related to the grant program</u>	<u>Not specifically addressed, but allowable when related to the grant program</u>
Refreshments See "Food Costs"	<u>Unallowable except for parent involvement activities to encourage parents in low-income areas to attend</u>	<u>Unallowable except for parent involvement activities to encourage parents in low-income areas to attend</u>	<u>Unallowable except for parent involvement activities to encourage parents in low-income areas to attend</u>
Remodeling or Renovation	<u>Allowable only with prior specific approval</u>	<u>Allowable only with prior specific approval</u>	<u>Allowable only with prior specific approval</u>
Rental Costs of Buildings and Equipment	<u>Allowable to the extent that the rates are comparable to that of other rental property in the locale and as specified in OMB A-87, section 37.</u> <u>Unallowable</u> Amounts paid for profit, management fees, and taxes that would not have been incurred had the LEA purchased the facility.	<u>Allowable to the extent that the rates are comparable to that of other rental property in the locale and as specified in OMB A-122, section 46.</u> <u>Unallowable</u> Amounts paid for profit, management fees, and taxes that would not have been incurred had the organization purchased the facility.	<u>Allowable to the extent that the rates are comparable to that of other rental property in the locale and as specified in OMB A-21, section 43.</u> <u>Unallowable</u> Costs include amounts paid for profit, management fees, and taxes that would not have been incurred had the institution purchased the facility.
Royalties and Other Costs for the Use of Patents	<u>Allowable as specified in OMB A-87, section 38</u>	<u>Allowable as specified in OMB A-122, section 47.</u>	<u>Allowable as specified in OMB A-21, section 44</u>
Sabbatical Leave	<u>Not Addressed</u>	<u>Not Addressed</u>	<u>Allowable provided the institution has uniform policy</u>
Scholarships, Fellowships, and Other Student Aid Costs	<u>Not Addressed</u>	<u>Unallowable</u>	<u>Allowable only when the purpose of the grant is to provide training to selected</u>

				participants and with prior specific approval from TEA as specified in OMB A-21, section 45
Items of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21	
Selling and Marketing	Unallowable unless allowed under Attachment B, section 1 as allowable public relations costs or under Attachment B, section 33, as allowable proposal costs.	Unallowable unless allowed under section 1, as allowable public relations costs or allowable as direct costs with prior specific approval from TEA when they are necessary for the performance of Federal programs.	Unallowable unless allowed under J.1 as allowable public relations costs or under J.38 as allowable proposal costs.	
Severance Pay	<p><u>Allowable</u></p> <ol style="list-style-type: none"> 1. If required by law, employer-employee agreement, or established written policy 2. Associated with normal turnover 3. Abnormal or mass severance pay considered on a case-by-case basis and ONLY if approved by TEA. 	<p><u>Allowable</u></p> <ol style="list-style-type: none"> 1. If required by law, employer-employee agreement, or established written policy 2. Associated with normal turnover 3. Abnormal or mass severance pay considered on a case-by-case basis and ONLY if approved by TEA. <p><u>Unallowable</u></p> <ol style="list-style-type: none"> 1. Severance packages in excess of normal payment paid to the employee contingent on change in management control over or ownership of the organization's assets. 2. Payments to foreign nationals employed by the organization outside the U.S. to the extent the amount exceeds customary practices for the organization unless necessary for the performance of Federal programs and approved by TEA. 3. Payments made to foreign nationals employed by the organization outside the US because of termination is a result of the closure or curtailment of activities unless they are necessary for the 	<p><u>Allowable</u></p> <ol style="list-style-type: none"> 1. If required by law, employer-employee agreement, or established written policy 2. Associated with normal turnover 3. Abnormal or mass severance pay considered on a case-by-case basis and ONLY if approved by TEA. <p><u>Unallowable</u></p> <p>Costs incurred in excess of the institution's normal severance pay policy applicable to all persons employed by the institution upon termination of employment.</p>	

		performance
Social Activities	<u>Unallowable</u>	<u>Unallowable</u>
Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>
Souvenirs	<u>Unallowable</u>	<u>Unallowable</u>
Specialized Service Facilities	<u>Not Addressed</u>	Allowable as specified in OMB A-122, section 50
Stipends for Non-Employees (i.e., participant support costs)	<u>Allowable</u>	Allowable with prior specific approval from TEA
Student Activity Cost	<u>Not Addressed</u>	<u>Not Addressed</u>
Subscriptions	<u>Allowable</u> Costs of business, professional, and technical periodicals when related to the grant program. Subscriptions must be in the name of the grantee organization and not in the name of an individual.	Allowable for business, professional, and technical periodicals when related to the grant program. Subscriptions must be in the name of the grantee organization and not in the name of an individual.
Superintendent Salaries	<u>Unallowable</u>	<u>Unallowable</u>
Taxes	<u>Allowable</u> except for self-assessed taxes.	Allowable as specified in OMB A-122, section 51.
Termination of Grant Award	<u>Generally Allowable</u> 1. If, despite all reasonable efforts by the LEA, certain costs cannot be discontinued immediately after the effective date of termination, such costs are generally allowable within the limitations in OMB A-87 2. Loss of useful value of special tooling, machinery, and equipment. (OMB A-87, section 41c.) 3. Rental costs under unexpired leases	<u>Generally Allowable</u> 1. If, despite all reasonable efforts by the LEA, certain costs cannot be discontinued immediately after the effective date of termination, such costs are generally allowable within the limitations in OMB A-21, section 50. 2. Loss of useful value of special tooling, machinery, and equipment. 3. Rental costs under unexpired leases

	where clearly shown to have been reasonably necessary for the performance of the award. (OMB A-87, section 41d.)	where clearly shown to have been reasonably necessary for the performance of the award 4. Settlement expenses (OMB A-122,	where clearly shown to have been reasonably necessary for the performance of the award 4. Settlement expenses (OMB A-21,
Items of Cost	OMB Circular A-87 4. Settlement expenses (OMB A-87, section 41e for specifics) 5. Claims under subawards, including allocable portion of claims which are common to the grant and other work of the LEA <u>Unallowable</u> Costs continuing after the termination due to the negligent or willful failure of the LEA.	OMB Circular A-122 section 52 for specifics 5. Claims under subawards, including allocable portion of claims which are common to the grant and other work of the LEA <u>Unallowable</u> Items reasonably usable on the organization's other work unless the organization submits evidence that it would not retain such items at cost without sustaining a loss.	OMB Circular A-21 section 50 for specifics) 5. Claims under subawards, including allocable portion of claims which are common to the grant and other work of the LEA <u>Unallowable</u> Items reasonably usable on the organization's other work unless the organization submits evidence that it would not retain such items at cost without sustaining a loss.
Tips or Gratuities	<u>Unallowable</u>	<u>Unallowable</u>	<u>Unallowable</u>
Training and Education	<u>Allowable</u> Training for employee development is allowable. Although college courses are not specifically addressed in OMB A-87, TEA allows college level courses only when the course is directly related to the purposes of the grant program.	<u>Allowable</u> 1. Training for employee development (See OMB A-122, section 53 for specifics) 2. Although college level courses are allowable under the federal cost principles when the courses are relative to the field in which the employee is now working or may reasonably be expected to work, TEA allows college level courses only when the course is directly related to the purposes of the grant program. See 53b (1)-(6) and 53c for limitations. 3. Attendance for specialized programs to enhance effectiveness of executives or managers or to prepare employees for such positions. See 53d for limitations 4. Training and education costs in excess may be allowed with prior	<u>Allowable</u> Training for employee development is allowable (section 51).

		specific approval of TEA	
		Unallowable: Contributions or donations to educational or training institutions	
Items of Cost	OMB Circular A-87	OMB Circular A-122	OMB Circular A-21
Transportation Costs (See Field Trips in the TEA Guidelines Related to Specific Costs)	Allowable for transportation costs to or from grant activities. <u>Unallowable</u> for transportation costs incurred for transporting students to and from the regular school day <u>Allowable</u> for transporting goods purchased with grant funds.	Allowable for transporting goods purchased with grant funds.	Allowable for transporting goods purchased with grant funds.
Transportation of goods	<u>Allowable</u> Travel costs are allowable for employees traveling on official business incidental to the grant program. For all travel, if local policy is less than the maximum allowable state rates, reimbursement may not exceed local policy. If local policy is more than the maximum allowable state rates, the difference must be paid from state or local sources. Airfare at lowest available airfare. Car rental (allowable only where rental car is more cost effective than other transportation such as taxi or shuttle). Mileage—In State and Out of State Not to Exceed: 7/1/08-12/31/08: 58.5 cents per mile 1/1/09-12/31/09: 55 cents per mile As of 1/1/10: 50 cents per mile Registration fees to attend conferences/seminars. Meals and Lodging: For day trips (i.e., no overnight stay), travel must be outside designated headquarters and must be more than six consecutive hours. Employee may be	Allowable Travel costs are allowable for employees traveling on official business incidental to the grant program. For all travel, if local policy is less than the maximum allowable state rates, reimbursement may not exceed local policy. If local policy is more than the maximum allowable state rates, the difference must be paid from state or local sources. Airfare at lowest available airfare. Car rental (allowable only where rental car is more cost effective than other transportation such as taxi or shuttle). Mileage—In State and Out of State Not to Exceed: 7/1/08-12/31/08: 58.5 cents per mile 1/1/09-12/31/09: 55 cents per mile As of 1/1/10: 50 cents per mile Registration fees to attend conferences/seminars. Meals and Lodging For day trips (i.e., no overnight stay), travel must be outside designated headquarters and must be more than six consecutive hours. Employee may be	Allowable Travel costs are allowable for employees traveling on official business incidental to the grant program. For all travel, if local policy is less than the maximum allowable state rates, reimbursement may not exceed local policy. If local policy is more than the maximum allowable state rates, the difference must be paid from state or local sources. Airfare at lowest available airfare. Car rental (allowable only where rental car is more cost effective than other transportation such as taxi or shuttle). Mileage—In State and Out of State Not to Exceed: 7/1/08-12/31/08: 58.5 cents per mile 1/1/09-12/31/09: 55 cents per mile As of 1/1/10: 50 cents per mile Registration fees to attend conferences/seminars. Meals and Lodging For day trips (i.e., no overnight stay), travel must be outside designated headquarters and must be more than six consecutive hours. Employee may be
Travel Costs (employees) See Travel Costs in the TEA Guidelines Related to Specific Costs for further clarification and guidance related to allowable travel costs and for requirements for travel documentation.)	<u>Allowable</u> Travel costs are allowable for employees traveling on official business incidental to the grant program. For all travel, if local policy is less than the maximum allowable state rates, reimbursement may not exceed local policy. If local policy is more than the maximum allowable state rates, the difference must be paid from state or local sources. Airfare at lowest available airfare. Car rental (allowable only where rental car is more cost effective than other transportation such as taxi or shuttle). Mileage—In State and Out of State Not to Exceed: 7/1/08-12/31/08: 58.5 cents per mile 1/1/09-12/31/09: 55 cents per mile As of 1/1/10: 50 cents per mile Registration fees to attend conferences/seminars. Meals and Lodging: For day trips (i.e., no overnight stay), travel must be outside designated headquarters and must be more than six consecutive hours. Employee may be	Allowable Travel costs are allowable for employees traveling on official business incidental to the grant program. For all travel, if local policy is less than the maximum allowable state rates, reimbursement may not exceed local policy. If local policy is more than the maximum allowable state rates, the difference must be paid from state or local sources. Airfare at lowest available airfare. Car rental (allowable only where rental car is more cost effective than other transportation such as taxi or shuttle). Mileage—In State and Out of State Not to Exceed: 7/1/08-12/31/08: 58.5 cents per mile 1/1/09-12/31/09: 55 cents per mile As of 1/1/10: 50 cents per mile Registration fees to attend conferences/seminars. Meals and Lodging For day trips (i.e., no overnight stay), travel must be outside designated headquarters and must be more than six consecutive hours. Employee may be	Allowable Travel costs are allowable for employees traveling on official business incidental to the grant program. For all travel, if local policy is less than the maximum allowable state rates, reimbursement may not exceed local policy. If local policy is more than the maximum allowable state rates, the difference must be paid from state or local sources. Airfare at lowest available airfare. Car rental (allowable only where rental car is more cost effective than other transportation such as taxi or shuttle). Mileage—In State and Out of State Not to Exceed: 7/1/08-12/31/08: 58.5 cents per mile 1/1/09-12/31/09: 55 cents per mile As of 1/1/10: 50 cents per mile Registration fees to attend conferences/seminars. Meals and Lodging For day trips (i.e., no overnight stay), travel must be outside designated headquarters and must be more than six consecutive hours. Employee may be

	reimbursed for actual cost of meals, not to exceed \$36. (Corporate) Credit Card Charges: TEA will reimburse costs charged to the grant using corporate credit cards only	reimbursed for actual cost of meals, not to exceed \$36. (Corporate) Credit Card Charges: TEA will reimburse costs charged to the grant using corporate credit cards only	reimbursed for actual cost of meals, not to exceed \$36. (Corporate) Credit Card Charges: TEA will reimburse costs charged to the grant using corporate credit cards only
Items of Cost	OMB Circular A-87 when the accounting ledger reflects each individual charge on the credit card statement by: <ul style="list-style-type: none"> The individual vendor name (not just the credit card company name) The grant funding source/code The expense category (i.e., supplies, instructional materials, equipment, travel, etc.) The actual date of the charge (as opposed to the billing statement or the date the credit card bill was paid) The grantee must maintain the original itemized receipt that identifies each item purchased (and not just the credit card receipt). The grantee must also maintain all other appropriate internal accounting records, such as travel vouchers, expense reimbursement vouchers, purchase orders, etc. <u>In-State Travel Prior to 9/1/09:</u> For overnight trips, actual cost of lodging not to exceed \$85 per night (effective 9/1/05-8/31/09). Actual cost of meals not to exceed \$36 per day (effective 9/1/05-8/31/09). <u>In-State Travel As of 9/1/09 and All Out-of-State Travel:</u> For overnight trips (in state and out of state), the employee is reimbursed for the actual cost of lodging and meals,	OMB Circular A-122 when the accounting ledger reflects each individual charge on the credit card statement by: <ul style="list-style-type: none"> The individual vendor name (not just the credit card company name) The grant funding source/code The expense category (i.e., supplies, instructional materials, equipment, travel, etc.) The actual date of the charge (as opposed to the billing statement or the date the credit card bill was paid) The grantee must maintain the original itemized receipt that identifies each item purchased (and not just the credit card receipt). The grantee must also maintain all other appropriate internal accounting records, such as travel vouchers, expense reimbursement vouchers, purchase orders, etc. <u>In-State Travel Prior to 9/1/09:</u> For overnight trips, actual cost of lodging not to exceed \$85 per night (effective 9/1/05-8/31/09). Actual cost of meals not to exceed \$36 per day (effective 9/1/05-8/31/09). <u>In-State Travel As of 9/1/09 and All Out-of-State Travel:</u> For overnight trips (in state and out of state), the employee is reimbursed for the actual cost of lodging and meals,	OMB Circular A-21 when the accounting ledger reflects each individual charge on the credit card statement by: <ul style="list-style-type: none"> The individual vendor name (not just the credit card company name) The grant funding source/code The expense category (i.e., supplies, instructional materials, equipment, travel, etc.) The actual date of the charge (as opposed to the billing statement or the date the credit card bill was paid) The grantee must maintain the original itemized receipt that identifies each item purchased (and not just the credit card receipt). The grantee must also maintain all other appropriate internal accounting records, such as travel vouchers, expense reimbursement vouchers, purchase orders, etc. <u>In-State Travel Prior to 9/1/09:</u> For overnight trips, actual cost of lodging not to exceed \$85 per night (effective 9/1/05). Actual cost of meals not to exceed \$36 per day (effective 9/1/05). <u>In-State Travel As of 9/1/09 and All Out-of-State Travel:</u> For overnight trips (in state and out of state), the employee is reimbursed for the actual cost of lodging and meals,
Travel Costs (employees)	<u>In-State Travel As of 9/1/09 and All Out-of-State Travel:</u> For overnight trips (in state and out of state), the employee is reimbursed for the actual cost of lodging and meals,	<u>In-State Travel As of 9/1/09 and All Out-of-State Travel:</u> For overnight trips (in state and out of state), the employee is reimbursed for the actual cost of lodging and meals,	<u>In-State Travel As of 9/1/09 and All Out-of-State Travel:</u> For overnight trips (in state and out of state), the employee is reimbursed for the actual cost of lodging and meals,

	<p>not to exceed the maximum meals and lodging rates based on the federal travel regulations for the locale.</p> <p>Travel of Officials Specific approval is required for travel of</p>	<p>not to exceed the maximum meals and lodging rates based on the federal travel regulations for the locale.</p> <p>Foreign Travel Foreign travel is any travel outside</p>	<p>not to exceed the maximum meals and lodging rates based on the federal travel regulations for the locale.</p> <p>Foreign Travel Foreign travel is any travel outside</p>
<p>Items of Cost</p>	<p>OMB Circular A-87</p> <p>officials (i.e., Supt., Exec. Dir., etc.). For all programs except for Ed-Flex programs, such costs must be budgeted in the applicable application and approved by TEA prior to expenditure of funds. NOTE: Ed-Flex programs do not require specific approval.</p> <p>Foreign Travel Foreign travel is any travel outside Canada, Mexico, the United States, and any United States territories and possessions. Foreign travel is generally not permitted by TEA. However, direct charges are allowable only when foreign travel has received prior specific approval of TEA in the grant application. Each separate foreign trip must receive approval. Prior specific approval is applicable to Ed-Flex programs for foreign travel.</p> <p>Unallowable The difference between first-class air accommodations and less than first-class air accommodations except when less than first-class air accommodations are not reasonably available to meet necessary mission requirements. (OMB A-122, section 55c for specifics)</p> <p>Travel allowances, where the employee receives the per diem regardless of actual expenses, are unallowable in Texas.</p> <p>Allowable</p>	<p>OMB Circular A-122</p> <p>Canada, Mexico, the United States, and any United States territories and possessions. Foreign travel is generally not permitted by TEA. However, direct charges are allowable only when foreign travel has received prior specific approval of TEA in the grant application. Each separate foreign trip must receive approval. Prior specific approval is applicable to Ed-Flex programs for foreign travel.</p> <p>Unallowable The difference between first-class air accommodations and less than first-class air accommodations except when less than first-class air accommodations are not reasonably available to meet necessary mission requirements. (OMB A-122, section 55c for specifics)</p> <p>Travel allowances, where the employee receives the per diem regardless of actual expenses, are unallowable in Texas.</p>	<p>OMB Circular A-21</p> <p>Canada, Mexico, the United States, and any United States territories and possessions. Foreign travel is generally not permitted by TEA. However, direct charges are allowable only when foreign travel has received prior specific approval of TEA in the grant application. Each separate foreign trip must receive approval. Prior specific approval is applicable to Ed-Flex programs for foreign travel.</p> <p>Unallowable The difference between first-class air accommodations and less than first-class air accommodations except when less than first-class air accommodations are not reasonably available to meet necessary mission requirements. (OMB A-21, section 53c for specifics)</p> <p>Travel allowances, where the employee receives the per diem regardless of actual expenses, are unallowable in Texas.</p>
<p>Travel (in-state or out-of-state) for Non-Employees or</p>	<p>Allowable</p>	<p>Allowable with prior specific approval from TEA</p>	<p>Allowable</p>

for Students (does not include field trips)	<u>Not Addressed</u>		
Trustees or Board of Directors	<u>Not Addressed</u>	Allowable costs for travel and subsistence subject to restrictions regarding lodging, subsistence and air travel costs provided in section 54. See "Travel Costs."	Allowable costs for travel and subsistence subject to restrictions regarding lodging, subsistence and air travel costs provided in section 54. See "Travel Costs."
Items of Cost	<u>OMB Circular A-87</u>	<u>OMB Circular A-122</u>	<u>OMB Circular A-21</u>
Tuition and Fees related to tuition	<u>Allowable</u> as it pertains specifically to the grant program	<u>Allowable</u> as it pertains specifically to the grant program	<u>Allowable</u> as it pertains to the grant program
Tuition Remission	<u>Not Applicable</u>	<u>Not Applicable</u>	<u>Allowable</u> when specifically approved as part of Payroll Costs as part of benefits for graduate students; must be excluded from indirect cost calculation.
Under-Recovery of Costs under Federal Agreements	<u>Not Addressed</u>	<u>Not Addressed</u>	<u>Not Addressed</u>
Utilities	<u>Allowable</u> for grant activities conducted before or after school, weekends, or during the summer.	<u>Not Addressed</u>	<u>Not Addressed</u>

APPENDIX C

34 CFR Section 80.36

§ 80.36 Procurement.

(a) *States.* When procuring property and services under a grant, a State will follow the same policies and procedures it uses for procurements from its non-Federal funds. The State will ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders

and their implementing regulations. Other grantees and subgrantees will follow paragraphs (b) through (i) in this section.

(b) *Procurement standards.* (1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section.

(2) Grantees and subgrantees will maintain a contract administration system which ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

(3) Grantees and subgrantees will maintain a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts. No employee, officer or agent of the grantee or subgrantee shall participate in selection, or in the award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:

- (i) The employee, officer or agent,
- (ii) Any member of his immediate family,

- (iii) His or her partner, or
- (iv) An organization which employs, or is about to employ, any of the above, has a financial or other interest in the firm selected for award. The grantee's or subgrantee's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to subagreements. Grantee and sub-grantees may set minimum rules where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value. To the extent permitted by State or local law or regulations, such standards or conduct will provide for penalties, sanctions, or other disciplinary actions for violations of such standards by the grantee's and subgrantee's officers, employees, or agents, or by contractors or their agents. The awarding agency may in regulation provide additional prohibitions relative to real, apparent, or potential conflicts of interest.

34 CFR Subtitle A (7-1-04 Edition)

(4) Grantee and subgrantee procedures will provide for a review of proposed procurements to avoid purchase of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

(5) To foster greater economy and efficiency, grantees and subgrantees are encouraged to enter into State and local intergovernmental agreements for procurement or use of common goods and services.

(6) Grantees and subgrantees are encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

(7) Grantees and subgrantees are encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

(8) Grantees and subgrantees will make awards only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

(9) Grantees and subgrantees will maintain records sufficient to detail the significant history of a procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

(10) Grantees and subgrantees will use time and material type contracts only:

- (i) After a determination that no other contract is suitable, and

§ 80.36

- (ii) If the contract includes a ceiling price that the contractor exceeds at its own risk.
- (11) Grantees and subgrantees alone will be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to source evaluation, protests, disputes, and claims. These standards do not relieve the grantee or subgrantee of any contractual responsibilities under its contracts. Federal agencies will not substitute their judgment for that of the grantee or subgrantee unless the matter is primarily a Federal concern. Violations of law will be referred to the local, State, or Federal authority having proper jurisdiction.
- (12) Grantees and subgrantees will have protest procedures to handle and resolve disputes relating to their procurements and shall in all instances disclose information regarding the protest to the awarding agency. A protestor must exhaust all administrative remedies with the grantee and sub-grantee before pursuing a protest with the Federal agency. Reviews of protests by the Federal agency will be limited to:
- (i) Violations of Federal law or regulations and the standards of this section (violations of State or local law will be under the jurisdiction of State or local authorities) and
- (ii) Violations of the grantee's or subgrantee's protest procedures for failure to review a complaint or protest. Protests received by the Federal agency other than those specified above will be referred to the grantee or subgrantee.
- (c) *Competition.* (1) All procurement transactions will be conducted in a manner providing full and open competition consistent with the standards of § 80.36. Some of the situations considered to be restrictive of competition include but are not limited to:
- (i) Placing unreasonable requirements on firms in order for them to qualify to do business,
- (ii) Requiring unnecessary experience and excessive bonding,
- (iii) Noncompetitive pricing practices between firms or between affiliated companies,
- (iv) Noncompetitive awards to consultants that are on retainer contracts,
- (v) Organizational conflicts of interest,
- (vi) Specifying only a "brand name" product instead of allowing "an equal" product to be offered and describing the performance of other relevant requirements of the procurement, and
- (vii) Any arbitrary action in the procurement process.
- (2) Grantees and subgrantees will conduct procurements in a manner that prohibits the use of statutorily or administratively imposed in-State or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts State licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criteria provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.
- (3) Grantees will have written selection procedures for procurement transactions. These procedures will ensure that all solicitations:
- (i) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description shall not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured, and when necessary, shall set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equal" description may be used as a means to define the performance or other salient requirements of a procurement. The specific features of the named brand which must be met by offerors shall be clearly stated; and
- (ii) Identify all requirements which the offerors must fulfill and all other

34 CFR Subtitle A (7-1-04 Edition)

factors to be used in evaluating bids or proposals.

(4) Grantees and subgrantees will ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, grantees and subgrantees will not preclude potential bidders from qualifying during the solicitation period.

(d) *Methods of procurement to be followed—(1) Procurement by small purchase procedures.* Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the simplified acquisition threshold fixed at 41

U.S.C. 403(11) (currently set at \$100,000). If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources.

(2) *Procurement by sealed bids (formal advertising).* Bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in § 80.36(d)(2)(i) apply.

(i) In order for sealed bidding to be feasible, the following conditions should be present:

(A) A complete, adequate, and realistic specification or purchase description is available;

(B) Two or more responsible bidders are willing and able to compete effectively and for the business; and

(C) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

(ii) If sealed bids are used, the following requirements apply:

(A) The invitation for bids will be publicly advertised and bids shall be solicited from an adequate number of known suppliers, providing them sufficient time prior to the date set for opening the bids;

(B) The invitation for bids, which will include any specifications and per

manent attachments, shall define the items or services in order for the bidder to properly respond;

(C) All bids will be publicly opened at the time and place prescribed in the invitation for bids;

(D) A firm fixed-price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs shall be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and

(E) Any or all bids may be rejected if there is a sound documented reason.

(3) *Procurement by competitive proposals.* The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

(i) Requests for proposals will be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals shall be honored to the maximum extent practical;

(ii) Proposals will be solicited from an adequate number of qualified sources;

(iii) Grantees and subgrantees will have a method for conducting technical evaluations of the proposals received and for selecting awardees;

(iv) Awards will be made to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and

(v) Grantees and subgrantees may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It

§ 80.36

cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

(4) Procurement by *noncompetitive proposals* is procurement through solicitation of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate.

(i) Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids or competitive proposals and one of the following circumstances applies:

- (A) The item is available only from a single source;
- (B) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (C) The awarding agency authorizes noncompetitive proposals; or
- (D) After solicitation of a number of sources, competition is determined inadequate.

(ii) Cost analysis, i.e., verifying the proposed cost data, the projections of the data, and the evaluation of the specific elements of costs and profits, is required.

(iii) Grantees and subgrantees may be required to submit the proposed procurement to the awarding agency for pre-award review in accordance with paragraph (g) of this section.

(e) *Contracting with small and minority firms, women's business enterprise and labor surplus area firms.* (1) The grantee and subgrantee will take all necessary affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used when possible.

(2) Affirmative steps shall include:

- (i) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
- (ii) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;

(iii) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business, and women's business enterprises;

(iv) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women's business enterprises;

(v) Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce; and

(vi) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (e)(2) (i) through (v) of this section.

(f) *Contract cost and price.* (1) Grantees and subgrantees must perform a cost or price analysis in connection with every procurement action including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, grantees must make independent estimates before receiving bids or proposals. A cost analysis must be performed when the offeror is required to submit the elements of his estimated cost, e.g., under professional, consulting, and architectural engineering services contracts. A cost analysis will be necessary when adequate price competition is lacking, and for sole source procurements, including contract modifications or change orders, unless price reasonableness can be established on the basis of a catalog or market price of a commercial product sold in substantial quantities to the general public or based on prices set by law or regulation. A price analysis will be used in all other instances to determine the reasonableness of the proposed contract price.

(2) Grantees and subgrantees will negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration will be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

34 CFR Subtitle A (7-1-04 Edition)

(3) Costs or prices based on estimated costs for contracts under grants will be allowable only to the extent that costs incurred or cost estimates included in negotiated prices are consistent with Federal cost principles (see § 80.22). Grantees may reference their own cost principles that comply with the applicable Federal cost principles.

(4) The cost plus a percentage of cost and percentage of construction cost methods of contracting shall not be used.

(g) *Awarding agency review.* (1) Grantees and subgrantees must make available, upon request of the awarding agency, technical specifications on proposed procurements where the awarding agency believes such review is needed to ensure that the item and/or service specified is the one being proposed for purchase. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if the grantee or subgrantee desires to have the review accomplished after a solicitation has been developed, the awarding agency may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.

(2) Grantees and subgrantees must on request make available for awarding agency pre-award review procurement documents, such as requests for proposals or invitations for bids, independent cost estimates, etc. when:

(i) A grantee's or subgrantee's procurement procedures or operation fails to comply with the procurement standards in this section; or

(ii) The procurement is expected to exceed the simplified acquisition threshold and is to be awarded without competition or only one bid or offer is received in response to a solicitation; or

(iii) The procurement, which is expected to exceed the simplified acquisition threshold, specifies a "brand name" product; or

(iv) The proposed award is more than the simplified acquisition threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or

(v) A proposed contract modification changes the scope of a contract or in

creases the contract amount by more than the simplified acquisition threshold.

(3) A grantee or subgrantee will be exempt from the pre-award review in paragraph (g)(2) of this section if the awarding agency determines that its procurement systems comply with the standards of this section.

(i) A grantee or subgrantee may request that its procurement system be reviewed by the awarding agency to determine whether its system meets these standards in order for its system to be certified. Generally, these reviews shall occur where there is a continuous high-dollar funding, and third-party contracts are awarded on a regular basis.

(ii) A grantee or subgrantee may self-certify its procurement system. Such self-certification shall not limit the awarding agency's right to survey the system. Under a self-certification procedure, awarding agencies may wish to rely on written assurances from the grantee or subgrantee that it is complying with these standards. A grantee or subgrantee will cite specific procedures, regulations, standards, etc., as being in compliance with these requirements and have its system available for review.

(h) *Bonding requirements.* For construction or facility improvement contracts or subcontracts exceeding the simplified acquisition threshold, the awarding agency may accept the bonding policy and requirements of the grantee or subgrantee provided the awarding agency has made a determination that the awarding agency's interest is adequately protected. If such a determination has not been made, the minimum requirements shall be as follows:

(1) *A bid guarantee from each bidder equivalent to five percent of the bid price.* The "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.

(2) *A performance bond on the part of the contractor for 100 percent of the contract price.* A "performance bond" is one

§ 80.36

executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.

(3) *A payment bond on the part of the contractor for 100 percent of the contract price.* A "payment bond" is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

(i) *Contract provisions.* A grantee's and subgrantee's contracts must contain provisions in paragraph (i) of this section. Federal agencies are permitted to require changes, remedies, changed conditions, access and records retention, suspension of work, and other clauses approved by the Office of Federal Procurement Policy.

(1) Administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as may be appropriate. (Contracts more than the simplified acquisition threshold)

(2) Termination for cause and for convenience by the grantee or sub-grantee including the manner by which it will be effected and the basis for settlement. (All contracts in excess of \$10,000)

(3) Compliance with Executive Order 11246 of September 24, 1965, entitled "Equal Employment Opportunity," as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor regulations (41 CFR chapter 60). (All construction contracts awarded in excess of \$10,000 by grantees and their contractors or sub-grantees)

(4) Compliance with the Copeland "Anti-Kickback" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR part 3). (All contracts and subgrants for construction or repair)

(5) Compliance with the Davis-Bacon Act (40 U.S.C. 276a to 276a-7) as supplemented by Department of Labor regulations (29 CFR part 5). (Construction contracts in excess of \$2000 awarded by grantees and subgrantees when required by Federal grant program legislation)

(6) Compliance with sections 103 and 107 of the Contract Work Hours and

Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR part 5). (Construction contracts awarded by grantees and subgrantees in excess of \$2000, and in excess of \$2500 for other contracts which involve the employment of mechanics or laborers)

(7) Notice of awarding agency requirements and regulations pertaining to reporting.

(8) Notice of awarding agency requirements and regulations pertaining to patent rights with respect to any discovery or invention which arises or is developed in the course of or under such contract.

(9) Awarding agency requirements and regulations pertaining to copyrights and rights in data.

(10) Access by the grantee, the sub-grantee, the Federal grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers, and records of the contractor which are directly pertinent to that specific contract for the purpose of making audit, examination, excerpts, and transcriptions.

(11) Retention of all required records for three years after grantees or sub-grantees make final payments and all other pending matters are closed.

(12) Compliance with all applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 1857(h)), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR part 15). (Contracts, subcontracts, and subgrants of amounts in excess of \$100,000)

(13) Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. 94-163, 89 Stat. 871).

(Approved by the Office of Management and Budget under control number 1880-0517)

(Authority: 20 U.S.C. 3474; OMB Circular A-102)

[53 FR 8071 and 8087, Mar. 11, 1988, as amended at 53 FR 49143, Dec. 6, 1988; 60 FR 19639, 19643, Apr. 19, 1995]

34 CFR Subtitle A (7-1-04 Edition)

EFFECTIVE DATE NOTE: At 69 FR 31711, June 4, 2004, §80.36 was amended by adding new paragraph (j), effective July 6, 2004. For the convenience of the user, the added text is set forth as follows:

§ 80.36 Procurement.

* * * * *

(j) *Contracting with faith-based organizations.* (1)(i) A faith-based organization is eligible to contract with grantees and sub-grantees, including States, on the same basis as any other private organization, with respect to contracts for which such other organizations are eligible.

(ii) In the selection of goods and services providers, grantees and subgrantees, including States, shall not discriminate for or against a private organization on the basis of the organization's religious character or affiliation.

(2) The provisions of §§ 75.532 and 76.532 applicable to grantees and subgrantees apply to a faith-based organization that contracts with a grantee or subgrantee, including a State, unless the faith-based organization is selected as a result of the genuine and independent private choices of individual beneficiaries of the program and provided the organization otherwise satisfies the requirements of the program.

(3) A private organization that engages in inherently religious activities, such as religious worship, instruction, or proselytization, must offer those services separately in time or location from any programs or services supported by a contract with a grantee or subgrantee, including a State, and participation in any such inherently religious activities by beneficiaries of the programs supported by the contract must be voluntary, unless the organization is selected as a result of the genuine and independent private choices of individual beneficiaries of the program and provided the organization otherwise satisfies the requirements of the program.

(4)(i) A faith-based organization that contracts with a grantee or subgrantee, including a State, may retain its independence, autonomy, right of expression, religious character, and authority over its governance.

(ii) A faith-based organization may, among other things—

- (A) Retain religious terms in its name;
- (B) Continue to carry out its mission, including the definition, development, practice, and expression of its religious beliefs;
- (C) Use its facilities to provide services without removing or altering religious art, icons, scriptures, or other symbols from these facilities;

(D) Select its board members and otherwise govern itself on a religious basis; and

(E) Include religious references in its mission statement and other chartering or governing documents.

(5) A private organization that contracts with a grantee or subgrantee, including a State, shall not discriminate against a beneficiary or prospective beneficiary in the provision of program services on the basis of religion or religious belief.

(6) A religious organization's exemption from the Federal prohibition on employment discrimination on the basis of religion, in section 702(a) of the Civil Rights Act of 1964, 42 U.S.C. 2000e-1, is not forfeited when the organization contracts with a grantee or subgrantee.