

## ADULT EDUCATION ALLOWABLE AND UNALLOWABLE EXPENDITURES

**This is not a complete list of allowable/unallowable costs as it relates to Adult Education and Family Literacy Act grants.** The allowability of a particular expenditure should be determined by considering the Adult identified need and requirements of the Adult, and any pertinent Federal and State cost guidelines. All costs must be directly tied to the Adult program as approved in the local Adult application plan. When in doubt, ASK!

### ALLOWABLE EXPENDITURES

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| <ul style="list-style-type: none"> <li>• <b>Indirect Costs/Administrative Costs</b> (up to 5%)</li> <li>• <b>NOTE-</b> In accordance with updated federal guidance, the Integrated English Literacy and Civics Education (IELCE) projects DO NOT have a cap on administrative or indirect cost expenses. These expenses MUST be <b><u>allocable, reasonable and necessary</u></b>. This <b><u>ONLY</u></b> applies to IELCE projects.</li> <li>• <b>Audit costs</b> in accordance with the Single Audit Act (OMB Circular A 133)</li> <li>• Communication/recruitment costs (publications, postage)</li> <li>• Salaries and benefits</li> <li>• AGE funds that support <b>approved IET</b> program(s)</li> <li>• Contracted services</li> <li>• Curriculum development</li> <li>• <b>Equipment for approved Adult IET</b> with enrollment</li> <li>• Adult instructional materials and supplies including for approved IET</li> <li>• <b>Travel</b>, meals, lodging, etc. for approved Adult instruction purposes</li> <li>• Marketing/recruitment and outreach activities (newspapers, radio/TV, magazines)</li> <li>• Meetings and conferences             <ul style="list-style-type: none"> <li>○ Must be properly documented and follow all basic cost principles -there is a significant burden of evidence required for purchases for meetings and conferences. When in doubt, ASK!)</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• <b>Memberships</b> and subscriptions in Adult Education, professional/associations             <ul style="list-style-type: none"> <li>○ Membership must be for the position/agency, not the person</li> </ul> </li> <li>• Professional development costs</li> <li>• Program evaluation</li> <li>• <b>Publication and printing</b> costs</li> <li>• Remedial services (curriculum modification, equipment modification, classroom modification, supportive personnel, and instructional aids and devices)</li> <li>• <b>Substitute teachers</b> (salary and benefits)             <ul style="list-style-type: none"> <li>○ Time &amp; Effort reporting still required for substitute teachers</li> </ul> </li> <li>• Stipends/supplemental pay</li> <li>• Adult skill assessments (industry recognized certification exams/assessments)</li> <li>• <b>Transportation</b> costs (associated with professional development opportunities tied directly to Adult Education coursework)</li> <li>• GED instructional and practice tests materials</li> <li>• <b>Tuition and fees</b> for approved <b>IET</b> industry certification(s) paid on behalf of student(s) by school</li> </ul> |
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## **UNALLOWABLE EXPENDITURES**

**Advertising:** Advertising and public relations designed to solely promote the LEA (not tied directly and exclusively to Adult)

**Audits other than the A-133 Single Audit**

- Bad debts (losses from uncollectible accounts)
- Pre-award costs
- Commencement and convocation costs

**Non-approvable Expenditures**

- Advisory councils
- Expenditures that supplant
- Fines and penalties
- Food/drink
- Fundraising
- Gifts, door prizes, etc.
- Entertainment
- Goods or services for personal use
- Lobbying and other political activities
- Alcoholic beverages
- Alumni/ae activities
- Contingency or “petty cash” funds
- Contributions and donations
- Copyrights/patents
- Monetary awards
- Insurance/Self-Insurance
- Interest and other financial costs

**Unallowable Student Costs**

- Scholarships paid directly to students
- Payments to students (stipend or ongoing)
- Childcare for non-Adult Education enrolled students
- Consumable supplies to be made into products to be sold or to be used personally by students, teachers, or other persons
- Dues/memberships to professional organizations or societies (for individuals)
- Items retained by student (supplies, clothing/uniform, tools, PDAs, calculators)

**Equipment and Contracts**

- Maintenance contracts or agreements unrelated to instructional equipment
- Non-instructional furniture (bookcases, drawers, file cabinets, lateral files)
- Equipment and supplies for building maintenance
- Equipment or supplies not used directly to teach skills to students, including electronic student response systems
- Equipment solely for use by the, administrator or other staff members
- Excessive installation costs for equipment purchased with Perkins funds

**Purchasing**

- Promotional materials (t-shirts, pens, cups, key chains, book bags)
- Purchase or lease of passenger vehicles including automobiles, trucks, buses, utility vehicles, airplanes, boats, and golf carts
- Purchase or construction of buildings/facilities, including permanent modifications to existing buildings/ facilities
- Standard classroom furniture, files, and equipment not specific and unique to the instructional program (tables, chairs, desks)

**Unallowable Travel**

- Conference travel unrelated to Adult Education
- Travel before, or after approved program period

**Construction**

- Cost associated with altering building structure, or moving of dirt are unallowable with Adult funds
- Construction, renovation, and/or remodeling of facilities

## BASIC COST PRINCIPLES

Pursuant to Federal Grant Programs Title II, Workforce Innovation and Opportunity Act (WIOA), all expenditures of Adult Education and Family Literacy Act (AEFLA) funds must meet the basic cost principles outlined in the Office of Management and Budget (OMB) Circulars, the most current of which being 2 CFR 200 (the “Super circular”). The cost principles of 2 CFR Part 200 are the basic guidelines describing allowable ways federal funds may be spent. The expenditure of Adult funding is further regulated by the Education Department General Administrative Regulations (EDGARs). The general principles 2 CFR Part 200 Subpart E – Cost Principles state that for costs to be allowable, they must be:

- **Reasonable and necessary** (meaning that, for example, sound business practices were followed, and purchases were comparable to market prices);
  - A cost may be reasonable if the nature of the goods or services acquired, and the amount involved reflect the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made.
- **Allocable to the federal award**
- **Legal under state and local law**
- **Properly documented** (and accounted for on a consistent basis with generally accepted accounting principles)
- **Consistent with the provisions of the grant program** Adult Education and Family Literacy Act (AEFLA); Federal Grant Programs Title II, Workforce Innovation and Opportunity Act (WIOA)
- **Not used for cost-sharing or matching**