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Division of Career and Adult Education



June 4, 2010

MEMORANDUM

TO: Eligible Recipients of Section 131 (Secondary) and Section 132 (Postsecondary) Perkins IV Federal Career and Technical Education Funds Authorized by Public Law 109-270

FROM: Loretta Costin, Interim Chancellor, Division of Career and Adult Education

SUBJECT: **Secondary and Postsecondary Construction Expenditures**

During the first week of April, the Division of Career and Adult Education (DCAE) was monitored by the U.S. Department of Education Office of Vocational and Adult Education (OVAE). The OVAE monitoring team conducted a comprehensive review of Florida's implementation of Perkins IV. During the review of 2009-2010 local applications, OVAE staff closely examined budget narratives and proposed expenditures which, according to OVAE staff, revealed possible unallowable construction costs at the local level.

As a result of the monitoring visit, we have been advised that Florida may be issued a non-compliance finding by OVAE related to unallowable construction costs by local providers. The Education Department General Administrative Regulations (EDGAR) document, which establishes the uniform administrative requirements for Federal grants states that construction costs are unallowable, but minor remodeling is an allowable cost with Perkins funds, as defined in EDGAR.

In accordance with EDGAR, Subpart F - What Conditions Must be met by the State and its Subgrantees?, Section 76.533, Acquisition of real property or for construction it reads, "*No state or subgrantee may use its grant or subgrant for acquisition of real property or for construction unless specifically permitted by the authorizing statute or implementing regulations for the program*". In addition, EDGAR, Subpart I - What Procedures Does the Secretary Use to Get Compliance?, Section 77.1- Definitions that apply to all Department programs it reads, "*Minor*

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Remodeling means minor alterations in a previously completed building. The term also includes the extension of utility lines, such as water and electricity, from points beyond the confines of the space in which the minor remodeling is undertaken but within the confines of the previously completed building. The term does not include building construction, structural alterations to building, building maintenance or repairs.”

This memorandum provides guidance to all local eligible recipients of Perkins federal funds of the EDGAR regulations regarding construction costs and ensure adherence to these regulations. All local eligible recipients must review their grant budgets and expenditures to ensure that no unallowable construction cost is being supported with Perkins funds.

We will continue our communications with OVAE regarding this potential finding. If you have any questions, please contact Gloria Spradley-Brown at 850-245-9053 or via e-mail at gloria.spradley@fldoe.org.

Thank you.

LC/gsb