**Guidance on Approved Expenditures**

**for GRADS PLUS Grant Funds**

**GUIDANCE ON APPROVED EXPENDITURES**

According to the Office of Management and Budget (OMB) White House Circular A-87, and the guidance of the U.S. Department of Education, there are continuing or newly revised guidelines, governing the use of federal funds. Specifically, guidelines on incentives and other allocable costs assist all contracted and sub-contracted entities in closely monitoring expenditures and maintaining records for the purpose of auditing by state or federal governing agencies.

**Samples of Allowable Expenses:**

* Purchasing baby supplies/ equipment, household items, educational toys/supplies, etc. for program in where GRADS students earn incentives for accomplishing goals set (such as completing assessments, resume development, college/job applications etc.). The goal has to be more than for good attendance, it needs to be for accomplishing a set goal or for a service performed as requested (e.g. mentored other students, gave a speech on being a young mother, participated in Youth Advisory Council as a GRADS Rep, etc.)
* Welcome bag for Fathers
* Books/ learning toys for home visits
* Healthy snacks for groups/meetings
* Zoo passes, museum passes, family swim days, family craft activities, family game nights are other examples of allowable expenses as long as they are tied to the goal of the grant.
* Rail runner tickets (or other forms of transportation) as part of planned/approved activity
* iPads/ computers – for classroom use only. Cannot be purchased as a gift for students.
* Field trips that are for educational purposes only.

**Not Allowable:**

* Gift Cards
* Birth Control/ pregnancy tests
* Field trips for social, entertainment or recreational purposes
* Refreshments or meals at an awards banquet/ function (celebration)
* Gifts (including gifts for speakers/ presenters)
* Scholarships

**Key items to remember:**

1. **Stipends***:* Stipends for GRADS teachers are not an allowable cost under this grant.
2. **Salary/ stipends for Fatherhood or Case Managers:** If the Fatherhood/ Case Manager position is a salaried position (or an additional stipend for someone in your school district) be sure to count the benefits that the school has to pay. For example, if you want them to have a $5,000 stipend, you need to add the benefits that the school pays for employees. This is different from the benefits the employee pays. School districts have to pay benefits on each employee. They take the benefits out of the fund that the stipend was generated. A good estimate would be 30%. For example:

*$5,000 Salary for Fatherhood Mentor*

*+$1,500 30% district pays for benefits*

*$6,500 Total amount to request for Fatherhood mentor*

The amount of the contract for the Fatherhood mentor would be $5,000. The benefits that the Fatherhood Mentor pays would be deducted from the $5,000.

Please note that this does not apply for a contract services position. The school district does not pay benefits on contract services positions.

1. **Gift Cards:** School districts do not allow gift cards. Gift Cards are not an allowable expense with GRADS PLUS Funds.
2. **Supplies:** Make sure when you list supplies/equipment you want to purchase, that you list the quantity and amount for each item.
3. **Positions in the grant:** Please include the amount per hour and hours a week, with a grand total for the grant. For example: $17/ hour x 20 hour a week = $340 week x 20 weeks = $6,800.
4. **Incentives.** To provide incentives through federal funds is generally regarded as a non-allowable expense. However, certain granted funds encourage incentives when utilized to further the purpose and goals of the specifically funded program.

In the case of the Expectant and Parenting Teens Program, the Health and Human Services Department Office of Adolescent Health (HHS/OAH) allows certain incentives that are not necessarily allowable through other federally funded grants. These include the following.

**Food:** Food can be provided as an incentive when used to encourage participation in programs under the HHS/OAH grant for expectant and parenting teens. Examples of such allowable expenditures might include a meal or healthy snacks as part of a planning meeting, as incentive to attend a training that is inclusive of a meal period, and/or as a means of keeping a consistent attendance for a lengthy planned activities. Costs should be reasonable and used for the purpose of the program.

1. **District Policy:** NM GRADS does not override district policy. For example if your school district does not allow stipends, NM GRADS cannot override your school policy. Be sure to check with your district financial office for their expenditure policies and procedures.
2. **Purchase Orders:** Please remember that you must have a Purchase Order in place before services are rendered, or items are purchased. Check with your district regarding their policies.
3. **Reasonable costs**. Reasonable cost is defined in the OMB Circular, A-87: *cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when governmental units or components are predominately federally funded.* (In other words, act as if this money was your own, hard-earned funds and that you are on a tight budget.)

Remember that purchase of any items must be made only as necessary to the performance or successful achievement of the goals of the program. Items that are purchased must follow state procurement and federal regulations in terms of how they are utilized and what happens to them in case a program no longer uses them. They must not be purchased for use by another program unless costs are shared fairly between the programs. They cannot be purchased as a gift.

More information on this can be gathered from the EDGAR website, including the following link:

<http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CCwQFjAA&url=http%3A%2F%2Fdese.mo.gov%2Fdivspeced%2FFinance%2Fdocuments%2FEquipment-Supplies.pdf&ei=vyszUs_0HIKV2QX3m4CICg&usg=AFQjCNGwRboPWPER0sXsvjpfXEDsGT0wiw&sig2=a5DXW_Yq0TI8Er_qMx-VRg&bvm=bv.52164340,d.b2I>

NOTE: This is not an exhaustive document that describes all allowable expenditures. For more information, visit: <http://www.whitehouse.gov/omb/circulars_a087_2004>. Please contact your program manager for further explanation or information.