

RI Department of Education
21st Century Community Learning Centers – Equipment Guidance
March 2014

General

In response to questions raised at the March 25, 2014 network meeting, I have compiled the relevant sections of Federal Regulations that apply to the purchasing, tracking, and disposal of equipment. I have added some explanations as well, since the language can be legalistic in places.

Paying for Equipment with 21st Century Funds

The use of any item (not just equipment but also supplies, staff, consultants, purchased services, etc.) needs to match the funding source for that item. Although the wording is slightly different for non-profits versus governmental entities, the idea is basically the same. You must pay for something (“allocate” a cost) in proportion to how much you will use it (“relative benefit received”). So if you are paying 100% of the cost of something out of 21st Century funds, then the 21st Century program must get 100% of the benefit. If another program is getting 50% of the usage then they should pay 50% of the cost.

- Cost Principles for State, Local, and Indian Tribal Governments:
 - “A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.”¹

- Cost Principles for Non-Profit Organizations:
 - “A cost is allocable to a particular cost objective, such as a grant, contract, project, service, or other activity, in accordance with relative benefits received.”²

¹ 2 CFR Part 225 (OMB Circular A-87 Cost Principles for State, Local, and Indian Tribal Governments), Appendix A, Section C Basic Guidelines, Number 3 Allocable Costs

² 2 CFR Part 230 (OMB Circular A-87 Cost Principles for Non-Profit Organizations), Appendix A, Section A Basic Considerations, Number 4 Allocable Costs

Tagging and Tracking Equipment

Once you have purchased a piece of equipment, whether paid for entirely or just partially with Federal Funds, there is a lengthy list of requirements. These requirements apply to “tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. A grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.”³

The requirements are:

- “Property records must be maintained that include
 - a description of the property,
 - a serial number or other identification number,
 - the source of property,
 - who holds title,
 - the acquisition date,
 - and cost of the property,
 - percentage of Federal participation in the cost of the property,
 - the location, use and condition of the property,
 - and any ultimate disposition data including the date of disposal and sale price of the property.
- A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
- Adequate maintenance procedures must be developed to keep the property in good condition.
- If the grantee or subgrantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.”⁴

Although the federal regulations refer to equipment over \$5000 per unit, we strongly recommend adopting similar procedures for any equipment purchased. We also recommend doing an annual inventory.

³ 34 CFR Part 80 (Uniform Administrative Requirements For Grants And Cooperative Agreements To State And Local Governments), Subpart C Post-Award Requirements, Section 80.3 Definitions

⁴ 34 CFR Part 80 (Uniform Administrative Requirements For Grants And Cooperative Agreements To State And Local Governments), Subpart C Post-Award Requirements, Section 80.32 Equipment (d)(1-5)

Disposal of Equipment

There are 3 options once you have determined that an item is no longer needed for the program. (1) Offer it to another Federally-funded program, preferably a RIDE-funded program. (2) Trade it in or sell it for a replacement item of the same type (with prior approval from RIDE). (3) If the item is broken, old, or obsolete and its fair market value is less than \$5,000, dispose of it in any fashion including using it for a non-Federally funded school program, donating it to charity, or just throwing it out. (You could also dispose of an item worth more than \$5,000, but you would have to pay money back to RIDE.)

The actual language:

- (1) "When no longer needed for the original program or project, the equipment may be used in other activities currently or previously supported by a Federal agency...First preference for other use shall be given to other programs or projects supported by the awarding agency."⁵
- (2) "When acquiring replacement equipment, the grantee or subgrantee may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property, subject to the approval of the awarding agency."⁶
- (3) "(1) Items of equipment with a current per unit fair market value of less than \$5,000 may be retained, sold, or otherwise disposed of with no further obligation to the awarding agency. (2) Items of equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment."⁷

Regardless of what school your program is serving you should be following the policies and procedures of the school district/charter school/non-profit that is the recipient of the grant. In some cases their rules may be more stringent than the federal requirements. Being able to show that you are following the Board-approved policies and procedures is important for state or federal monitoring and/or audits.

⁵ 34 CFR Part 80 (Uniform Administrative Requirements For Grants And Cooperative Agreements To State And Local Governments), Subpart C Post-Award Requirements, Section 80.32 Equipment (c)(1) and (2)

⁶ 34 CFR Part 80 (Uniform Administrative Requirements For Grants And Cooperative Agreements To State And Local Governments), Subpart C Post-Award Requirements, Section 80.32 Equipment (c)(4)

⁷ 34 CFR Part 80 (Uniform Administrative Requirements For Grants And Cooperative Agreements To State And Local Governments), Subpart C Post-Award Requirements, Section 80.32 Equipment (e)(1) and (2)