

Perkins V
CAREER AND TECHNICAL EDUCATION EQUIPMENT GUIDELINES
Summary of applicable federal regulations

1. Equipment is defined as follows:
 - a. Tangible personal property (equipment), as opposed to real property (land, buildings).
 - b. Items whose useful life must be equal to or longer than one year.
2. Equipment with a purchase price limitation of \$5,000 or more must be accounted for and controlled in accordance with the provisions of Maine State Administrative & Accounting Manual (<https://www.maine.gov/doe/funding/accounting/handbook>) and OMB Unified Grant Guidance Part E §200.313 (<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200>).
3. Minor equipment inventory is required for items costing less than \$5,000 with a useful life equal to or longer than one year and/or considered to be walkable.
4. Equipment must be logically related to, and necessary to, the occupation being taught. The equipment is to be used only for Career and Technical Education programs or loaned/shared with other school-based programs so as not to interfere with the Career and Technical Education program for which the equipment was originally purchased.
5. Eligible recipient will have available upon request requisitions, purchase orders and invoices for all Career and Technical Education equipment purchases.
6. Eligible recipients will have available upon request a physical inventory of Career and Technical Education equipment and minor equipment. Districts and recipients should update their general fixed assets listing at least annually.
7. Property records of Career and Technical Education equipment with a unit cost of \$5,000 or more shall include:
 - a. Location (school, department, building, etc.)
 - b. Identification number (tag number, serial number, or other number that specifically identifies the item)
 - c. Description (model number, size, color, etc.)
 - d. Method of acquisition (purchase, donation, construction, trade, or lease-purchase)
 - e. Source of funding the FAIN (Federal Award Identification Number)
 - f. Acquisition date (month and year of acquisition)
 - g. Purchase document number (P.O. number, voucher number, or other document number that can be used to trace to the supporting documentation)
 - h. Actual or estimated historical cost
 - i. Condition of asset (for assets with unit costs of \$5,000 or more purchased with federal monies)
 - j. Percentage of federal participation (for assets with unit costs of \$5,000 or more purchased with federal monies)

8. 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.
9. Adequate maintenance procedures must be developed to keep property in good condition.
10. Eligible recipient will show that proper procedures were followed when disposing of Career and Technical Education equipment. A summary of required procedures is as follows:
 - a. Disposition - when original or replacement equipment acquired under a grant or sub grant is no longer needed for the original project or program or for other activities currently or previously supported by a federal agency, disposition of the equipment will be made as follows:
 - i. 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.
 - ii. 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.
 - iii. In cases where a grantee or sub grantee fails to take appropriate disposition action, the awarding agency may direct the grantee or sub grantee to take excess and disposition action.
11. All procurement transactions must be in compliance with State law and local regulations.
12. All equipment must be permanently tagged with grant source, year of purchase, school name, and program area.

Equipment Usage:

Please note that the federal regulations require:

- a. that a district will not expend funds under this grant to acquire equipment (including computer software) that results in direct financial benefit to any purchasing entity or its employees or any affiliate of such an organization; and
- b. that the district will use equipment for other instructional purposes only if (1) the acquisition of the equipment was reasonable and necessary for the purpose of conducting a properly designed project or activity; (2) the equipment is used after regular school hours or on weekends; and (3) such other use is:
 1. Incidental to the use of the equipment;
 2. Does not interfere with the use of that equipment for the purpose under which it was purchased; and
 3. Does not add to the cost of using that equipment for the purpose under which it was purchased.

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"(13)(B) provides assurances that none of the funds expended under this Act will be used to acquire equipment (including computer software) in any instance in which such acquisition results in a direct financial benefit to any organization representing the interests of the acquiring entity or the employees of the acquiring entity, or any affiliate of such an organization;

Perkins Section 215. Limitation for Certain Students

No funds received under this Act may be used to provide career and technical education programs or programs of study to students prior to the middle grades (as such term is defined in section 8101 of the Elementary and Secondary Education Act of 1965), except that equipment and facilities purchased with funds under this Act may be used by such students.

OMB Unified Grant Guidance

200.1 Definitions.

Equipment

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000.

General purpose equipment.

General purpose equipment means equipment which is not limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles.

Information technology systems.

Information technology systems means computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources.

Special purpose equipment.

Special purpose equipment means equipment which is used only for research, medical, scientific, or other technical activities. Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments, and spectrometers.

Computing devices.

Computing devices means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information.

Supplies.

Supplies means all tangible personal property other than those described in the definition of *equipment* in this section. A computing device is a supply if the acquisition cost is less than the lesser

of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life.

Micro-purchase.

Micro-purchase means a purchase of supplies or services, the aggregate amount of which does not exceed the micro-purchase threshold. Micro-purchases comprise a subset of a non-Federal entity's small purchases as defined in § 200.320.

Capital Assets

Capital assets means:

(1) Tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. Capital assets include:

(i) Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, exchange, or through a lease accounted for as financed purchase under Government Accounting Standards Board (GASB) standards or a finance lease under Financial Accounting Standards Board (FASB) standards; and

(ii) Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).

(2) For purpose of this part, capital assets do not include intangible right-to-use assets (per GASB) and right-to-use operating lease assets (per FASB). For example, assets capitalized that recognize a lessee's right to control the use of property and/or equipment for a period of time under a lease contract. See also § 200.465.

200.313 Equipment.

See also §200.439 Equipment and other capital expenditures.

(a) *Title.* Subject to the obligations and conditions set forth in this section, title to equipment acquired under

a Federal award will vest upon acquisition in the non-Federal entity. Unless a statute specifically authorizes the Federal agency to vest title in the non-Federal entity without further obligation to the Federal Government, and the Federal agency elects to do so, the title must be a conditional title. Title must vest in the non-Federal entity subject to the following conditions:

(1) Use the equipment for the authorized purposes of the project during the period of performance, or until the property is no longer needed for the purposes of the project.

(2) Not encumber the property without approval of the Federal awarding agency or pass-through entity.

(3) Use and dispose of the property in accordance with paragraphs (b), (c) and (e) of this section.

(b) A state must use, manage and dispose of equipment acquired under a Federal award by the state in accordance with state laws and procedures. Other non-Federal entities must follow paragraphs (c) through

(e) of this section.

(c) *Use.*

(1) Equipment must be used by the non-Federal entity in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award, and the non-Federal entity must not encumber the property without prior

approval of the Federal awarding agency. When no longer needed for the original program or project, the equipment may be used in other activities supported by the Federal awarding agency, in the following order of priority:

- (i) Activities under a Federal award from the Federal awarding agency which funded the original program or project, then
- (ii) Activities under Federal awards from other Federal awarding agencies. This includes consolidated equipment for information technology systems.

(2) During the time that equipment is used on the project or program for which it was acquired, the non-Federal entity must also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by Federal awarding agency that financed the equipment and second preference must be given to programs or projects under Federal awards from other Federal awarding agencies. Use for non-federally-funded programs or projects is also permissible. User fees should be considered if appropriate.

(3) Notwithstanding the encouragement in §200.307 Program income to earn program income, the non-Federal entity must not use equipment acquired with the Federal award to provide services for a fee that is less than private companies charge for equivalent services unless specifically authorized by Federal statute for as long as the Federal Government retains an interest in the equipment.

(4) When acquiring replacement equipment, the non-Federal entity 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.

(d) *Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

(e) *Disposition.* When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, except as otherwise provided in Federal statutes, regulations, or Federal awarding agency disposition instructions, the non-Federal entity must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award. Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions:

(1) Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency.

(2) Except as provided in §200.312 Federally-owned and exempt property, paragraph (b), or if the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair-market value in excess of \$5,000 may be retained by the non-Federal entity or sold. The Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit the non-Federal entity to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.

(3) The non-Federal entity may transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, the non-Federal entity must be entitled to compensation for its attributable percentage of the current fair market value of the property.

(4) In cases where a non-Federal entity fails to take appropriate disposition actions, the Federal awarding agency may direct the non-Federal entity to take disposition actions.

200.439 Equipment and other capital expenditures.

(a) See §200.1 for the definitions of Capital expenditures, Equipment, Special purpose equipment, General purpose equipment, Acquisition cost, and Capital assets.

(b) The following rules of allowability must apply to equipment and other capital expenditures:

(1) Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the Federal awarding agency or pass-through entity.

(2) Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5,000 or more have the prior written approval of the Federal awarding agency or pass-through entity.

(3) Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior written approval of the Federal awarding agency, or pass-through entity. See §200.436 Depreciation, for rules on the allowability of depreciation on buildings, capital improvements, and equipment. See also §200.465 Rental costs of real property and equipment.

(4) When approved as a direct charge pursuant to paragraphs (b)(1) through (3) of this section, capital expenditures will be charged in the period in which the expenditure is incurred, or as otherwise determined appropriate and negotiated with the Federal awarding agency.

(5) The unamortized portion of any equipment written off as a result of a change in capitalization levels may be recovered by continuing to claim the otherwise allowable depreciation on the equipment, or by amortizing the amount to be written off over a period of years negotiated with the Federal cognizant agency for indirect cost.

(6) Cost of equipment disposal. If the non-Federal entity is instructed by the Federal awarding agency to otherwise dispose of or transfer the equipment the costs of such disposal or transfer are allowable.

(7) Equipment and other capital expenditures are unallowable as indirect costs. See §200.436 Depreciation.

200.453 Materials and supplies costs, including costs of computing devices.

- (a) Costs incurred for materials, supplies, and fabricated parts necessary to carry out a Federal award are allowable.
- (b) Purchased materials and supplies must be charged at their actual prices, net of applicable credits. Withdrawals from general stores or stockrooms must be charged at their actual net cost under any recognized method of pricing inventory withdrawals, consistently applied. Incoming transportation charges are a proper part of materials and supplies costs.
- (c) Materials and supplies used for the performance of a Federal award may be charged as direct costs. In the specific case of computing devices, charging as direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a Federal award.
- (d) Where federally-donated or furnished materials are used in performing the Federal award, such materials will be used without charge.

(Authority: 2 CFR 200 Title 2 Subtitle A Chapter II Part 200)