*(Perkins V – Postsecondary – NCCCS)*
**References:** Perkins V Sec. 135 (Local Uses of Funds) | 2 CFR 200 (Uniform Guidance – Cost Principles)

**1. Direct Costs**

**Definition:**
Direct costs are expenses you can clearly and specifically link to a Perkins-funded CTE project, program, or activity.

**Requirements:**

* **Necessary** – Needed for CTE program improvement or operation.
* **Reasonable** – Cost does not exceed what a prudent person would pay under similar circumstances.
* **Allocable** – Benefits only the Perkins program, or its portion can be accurately assigned to it.

**Examples** *(must connect to CLNA & Local Plan)*:

* CTE equipment and instructional materials.
* Salaries/wages for CTE instructors or coordinators *(with time & effort records)*.
* Industry-recognized credential exam fees for CTE students.
* CTE-specific professional development registration and travel.
* Curriculum development for approved CTE programs.
* Adaptive technology for students with disabilities in CTE programs.

**Documentation:**
Invoices, purchase orders, payroll records, time & effort certifications, and written justification linking the expense to a CTE objective.

**2. Indirect Costs**

**Definition:**
Indirect costs are general operating expenses that support multiple programs (not just Perkins) and cannot be tied to a single project without significant effort.
Examples: utilities, building maintenance, institution-wide IT systems, depreciation.

**Uniform Guidance Rule:**
Indirect costs may be charged to Perkins only if they are:

* Necessary, reasonable, and allocable.
* Applied consistently across all programs (federal and non-federal).
* Not also charged as direct costs (**no double dipping**).

**3. Administrative Costs**

**Definition:**
A Perkins-specific category that includes **all costs** — direct or indirect — spent to manage and administer the Perkins program.

**Perkins V Rules:**

* **Capped at 5%** of the college’s Perkins allotment (Perkins V Sec. 135(d)), after the WIOA Sec. 121(h) infrastructure deduction.
* Activities include: grant supervision, developing the local plan, fiscal reporting, compliance monitoring.
* Budgeted in **Voc Code 10** and billed **proportionally** to total Perkins spending (34 CFR 76.707).

**Key Relationship:**

* Many indirect costs are also administrative when charged to Perkins.
* All Perkins-charged administrative costs (including indirects) must fit under the **5% cap**.
* Some administrative costs are direct (e.g., salary of a Perkins grant manager fully assigned to the program).

**4. Side-by-Side Comparison**

|  |  |  |
| --- | --- | --- |
| **Direct Costs** | **Indirect Costs** | **Administrative Costs** |
| Directly tied to a Perkins-funded CTE activity | Benefit multiple programs, not easily tied to one | Manage and oversee Perkins program (may be direct or indirect) |
| Easy to measure and document | Not readily assignable without complex allocation | Capped at 5% of Perkins allotment |
| Examples: CTE equipment, instructor salary, credential fees | Examples: Utilities, central admin salaries, building depreciation | Examples: Grant manager salary, compliance reporting, local plan preparation |

**5. Quick Compliance Tips**

* Never split the same cost as both direct and indirect.
* If the cost is for **running the Perkins program**, it’s administrative (and counts toward the 5% cap) whether it’s direct or indirect.
* Always keep clear documentation on why a cost was classified the way it was.
* **Ask yourself:**
	1. *Is it tied to one Perkins-funded activity?* → Direct.
	2. *Does it benefit multiple programs?* → Indirect.
	3. *Is it for managing Perkins?* → Administrative (counts toward the cap).

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