**Allowable vs. Unallowable Costs Under Perkins V**

Perkins V funds **must** be used to support *career and technical education (CTE)* activities that:

1. Align with your Comprehensive Local Needs Assessment (CLNA).
2. Address required and permissible uses of funds outlined in Sec. 135 of the Act.
3. Meet **cost principles** in the Uniform Guidance (2 CFR Part 200).

**1. Allowable Costs**

Allowable costs directly support and improve CTE programs and are:

* **Necessary** – Clearly needed to achieve CTE objectives in your approved Local Application.
* **Reasonable** – Priced fairly based on market conditions.
* **Allocable** – Directly related to and benefiting your Perkins-funded CTE program(s).
* **Documented** – Supported by invoices, purchase orders, and CLNA alignment.

**Examples of Allowable Costs** *(if tied to your CLNA and Local Plan)*

* **Program Improvement & Expansion**
	+ New or upgraded equipment for hands-on training in approved CTE programs.
	+ Modernization of labs to meet current industry standards.
* **Instructional Support**
	+ Industry-recognized credential exams or license fees for CTE students.
	+ Curriculum development aligned to labor market needs.
* **Professional Development**
	+ Travel and registration for CTE-specific conferences, workshops, or training courses.
	+ Substitute pay for CTE faculty attending approved training.
* **Special Populations Support**
	+ Adaptive equipment or assistive technology for students with disabilities in CTE programs.
	+ Tutoring or supplemental instruction for non-traditional or underrepresented students in CTE.
* **Work-Based Learning**
	+ Paying for a Work-based Learning Coordinator position or an extra duty contract to establish internships, apprenticeships, or clinical placements in CTE.
* **Career Development**
	+ CTE-focused career counseling software or materials.

**2. Unallowable Costs**

Unallowable costs are **not** directly tied to CTE program improvement or are prohibited by law/regulation.

**Examples of Unallowable Costs**

* **General or Institutional Costs**
	+ Office furniture, routine supplies, or maintenance for non-CTE areas.
	+ Building construction or permanent facility renovations (except allowable minor remodeling).
* **Non-CTE Activities**
	+ Equipment or materials for academic programs not approved as CTE.
	+ Non-CTE student activities, clubs, or competitions.
* **Supplanting**
	+ Paying salaries or benefits for positions already funded with non-federal funds, unless documented allowable change in circumstances exists.
* **Entertainment & Gifts**
	+ Food
	+ Gifts, awards, or promotional items not tied to CTE instruction (consult EDGAR 200. 421 as there is a more limited application to allowed and disallowed costs).
* **General Marketing**
	+ Broad college advertising not specifically tied to CTE program recruitment or outreach.
* **Travel**
	+ Out-of-state travel without prior approval.
	+ Travel unrelated to CTE program objectives.
* **Admin (Voc Code 10) Costs Beyond Approved Rate**
	+ Charging more than your institution’s approved indirect cost rate.

**3. Quick Decision Checklist**

Before including a cost in your Perkins budget, ask:

1. Is it clearly tied to CTE program improvement or expansion?
2. Does it address a gap or priority identified in the CLNA?
3. Is it necessary, reasonable, and allocable to Perkins purposes?
4. Is it documented in the Local Application?
5. Is it free from supplanting concerns?

If you answer “no” to any of these, the cost is likely unallowable.

**4. Documentation Best Practices**

To avoid audit findings:

* Keep written justifications linking the expenditure to your CLNA and Local Plan.
* Retain quotes, invoices, and meeting minutes approving the expense.
* For salaries or stipends, maintain time and effort logs showing Perkins-related work.

**Quick Reference**

| **Allowable** | **Unallowable** |
| --- | --- |
| Equipment for approved CTE programs | Equipment for non-CTE programs |
| Industry credential exam fees | General education testing fees |
| CTE-specific faculty PD | PD for non-CTE faculty |
| Work-based learning coordination | College-wide career fairs without CTE focus |
| Curriculum aligned to industry needs | Curriculum for non-CTE courses |
| Adaptive technology for CTE students | General IT upgrades for the whole college |

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