
VIRTUAL FINANCIAL MANAGEMENT INSTITUTE

Maximizing Your Program's Federal Dollars



U.S. Department of Education • Office of Vocational and Adult Education • Division of Academic and Technical Education



102 Module introduction

Description

The **Maximizing Your Program's Federal Dollars** module provides an overview of the statutory requirements of the Perkins IV law and its regulatory requirements.

In this module

This module contains the following topics:

- Performance-based funding
 - Fiscal monitoring findings and solutions
 - Funding strategies and tools, including budget matrices
 - Use of reserve funds, floors, and ceilings
 - Use of fiscal data for program management and improvement
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102 Module objectives

Goals

Understanding performance-based funding will enable you to maximize the Federal dollars available to your program.

Objectives

After completing this module, you should be able to:

- Use formulas to calculate Perkins IV funding
- List the types of funding strategies
- List the types of funding tools
- Use a budget matrix



102 Performance-based funding

Secondary

According to Section 131 of the Perkins IV statute, the funding formula for secondary institutions is:

- 70% based on poverty
- 30% based on student counts

Postsecondary

According to Section 132 of the Perkins IV statute, the funding formula for postsecondary institutions is:

- Pell Grant counts
- BIA-assisted

Alternatives

Alternative funding formulas are also available for calculating performance-based funding.



102 State administration fund uses

Statutory requirements

Section 3(1) of the Perkins IV law defines the programmatic allowable uses for state administration funds.

Administrative activity examples

Section 112 (a)(3) of the Perkins IV law lists examples of administrative activities that allow use of state administration funds, such as:

- Developing State plans
- Reviewing local plans
- Monitoring and evaluating program effectiveness
- Ensuring technical compliance with all applicable Federal laws
- Providing technical assistance
- Supporting the development of State technical systems



102 State leadership fund uses

Statutory requirements

Section 124 of the Perkins IV law defines the programmatic allowable uses for State leadership funds.

Required uses

Section 124(b) of the Perkins IV law identifies 9 required uses for State leadership funds.

Permissive uses

Section 124(c) of the Perkins IV law identifies 17 permissive uses for State leadership funds.

Prohibited use

Section 124(d) of the Perkins IV law notes that State leadership funds must not be used for administrative costs.



102 Flow-through fund uses

Statutory requirements

Section 135 of the Perkins IV law defines the programmatic allowable uses for flow-through funds.

Required uses

Section 135(b) of the Perkins IV law identifies 9 required uses for flow-through funds.

Permissive uses

Section 135 (c) of the Perkins IV law identifies 20 permissive uses for flow-through funds.

Caps on use

Section 135(d) of the Perkins IV law sets an administration cap of 5% for subrecipients of Perkins grants.



102 Funding tools

Size

Some States define size in terms of number of programs or courses offered. In some States, a consortium of institutions will offer the appropriate number of programs or courses. Some States will talk in terms of numbers of students being served as a basis for size.

Scope

Some States define scope as programs of study, because those States will no longer fund a limited introduction to a CTE program. For these States, a full-blown program of study must be in place before funding is available.

Quality

Some States define quality in terms of performance. States are looking at a program's accountability data as generated by their performance systems and using that as a basis for funding.



102 Funding floors and ceilings

Funding floors A State can tell eligible recipients that a specific amount of Federal funds must be spent towards a specific element, such as guidance and counseling, in order to administer a successful CTE program. A funding floor ensures that a portion of funds will be spent in a certain way.

Funding ceilings A State can also tell eligible recipients that there is a maximum amount that can be spent towards a specific program element, such as equipment, salaries, supplies, or fringe benefits. So a funding ceiling limits what Federal dollars can be used for.



102 Other tools

Funding pools Section 135(c)(19)f of the Perkins IV provides regulatory guidance on the use of funding pools.

Secondary and postsecondary funding States have control over the split of funds between secondary and postsecondary levels. After this decision is made, States must distribute at least 85 percent of the Basic State Grant funds to local programs using either the needs-based formula included in the law or an alternate formula that targets resources to disadvantaged schools and students.

Evaluating State leadership funding Each State agency responsible for administering Perkins funding can keep up to 10 percent of grant funding for leadership activities. State leadership funding can be used for a wide variety of activities including professional development and statewide program improvement initiatives.



102 Local plan budgets

Accounting-based categories

In accounting-based budget tables, entities are asked to account for such things as salaries, fringe benefits, supplies, equipment, contracted services. Looking at these budgets, there is no way to determine spending for special populations or guidance and counseling.

Program-based categories

In program-based budgets, entities provide a detailed account of the purposes for which funds are being expended in categories such as professional development, curriculum development, guidance and counseling, and special populations.



102 Budget matrix

Description

States are encouraged to mix both accounting- and program-based budgets in a matrix, with accounting categories for column headings and programs as row names. It enables entities to show how funds allocated for each program have been used.

Use

A budget matrix shows how program funds are being used at the local level. If set up correctly, the amounts spent by a specific program on salaries, equipment, or supplies can be viewed at a glance.



102 Perkins IV reserve funds

Guidelines

Reserve funds guidelines are provided under Section 112(c) of the Perkins IV law. According to the statute, up to 10% of the 85% can be placed into the reserve fund.

Use

Reserve funds can be used for Section 135 purposes and are available for use in:

- Rural areas
- Areas with a high percentage of CTE students
- Areas with a high number of CTE students

Distribution

States can distribute reserve funds according to a formula or RFP.



102 Module summary

Overview

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102 Additional resources

Office of Management and Budget

- [OMB Circular No. A-133](#)
- [June 2010 Compliance Supplement](#)
- [March 2009 Compliance Supplement](#)

Advanced Government Accountability

The Partnership for Intergovernmental Management and Accountability is dedicated to identifying and solving the management and accountability issues facing governments today.

- [Risk Assessment Monitoring Tool](#)
- [Financial and Administrative Monitoring Tool](#)

Department of Education

- [Indirect Cost Group](#)

Department of Health and Human Services

- [HHS C-10](#)



102 Additional resources

Higher education, hospitals, and non-profits

Applicable to institutions of higher education, hospitals and non-profits.

- OMB Circular A-133 .400(d)(3), issued under the Single Audit Act of 1984, P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156.
- Single Audit Act, 1996 Amendments, 31 U.S.C. §7502(f)(2)(B).
- OMB A-133 Compliance Supplement, Part 3, § M.
- Title 34, Parts 74-99 of the Code of Federal Regulations (CFR), collectively referred to as the Education Department General Administrative Regulations, or EDGAR.

State, local, and Indian tribal governments

Applicable to state, local and Indian tribal governments.

- U.S. Department of Education Grant Bulletin, Assessing Grant Applicant and Grant Recipient Risk Prior to Making New and Continuation Awards, GB #11-01, effective June 1, 2011.



102 Audit resources

General Accounting Office

- [GAO Policy and Procedures Manual Guidance for Federal Agencies](#) (replaces GAO Yellow Book)
- [How to Avoid a Substandard Audit: Suggestions for Procuring an Audit](#) (National Intergovernmental Audit Forum; May 1988)
- [Internal Control Management](#), GAO 01-1008G
- [Standards for Internal Control](#), GAO/AIMD 00-21.3.1
- [Performance & Accountability Challenges and High Risk](#), GAO 01-159SP

Federal Audit Databases

- [Catalog of Federal Domestic Assistance - Federal Award Programs](#)
- [Federal Audit Clearinghouse - Single Audit SF-SAC Data](#)



102 Additional information

Contact list

- To learn more about financial management and reporting, contact Andrew Johnson by e-mail at andrew.johnson@ed.gov or call 202-245-7786.
- For questions concerning indirect costs, e-mail IndirectCostGroup@ed.gov.
- To learn more about Perkins funding strategies or maintenance of effort, contact Len Lintner by e-mail at len.lintner@ed.gov or call 202-245-7741.
- To learn more about the single audit process, contact John Miller by e-mail at john.miller@ed.gov or call 202-245-7713.
- To learn more about subrecipient monitoring, contact Edward Smith by e-mail at edward.smith@ed.gov or call 202-245-7602.