



Allowable and Unallowable Expenses | June 2019

The California Library Literacy Services Program is subject to Chapter 4.6. California Library Literacy and English Acquisition Service Program (California Education Code Title 1, Division 1, Part 11, Chapter 4.6, Section 18880-18883). Section 18883 states:

“A local library shall ensure that funds received pursuant to this chapter are exclusively used for expenses resulting from providing English language and literacy services and shall ensure that at least 90 percent of the funds received for the program are expended on direct services and related materials.”

California Library Literacy Services funds may be used for the following:

Salaries and Benefits: Salaries including benefits for all literacy services staff employed directly by the library, city, county or district.

Contract Staff: Limited-term literacy staff employed under personal service contracts.

Operations: Expenditures incurred in operating the literacy services. This category can include the following:

Travel: Expenditures for travel expenses incurred by personnel performing services for the program. (CLLS policy does not allow using CLLS funds for out-of-state travel. Local funds should be used for this purpose.)

Office supplies: Paper, pencils, staplers, etc.

Printing: Duplicating, photocopying, and printing costs.

Communications: Telephone, FAX, postage, and other communication expenses.

Other: Other miscellaneous operating expenses incurred by the literacy program which do not fit into the above categories and are allowable according to CLLS policies.

Literacy Materials (for circulation, to provide to the community, and to use in the library and other spaces where library literacy services are provided):

Circulation materials: Acquisitions included in the library's general collection to support California Library Literacy Services (CLLS).

Materials to provide to the community: These may include books, booklets, workbooks, videos, and other materials given to participants to keep or consume. Included are:

- Collection for new readers' instruction
- Materials for professional development of staff
- Collection about literacy for public awareness
- Additions to children's collection to be utilized for the Family Literacy programming,
- Non-print literacy materials

Programming materials: These may include items to support family literacy programming.

Small Equipment: Tablets, computers, and other small equipment purchases that are not part of the annual operating budget.

Equipment: Long-term, depreciable items in excess of \$5,000 that are not part of the annual operating budget. Equipment purchases in excess of \$5,000 must be approved by the California State Library.

Indirect Costs: Indirect costs or fiscal agent fees charged to the literacy program for payroll processing, accounting, facility space, utilities, etc. **The amount budgeted may not be more than 10% of your CLLS award.** We know that libraries often provide additional support for the literacy program, in terms of space, utilities, etc., but any amount over and above the 10% indirect cost amount should be reported as In-Kind. Materials / supplies / printing / communications provided by the library / city / county / district at no direct charge to the literacy services should not be included.

Encumbrances and Interest on Grant Funds

Encumbrances: California Library Literacy Services funds must be expended or encumbered by June 30 of the fiscal year in which the funds were awarded. Encumbered funds must be spent by the following December 31 (i.e. within the calendar year).

Encumbered funds are those that have been deposited in the awardee's accounting system and for which a budget has been provided to and approved by the State Library.

Interest on Grant Funds: Recipients are encouraged to deposit grant funds in interest-bearing accounts wherever possible with the understanding that the interest will be used for library literacy purposes. Interest income need not be reported on financial reports.

Notes on Allowable and Unallowable Expenses

Allowable Expenses

In response to the spread of COVID-19, the cost of items such as plexiglass screens, personal protective equipment (PPE), and similar, that enable the CLLS program to continue operating during this time of physical distancing, are allowable.

Funds may only be used to support the CLLS program and may only be used for items that enable the CLLS program to continue operating during this time. Items included below that were previously unallowable remain unallowable.

If you have questions about the allowability of any items, please contact the California State Library before making your purchase.

BACKGROUND CHECKS: The cost of background checks for literacy volunteers is allowable.

CHILDCARE: The cost of providing childcare that contributes directly to enabling learners to participate in a family literacy program is allowable.

DATABASES: The cost of subscriptions to databases that support the California Library Literacy Services program are allowable.

FOOD AND BEVERAGES: Food and beverage purchases are allowable for family literacy programming when intended to enhance full family participation or enable families to participate.

FURNITURE: Specialized furniture is allowable. The furniture must be used in support of adult or family literacy activities.

MEMBERSHIPS, SUBSCRIPTIONS, AND PROFESSIONAL ACTIVITIES: Costs of the grant recipient's memberships in library literacy-related professional organizations are allowable.

TRAINING: The cost of training relating to California Library Literacy Services and provided for employee and volunteer development is allowable, including the cost of travel, supplies, working refreshments, and speaker fees or consulting fees for trainers.

TRAVEL: Travel to in-state network meetings and professional development opportunities relating to adult and family literacy is allowable. Travel charges should be consistent with those

normally allowed in like circumstances of the grant recipient organization in its regular operations and policy.

Unallowable Expenses

ADVERTISING AND PUBLIC RELATIONS: Costs of advertising and public relations at conventions, meetings or other events, including displays, demonstrations, exhibits, meeting rooms, hospitality suites, and special facilities used in conjunction with shows and special events; and salaries of employees engaged in setting up and displaying exhibits, making demonstrations, and providing briefings are unallowable.

BUILDING, CONSTRUCTION, RENOVATION COSTS: General library building, construction, or renovation costs are unallowable.

CONTRIBUTIONS, DONATIONS, HONORARIUMS, STIPENDS: Contributions and donations, including cash, property, and services, that use grant funds and are made by grant recipients to others, regardless of the recipient, are unallowable.

ENTERTAINMENT: Costs of entertainment, including amusement, diversion, and social activities, and any costs directly associated with those, such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities are unallowable.

FOOD AND BEVERAGES: Costs of alcoholic beverages are unallowable. Food and beverage purchases for volunteer recognition events and social activities are unallowable. We encourage library literacy programs, where possible, to work with community partners to obtain donations of food and beverages to support their literacy programs.

FUNDRAISING: Costs of organized fundraising, including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or to obtain contributions, are unallowable.

FURNITURE: General library furniture is unallowable.

LOBBYING: The cost of certain influencing activities associated with obtaining grants, contracts, cooperative agreements or loans, is unallowable. Costs of membership in organizations substantially engaged in lobbying are unallowable.

PREMIUMS, PRIZES, INCENTIVES, AND SOUVENIRS: Costs of promotional items and memorabilia, including models, gifts, and souvenirs, are unallowable.

TRAVEL: Out-of-state travel costs are unallowable. Local funds should be used for this purpose.