



# Allowable and Unallowable Expenses

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## California Library Literacy Services Law

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.”

### Allowable Expense Categories and Associated Expenses

CLLS award funds and local matching funds used to support the CLLS program may only be used for expenses that enable the CLLS program to provide direct literacy services to learners and their families (if a program is funded for CLLS Family Literacy Services). As stated above in the [“California Library Literacy Services Law”](#) section, “at least 90 percent of the funds received for the program are expended on direct services and related materials.” Up to 10% of both CLLS award funds and local matching funds may be allocated to indirect costs (more information about indirect costs can be found below in the “Indirect Costs” list item).

- **Salaries and Benefits** include the salaries and benefits for all literacy services staff and other staff for their proportional time spent directly supporting the CLLS literacy programs who are employed directly by the library, city, county, or district.
- **Contract Staff** include limited-term literacy staff employed under personal service contracts to directly support CLLS literacy programs.
- **Operations** includes 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. See the [“Unallowable Expenses”](#) section below for more information.)
  - **Office supplies:** Paper, pencils, staples, etc.
  - **Printing:** Duplicating, photocopying, and printing costs.
  - **Communications:** Telephone, FAX, postage, and other communication expenses.
  - **Internal Program Supplies:** Professional development materials for literacy staff and volunteers, staff training costs and conference attendance, session or class non-consumable learning materials, program informational materials (brochures, flyers, business cards...etc.), and other internal program supplies expenses.

- **Other:** Other miscellaneous operating expenses incurred in direct support of the literacy program which do not fit into the above categories and are allowable according to CLLS policies. These may include data management systems and internet subscriptions for hot spot services. See “[Additional Allowable Expenses](#)” below.
- **Literacy Materials:** Materials for circulation, to provide to the community, to use in the library, and to use in other spaces where library literacy services are provided include:
  - **Circulation materials:** Acquisitions included in the library’s general collection to support CLLS.
  - **Materials to provide to the community:** These may include books, booklets, workbooks, videos, and other materials given to participants to keep or consume that include:
    - Collection for new readers’ instruction
    - 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, such as materials to promote learning at home.
- **Small Equipment:** Tablets, computers, hot spot devices, and other small equipment purchases that are not part of the annual operating budget. All equipment items, regardless of physical size, with a purchase price of \$4,999 or less per individual item would fall into this category.
- **Equipment:** Long-term, depreciable items in excess of \$5,000 per unit that are not part of the annual operating budget. Equipment purchases in excess of \$5,000 per unit must be approved by the California State Library. Please contact your grant monitor for more information.
- **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 each budget column for your CLLS award(s) and local match(es).** We understand the grantee agency often provides additional support for the literacy program in terms of space, utilities, materials, supplies, printing, communications, etc. These costs may be included in indirect, but the total may not exceed 10% of the grant award. These costs do not need to be itemized.

## **Additional Allowable Operations Expenses**

- **Background Checks:** The cost of background checks for literacy volunteers is allowable.

- Childcare: The cost of providing childcare that directly enables 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 necessary to encourage full family participation or enable families to participate. Other food costs, such as for celebrations, volunteer recognition events, and social events, are unallowable. Also see the “Training” list item below for more information.
- Furniture: Specialized furniture is allowable. The furniture must be used in support of adult literacy, family literacy, or English as a Second Language services activities. Furniture costs cannot be more than 10% of your CLLS program budget.
- 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. Funds may be spent on working lunches or refreshments, where a training occurs during the meal or refreshment time. However, a social lunch or refreshments offered during a non-working time or break during a longer training event is unallowable.
- Travel: Travel to in-state network meetings and professional development opportunities relating to adult literacy, family literacy, or English as a Second Language services is allowable. We encourage libraries to follow the state rates for hotel and meal expenses. Libraries should demonstrate an effort to adhere to hotel state rates and keep records of any travel funds spent in excess of state rates. Additionally, hotel- or meal-related travel expenses in excess of the allowable state rate may be paid for with local funds and considered part of the jurisdiction’s local match. See the California Department of Human Resources “[Travel Reimbursements](#)” page for current rates. If you have any questions, please contact your state grant team.

## 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, and Renovation Costs: General library building, construction, or renovation costs are unallowable.

- Contributions, Donations, Honorariums, and 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.
- Unfunded Pension Liability: Unfunded pension liability is 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.

## Local Match Guidelines

Only costs that directly support CLLS programs and activities, specifically those that support the direct learning experiences of CLLS enrolled learners, can be counted as part of a program's local matching costs for any CLLS program (adult literacy, family literacy, or ESL). Matching costs must follow the CLLS Allowable and Unallowable Expenses guidelines.

## Encumbrances and Interest on Grants

### Encumbrances

California Library Literacy Services funds must be expended or encumbered by June 30 of the fiscal year in which the funds are awarded. Encumbered funds must be spent by the following December 31 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.