



Allowable and Unallowable Expenses

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California Library Literacy Services Law

The California Library Literacy Services (CLLS) 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 in the “Indirect Costs” section below).

- Salaries, Wages and Benefits include the fully burdened 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 by the library, city, county, or district.
- Consultant Fees include the costs related to acquiring the services of a consultant for a specific activity. Typically, consultants advise and are specialists in the specific area for which the advice is being provided. Consultant fees may include a consultant’s fees, travel, accommodation, and support services provided directly by the consultant. See the “Services” category below for more information on capturing all other non-consultation services, such as contract staff and performers.
- Travel (formerly in operations) includes expenditures for travel expenses incurred by personnel performing services for the literacy program. Costs may include airfare and ground transportation (CLLS policy does not allow using CLLS funds for out-of-state travel. See the [“Unallowable Expenses”](#) section below for more information.). 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. Libraries must 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](#)" webpage for current rates. If you have any questions, please contact your state grant team.

- **Supplies/Materials** include supplies for programming, 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 (formerly in Library Literacy Materials):** Acquisitions included in the library's general collection to support CLLS.
 - **Materials to provide to the community and for internal use (formerly in Operations or Library Literacy Materials):** These may include materials to develop a literacy program's collection for learner and tutor use or books, booklets, workbooks, videos, and other materials given to literacy program participants to keep or consume that include:
 - Materials for new readers' instruction
 - Materials about literacy for public awareness
 - Additions to children's materials to be utilized for Family Literacy programming
 - Non-print literacy materials
 - **Programming materials (formerly in Operations or Library Literacy Materials):** These may include items to support literacy programming and materials to promote at home learning, such as Family Literacy at-home learning kits for enrolled adult learner families.
 - **Office supplies (formerly in Operations):** Paper, pencils, staples, etc.
 - **Printing (formerly in Operations):** Costs for duplicating, photocopying, and printing directly completed by literacy staff. Costs for a third-party printing service should be included in Services. See "Services" below for more information.
 - **Internal Program Supplies (formerly in Operations):** Professional development materials for literacy staff and volunteers, staff training costs (if training is conducted internally), session or class non-consumable learning materials, program informational materials (brochures, flyers, business cards, etc. if printed in-house by the library or literacy staff), postage, and other internal program supplies expenses.
 - **Food and Beverages (formerly under Operations):** 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 under “Services” for more information.

- **Small Equipment (formerly its own category):** 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** includes long-term, depreciable items costing \$5,000 or more per unit that are not part of the annual operating budget. Equipment purchases costing \$5,000 or more per unit must be approved by the California State Library. Contact your grant monitor for more information.
- **Services** include any costs for individuals contracted to manage and/or implement the project activities. Examples of services costs include but are not limited to printing, design services, trainers, presenters, subscriptions, licenses, and production and support of project-specific media and marketing. Costs are considered “services” when a company/third party provides the services. Examples include:
 - **Contract Staff (formerly its own category):** Costs for limited-term literacy staff employed under personal service contracts to directly support CLLS literacy programs.
 - **Communications (formerly in Operations):** Costs include telephone, FAX, hotspot data service plans, and other communication expenses are allowable if these costs can be itemized. If the costs are estimated and fall under general cost recovery, they should be included in Indirect (more information about indirect costs can be found below in the “Indirect Costs” section below).
 - **Background Checks (formerly in Operations):** The cost of background checks for literacy volunteers is allowable.
 - **Childcare (formerly in Operations):** The cost of providing childcare that directly enables learners to participate in a family literacy program is allowable (if a program is funded for CLLS Family Literacy Services).
 - **Databases (formerly in Operations):** The cost of subscriptions to databases that support the CLLS program is allowable.
 - **Memberships, Subscriptions, and Professional Activities (formerly in Operations):** Costs of the grant recipient’s memberships in literacy-related professional organizations are allowable.

- **Enrichment and educational presentations and guest speakers (formerly in Operations or Contract Staff):** Costs for enrichment and educational presentations related to literacy services and guest speakers or trainers are allowable.
- **Training (formerly in Operations):** The cost of training related to CLLS and provided for employee, volunteer, and learner development is allowable, including the cost of and speaker or trainer fees, and conference registration and fees. 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 not an allowable CLLS cost.
- **Promotion:** The cost to promote literacy services, such as advertising through the local newspaper, radio, television, DMV, bus station, or other similar areas where potential learners or volunteers may frequent, is allowable.
- **Indirect Costs:** Indirect costs or fiscal agent fees charged to the literacy program for payroll processing, accounting, facility space, utilities, furniture (specifically for literacy program use), literacy space modification (such as tinting glass or soundproofing in literacy-specific program areas as long as these modifications do not make permanent changes to building itself), etc. **The amount budgeted may not exceed 10% of the subtotal for 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 direct services expenses in the categories above. Indirect costs do not need to be itemized.

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, including costs that would require permanent changes to the building, such as lighting in a literacy area, 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 may be used for this purpose, but these expenses cannot be included as part of a library's local matching costs when reporting.

Additional Unallowable Expenses

- Building Modifications: Costs for permanent modifications to the building, even in a literacy-specific area, are unallowable.
- Direct Payments to Volunteers or Learners: Payments in the form of cash, check, gift cards, prepaid credit cards, or other similar payment methods meant to directly reimburse volunteers or learners are unallowable.
- Giveaways: Items such as fidget toys, pens, pencils, book bags, or other items that are specifically purchased to giveaway as promotional items and are not connected to CLLS-specific programming are unallowable.
- Peripheral Employee Costs: Costs including parking, health care stipends, or other peripheral costs of employment that are not included in an employee's formal benefits package are unallowable.
- Service and Warranty Contracts: Multi-year costs for service and warranty contracts, such as those for technology equipment, are unallowable. Service and warranty costs on

literacy-specific items that fall within the fiscal year being funded may be considered indirect.

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 English as a Second Language). Local matching costs must follow the CLLS Allowable and Unallowable Expenses guidelines outlined in this document.

Encumbrances and Interest on Grants

Encumbrances

CLLS 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 final report submission date for the program period. **Please note: This change will take effect in the 2024-2025 CLLS program period. For the 2023-2024 CLLS program period, the encumbrance deadline will be December 31, 2024.**

Encumbered funds are funds 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.