



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

October 5, 1993

MEMORANDUM TO EVEN START STATE COORDINATORS AND INDIAN TRIBE
AND TRIBAL ORGANIZATION GRANTEEES

SUBJECT: Use and Disposition of Equipment Acquired Under an Even Start Grant or Subgrant

We have received several questions recently regarding the disposition of equipment acquired under an Even Start grant or subgrant. This memorandum is intended to describe generally the procedures that apply with regard to the use and disposition of that equipment.

Local governments (including local educational agencies (LEAs)) and public nonprofit organizations.

- Local government and public nonprofit organization subgrantees should follow applicable State procedures, in accordance with §§ 80.32(b) and 80.37(a) of the Education Department General Administrative Regulations (EDGAR), regarding the use, management, and disposition of equipment acquired with Even Start funds. In the absence of other procedures, a State may follow the equipment use, management, and disposition procedures in § 80.32 of EDGAR. Those procedures are explained generally below under "Indian tribes and tribal organizations."

Indian tribes and tribal organizations.

- Indian tribe and tribal organization grantees should follow the procedures in § 80.32 of EDGAR in using, managing, and disposing of equipment acquired under an Even Start grant. While a general explanation of those procedures is set forth below, § 80.32 should be consulted for the specific procedures that apply.
- Use (§ 80.32(c) of EDGAR). Equipment acquired by an Indian tribe or tribal organization under an Even Start grant should be used in the project for which it was acquired as long as needed, whether or not the project or the Even Start program continues to be supported by Federal funds. When no longer needed for the original project or Even Start program, the equipment may be used in other activities currently or previously supported by a Federal agency.
- Replacement equipment (§ 80.32(c) of EDGAR). Equipment acquired by an Indian tribe or tribal organization under an Even Start grant may be exchanged for replacement equipment if needed.

- Disposition (§ 80.32(e) of EDGAR). When original or replacement equipment acquired by an Indian tribe or tribal organization under an Even Start grant is no longer needed for the original project or Even Start program, or for other activities currently or previously supported by a Federal agency, the following procedures apply for disposition of the equipment:

- Items of equipment with a current per-unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation.

- Items of equipment with a current per-unit fair market value in excess of \$5,000 may be retained or sold, but the grantee must compensate the awarding agency. The amount of compensation is calculated by multiplying the current market value or proceeds from sale by the Federal share of the equipment.

Institutions of higher education (IHEs) and private nonprofit organizations.

- IHEs and private nonprofit organizations should follow the procedures in §§ 74.135-74.140 and § 74.142 of EDGAR in using, managing, and disposing of equipment purchased under an Even Start subgrant. While a general explanation of those procedures is set forth below, those sections of EDGAR should be consulted for the specific procedures that apply.
- Use (§ 74.137 of EDGAR). Equipment acquired by an IHE or private nonprofit organization under an Even Start subgrant should be used in the project for which it was acquired as long as needed, whether or not the project or Even Start program continues to be supported by Federal funds. When no longer needed for the original project, the equipment should be used, if needed, in other projects or programs currently or previously sponsored by the Federal Government, in the following order of priority: (1) projects or programs currently or previously sponsored by the U.S. Department of Education (ED); and (2) projects or programs currently or previously sponsored by other Federal agencies.
- Replacement equipment (§ 74.138 of EDGAR). Equipment acquired by IHEs or private nonprofit organizations under an Even Start subgrant may be exchanged for replacement equipment if needed.

■ Disposition (§ 74.139 of EDGAR). When original or replacement equipment acquired by an IHE or private nonprofit organization under an Even Start subgrant is no longer to be used in projects or programs currently or previously sponsored by the Federal Government, the following procedures apply for disposition of the equipment:

- Equipment with a unit acquisition cost of less than \$1,000 and equipment with no further use value may be retained, sold, or otherwise disposed of with no further obligation.

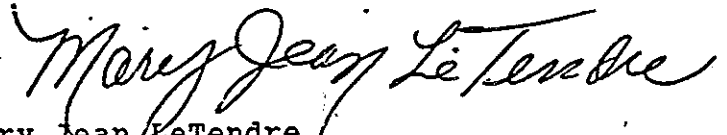
- All other equipment may be retained or sold, but the subgrantee must compensate the Federal Government. The amount of compensation is calculated by multiplying the current market value or the proceeds from sale by the "Federal share" of the equipment (described below). If the equipment is sold, \$100 or 10 percent of the total sales proceeds, whichever is greater, may be deducted and retained for selling and handling expenses from the amount otherwise due. If the State is still an Even Start grantee, § 74.139(b)(2) of EDGAR provides that the net amount due may be used for allowable costs of the Even Start program, subject to ED approval.

- The "Federal share" of equipment, under § 74.142 of EDGAR, is the Federal share of the subgrantee's project costs during the subgrant year to which the acquisition cost of the equipment was charged. However, in determining the subgrantee's project cost, the value of third-party in-kind contributions is not counted as part of the project cost.

For an Even Start subgrant without any in-kind contributions, then, the Federal share is simply the percentage of the Federal contribution to the subgrant. For example, if the Federal/non-Federal contribution is 70%/30%, the Federal share of the equipment is 70 percent.

For an Even Start subgrant with in-kind contributions, however, the Federal share is determined by subtracting the value of the in-kind contribution from the total project cost, and dividing the resulting net project cost into the total Federal dollars in the project. The resulting figure is the Federal share of the project costs for the purpose of reimbursing the Federal Government following equipment disposition.

For example, in a project with a 70 percent Federal contribution, if the total project costs were \$100,000, and the in-kind contributions were valued at \$5,000, the net project costs would be \$95,000, which would be divided into the Federal dollars in the project (\$70,000, or 70 percent of \$100,000), resulting in a Federal share of 73.7 percent.



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