GRANT ADMINISTRATION

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ADVISORY POLICY MANUAL

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I. Purpose

The purpose of this document is to establish a guide for the administration of the Texas Financial Education Endowment (TFEE) grant program. This manual lays out the parameters for executing the administrative and management components of the TFEE.

A. Background

The Texas Financial Education Endowment Fund was established as an endowment by the 82nd Legislature of the State of Texas. The Finance Commission established an investment policy to govern the endowment. The endowment is funded by dedicated assessments from credit access businesses. The endowment is designed to provide permanent sources of funding dedicated to financial education from earnings.

Under the terms of the enabling legislation and this policy funds are held in a permanent endowment account entitled the Texas Financial Education Endowment Fund. Funds distributed from the endowment shall only be used to support grants to organizations that provide financial education and capability in accordance with the policies and rules of the Finance Commission.

The policy of the Finance Commission is to invest funds in compliance with the following priorities:

- Preservation of principal;
- Maintenance of liquidity as appropriate to the identified need; and,
- Procurement of an appropriate yield;
- Diversification of investment portfolio; and
- Marketability of the investment if the need arises to liquidate the investment before maturity.

All investments shall be made with the judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.

Investment strategies for the different funds held will consider the appropriate mix of investments to the extent that diversification of investment types and maturities assist in the achievement of the above-named priorities.

B. Administration, Investment, Payout, and Reinvestment

Funds of the endowment shall be subject to the provisions of the investment policy. If in the opinion of the Finance Commission, future circumstances change so that the purposes for which the endowment was established become illegal, impracticable, or no longer able to be carried out, the Finance Commission may designate an alternative use for the endowment payout in accordance with applicable state law to further the objective of the Finance Commission in the spirit of the original purpose.

In connection with administration and management of the endowment funds, the Finance Commission or the Office of Consumer Credit Commissioner may charge certain expenses against the endowment funds for administration, management, and similar charges. Assets in the fund are restricted until authorized for payout by the Finance Commission. Funds distributed from the endowment in a year may be retained and expended for the purposes of the endowment in subsequent years, or may be reinvested, at the discretion of the Finance Commission, as a permanent addition to the principal of the endowment.

C. Roles and Responsibilities

1. Finance Commission (FC)

    a) Determines the total grant amount before the start of the selection process.
    b) Allocates endowment funds to the TFEE Grant Program each award cycle.
    c) Reviews and approves recommendations from the Audit Committee regarding program improvements.
    d) Develops program objectives and identifies methods to support statewide financial education and consumer credit building activities.
    e) Determines the final selection of grant award recipients and award amounts. The FC will award grant funds to organizations based on recommendations from the Audit Committee. The FC will approve fund allocations and amendments. The FC may request presentations from the organizations selected for final review.

2. Audit Committee (AC)

    a) Proposes program amendments to the Finance Commission and oversees the operation of the grant program.
    b) Provides grant-funding recommendations to the FC.

3. Grant Advisory Committee (GAC)

a) The GAC serves in an advisory role to the Grant Coordinator (Coordinator). The GAC recommends program improvements to the Coordinator and Audit Committee; evaluates grant proposals; and advises on the development of the grant program.

b) The Grant Advisory Committee shall be comprised of six members as follows:

(1) Two Finance Commission members shall be appointed by the Finance Commission Chair.

(2) An employee of the Department of Savings and Mortgage Lending shall serve as a standing member.

(3) Three non-Finance Commission members shall be approved by the Finance Commission.

c) Prospective non-Finance Commission GAC members are recommended to the Audit Committee before presentation to the Finance Commission.

d) Each Grant Advisory Committee Member will be appointed for a specific term. Finance Commission members shall serve at the pleasure of the Finance Commission Chair. Non-Finance Commission members shall serve four-year terms that correspond with grant cycles. Members will serve staggered terms to balance continuity with new perspective. Non-Standing GAC Members may be reappointed with approval from the Finance Commission to serve more than a four-year term. GAC members take office immediately following their appointment. In the event a GAC member is not able to complete their term, a replacement will be appointed.

e) In the event of a GAC vacancy due to a regularly expired term, the Finance Commission shall appoint new members to coincide with the beginning of the next grant cycle. In the event a GAC vacancy occurs during an unexpired term, the Finance Commission may appoint a new GAC member.

f) The GAC aims to include members with varied experience in financial education or grant administration. The list below is not all-inclusive, and the FC reserves the right to include other appropriate backgrounds except for the Credit Access Business representative.

(1) Financial Education Consultant – informs the group of existing programs and advocates for the needs of the financial education community.

(2) Educational Consultant – understands best practices for impacting education for both youth and adults. Assesses the

program proposals for effective measures of knowledge gained. Has knowledge of financial education curriculum standards (Texas Essential Knowledge & Skills "TEKS") and helps ensure that funding school-based financial education programs cover requirements consistent with Texas Education Agency standards.

(3) Finance Commission Representative(s) – Ensure TFEE objectives and goals align with Finance Commission intentions. Evaluate proposed program and business structure.

(4) Department of Savings & Mortgage Lending (SML) Representative – Recommended by the SML to advocate for programs focused on asset building, affordable housing, and preparation for home ownership.

(5) Grant Administrator - Objectively assesses, evaluates, and makes recommendations regarding the grant administration process.

(6) Consumer Advocate – Advocates for consumers based on community engagement and needs assessment.

(7) Credit Access Business (CAB) industry representative – Serves as a stakeholder for the CAB industry and assists in funding decisions.

g) The GAC meets during the grant-funding cycle for the following purposes:

(1) Provide consultation and technical assistance to the Coordinator.

(2) Assist with major project management decisions associated with awarded grants, including:

(a) Evaluating grant applications and providing recommendations to the Audit Committee

(b) Monitoring grantee project's unspent funds and associated funding

(c) Offering input, interviewing, and recommending new GAC members to Audit Committee

(3) The GAC makes recommendations to the Audit Committee for consideration of specific award allocations, termination of grant agreements for noncompliance, and amendments to program policies and procedures.

4. Office of Consumer Credit Commissioner (OCCC)

a) OCCC is responsible for:

(1) Collecting assessment fees, administering the endowment fund, and maintaining reconciliation of funds;
(2) Maintaining financial records of revenue and expenditures;
(3) Serving as investment officer and maintaining compliance with the investment policy in accordance with state of Texas regulations;
(4) Disbursing and tracking funds; and
(5) Grant coordination oversight.

5. Grant Coordinator (Coordinator)

The Coordinator works under the direction and oversight of the OCCC Commissioner or the Commissioner's designee. The Coordinator makes presentations to the GAC and the Finance Commission regarding grant activity and serves as the liaison between grantees and the GAC.

a) The Coordinator is responsible for monitoring the following regarding program operation:
   (1) Program objectives and goals;
   (2) Grant administration and oversight practices; and
   (3) Recommendations for program needs to the GAC and FC.

b) The Coordinator is responsible for ensuring and developing procedures to provide evidence of timely submission for required documents, including, but not limited to, applications and grant reports.

c) The Coordinator maintains the electronic records of all documentation submitted by grantees regardless of the delivery method. Hard copy submissions of applications, reports, and other documentation will receive a date stamp prior to being scanned and saved electronically.

d) The Coordinator will recommend policy and procedure amendments to ensure successful and effective implementation of the grant program. The Coordinator will advise and assist in the maintenance of the following:
   (1) Track, evaluate and monitor progress at each phase of the grant cycle;
   (2) Revise official grant documentation, policies and procedures;
   (3) Coordinate systems for tracking grant applications, awards, and major project management decisions associated with awarded grants;
   (4) Adhere to processes for dispute resolution with grantees;

(5) Implement awarded grant funds according to terms and conditions of program policy;
(6) Maintain established operations and system to ensure objectives and goals are being met; and
(7) Monitor GAC process and procedures.

e) As the liaison for the GAC, the Coordinator will monitor the need for and composition of members to the GAC. Should a vacancy need to be filled during a grant cycle, the Coordinator will work to identify suitable candidates. The Coordinator will make the recommendation to recommend a new member to the Finance Commission.

f) Publicizing and promoting TFEE grant application opportunities.

D. Conflict of Interest

1. A GAC member may not derive any personal profit or gain, directly or indirectly, by participating with the Texas Financial Education Endowment.
2. Each GAC member must sign a Conflict of Interest form prior to participating in the grantee selection process.
3. Each GAC member must disclose to the Coordinator any personal or professional interests that may pose a potential conflict and shall refrain from participation in any discussion related to the conflict of interest or funding decisions.
4. Each GAC member must refrain from obtaining applicant information for personal or private solicitation purposes at any time during the term of their affiliation with TFEE.

E. TFEE Funds Oversight

1. TFEE funds are used to support the goals and strategies for the TFEE set by the Finance Commission. Prohibited and permissible uses of grant funds are defined in the grant agreement.
2. The OCCC Commissioner, Audit Committee, or Finance Commission may request an internal or external audit to examine compliance and when deemed necessary.
3. Reimbursement requests will be executed pursuant to the grant agreement and are based upon satisfactory compliance and performance outcomes.

F. Maximum Grant Awards

1. The total estimated program funding fluctuates based on endowment fund contributions, distributions, and performance. The aggregate award amount is determined by the Finance Commission prior to each grant cycle.

2. The maximum grant award per organization may not exceed $45,000 for a one-year term and $90,000 for a two-year term.

II. Process Overview

A. Intention

The TFEE fund may have one competitive grant cycle every two years. Announcements for grant proposals will be made in the summer, with submissions due in the fall of every odd number year.

B. Stage 1 – Administration

Grant Coordinator is responsible for the following:

1. Refines, revises and makes policy recommendations based on program needs.
2. Develops funding recommendations and administrative processes.
3. Revises grantee applications, grant agreements, grant reports, and evaluation and tracking tools.
4. Creates the timeline for grant cycles.
5. Identifies and invites qualified professionals to serve on the GAC.
6. Publicizes opportunities with a goal of increasing the number of applicants each grant cycle.

C. Stage 2 – Policy Development and Implementation

1. The GAC advises on, oversees, and approves program development.
2. The GAC makes recommendations to the Audit Committee to approve program operations. The Audit Committee makes recommendations for the Finance Commission to approve program modifications.
3. Upon Finance Commission approval, the Coordinator ensures all administrative and grantee documentation are in place for grant announcement, such as applications, webinars, grant reports, grant agreements, and policies and procedures.
4. The Coordinator updates TFEE web page with program information and materials.

D. Stage 3 – Grantee Selection

1. The Coordinator receives and prepares applications for the first phase of screening: confirms eligibility, ensures applications are complete and have been timely submitted, logs applicant information, and submits to the GAC for evaluation.

2. The GAC will score applications and provide recommendations to the Audit Committee upon review of the TFEE budget, grant structure, number of awards and amounts to be funded, method of funding, and reporting requirements.
3. The Audit Committee makes recommendations to the Finance Commission based on the information presented by the GAC.
4. The Finance Commission reviews recommendations from the Audit Committee and selects award recipients.
5. After selections have been made, each applicant will be sent an award letter or letter of regret. Additionally, grant recipients will be provided Grant Agreements for review and signature. Grant agreements must be fully executed by the OCCC Commissioner, or designee, and the grantee, before grant activities can commence.

E. Stage 4 – Manage Grant and Measure Progress

1. In collaboration with the GAC, the Coordinator will develop a strategy for ongoing grant management and ensure timely report submission.
2. Funding is dependent on program impact and compliance.
3. The Grantee is responsible for tracking and reporting program progress, as well as assessing and communicating program success, challenges, and impact.
4. The Coordinator provides technical assistance to grantees and offers opportunities for regular consultation.
5. The Grantees submit a final report summarizing the impact, results, and consumer follow-up surveys (six months after the program completion).
6. Program evaluation addresses issues of non-compliance, identifies risks, and recommends specific deliverables.
7. The Coordinator manages conflict honestly and directly with grantee. The GAC assists with recommendations to rectify issues of non-compliance.

III. Funding Priorities and Goals

A. Scope

This section identifies priorities that support statewide financial education and consumer credit building activities. With recommendations from the GAC to the Audit committee, the Finance Commission will select which categories TFEE's efforts will be focused on prior to the start of a new grant award cycle.

B. Goals

1. Support financial educational programs that offer financial education services for Texas consumers including general information to be made

available through partnerships with state agencies, financial service providers, trade organizations, and community events.

2. Encourage public awareness campaigns to improve credit profile and credit scores of Texas consumers, including savings campaigns to promote employee incentives and outreach opportunities to unbanked communities. Encourage lending institutions to allow low-to-moderate income citizens to open accounts and waive the required minimum balance and fee.
3. Promote adult financial education, capability, and consumer counseling programs, including train-the-trainer programs, that increase and expand educational awareness for adult financial stability.
4. Foster school and youth-based financial education and capability, including teacher training programs, that supports the integration and delivery of financial literacy content in K-12 school settings.
5. Support financial coaching and consumer counseling programs that offer opportunities for individuals to participate in one-one-one financial counseling and coaching programs.

IV. Pre-Award Requirements

A. Organizational Eligibility

Non-profit organizations, governmental organizations, schools, and for-profit entities are eligible to apply for grant funding. Eligibility is not open to financial service providers and entities regulated by the Finance Commission.

B. Program Criteria & Grant Application

The TFEE Guidelines and Instructions for application submission will be posted on the TFEE website.

1. Applications will be accepted via postal mail or digitally, through a secure online portal. Applicants will contact the Grant Coordinator for access to the portal. Electronic submissions will receive an automatic date stamp upon receipt; this "digital" date stamp will provide sufficient and accurate evidence of timely submission.
2. Applicant's program must:

    a) Align with TFEE goals or strategies
    b) Demonstrate effective evaluative tools and metrics
    c) Predict or provide evidence of program impact
    d) Provide longitudinal evidence of performance and outcomes

    (1) Demonstrate adequate return-on-investment
    (2) Document strategic goals

(3) Demonstrate capacity to collect and report the following data: number of people served, training hours, pre-and-post survey data, demographic information, and sign-in sheets to justify amount of funds requested

e) Provide evidence that programming will begin when the grant is awarded

Applicants must read and follow all application instructions and guidelines. Applications that do not comply with these instructions may be delayed or not accepted for review.

C. Application Submission

1. Grant funding cycles commence every two years. Announcements for grant proposals will be made every two years, and selected grantees will be announced shortly thereafter.
2. The Coordinator confirms receipt of grant applications by email. Applications will only be accepted on, or prior to the due date. Late or incomplete applications will be rejected.

D. Application Review and Selection Process

1. Funding consideration will be given to organizations that promote, provide, or support financial education or financial literacy initiatives. Successful applicants must demonstrate evidence-based programming that increases financial capacity and promotes asset building. Reimbursement allocations are to be funded semi-annually, based on performance and reporting compliance.

2. The application review and selection process consist of four steps:

    a) The Coordinator will collect and review each application for eligibility. Eligible applications will be submitted to the GAC for evaluation.

    b) The GAC will score each application and recommend programs for funding consideration to the Audit Committee.

    c) GAC will determine recommended award amounts based on the applicant's application and demonstration to meet program eligibility criteria.

    d) If two or more applicants receive the same score, the GAC will select an applicant using the following criteria:

    (1) ability to impact the most consumers,
    (2) stability of the funding structure, and
    (3) the needs based on the target population.

(4) The Finance Commission will make the final selections of award recipients and award amounts.

3. Upon completion of the competitive application and review process, successful grant applicants will be notified, in writing, no later than December of the year before the grant cycle begins.

E. Public Records

Texas Public Information Act: All information, documentation, and other material submitted are subject to public disclosure under the Texas Public Information Act.

1. A full list of individuals and organizations selected for an award will be published on the TFEE website.
2. Information may be publicly available and published online (TFEE webpage, OCCC or Finance Commission website).

V. Post Award Requirements

A. Definitions

1. "Grantee" means applicant.
2. "Grantor" means the Finance Commission of Texas and the Texas Financial Education Endowment. The Commission may authorize one or more persons, including the Grant Coordinator, to perform any action that the Commission is authorized to perform as Grantor under the Agreement.

B. Grant Agreements

1. Once a grantee has been selected, and prior to initiating any grant funded activities, grantees and the Finance Commission appointed administrator, usually the OCCC Commissioner or the Commissioner's designee, must sign the grant agreement.
2. The terms of the Grant will be defined in the Grant Agreement and terminate either one or two years after the grant has been awarded, unless it is terminated earlier in accordance with another provision.
3. Expenses that were incurred before the beginning or after the termination of the Agreement are not eligible for reimbursement.
4. Grantees are expected to continue to report grant-funded activities until the end of the term of the agreement.

C. TFEE's (Grantor) Obligation

1. Grantor will reimburse Grantee for actual, allowable, and allocable costs incurred by Grantee pursuant to Agreement up to the maximum amount of the grant award.

2. Grantor is not obligated to pay unauthorized costs. Prior written approval from Grantor is required if Grantee anticipates any of the following: (1) altering the scope of the Grant, (2) adding funds to previously unapproved budget categories, (3) changing funds in any awarded budget category by more than 10% of the total amount awarded, or (4) adding new line items to any awarded budget category.
3. Grantor's maximum liability under the Agreement is the "Amount Awarded."
4. Reimbursement of awarded funds is not an entitlement or right. Reimbursement depends, among other things, upon strict compliance with all terms, conditions, and provisions of the Grant Agreement.

D. Grantee's Obligation

1. Grantee may use the Grant only to create, deliver, or expand Grantee's financial education, literacy, and capability building programs within the State of Texas.
2. Grantee must use the Grant in accordance with all of the following: (1) the terms of Agreement, (2) TFEE Grant Administration & Advisory Policy Manual as defined in the application guidelines and instructions, and (3) Grantee's application.
3. Texas Grant Management Standards (TxGMS) provides parameters by which the Coordinator can work to ensure consistency with state practices.
4. Grantee must cooperate fully with Grantor.
5. Grantee must notify Grantor within 30 days of significant changes or events occurring during the term of Agreement that could potentially impact the progress or outcome of the Grant, including, but not limited to, the following changes: (1) Grantee's management personnel, (2) physical or mailing address, (3) loss of funding, and (4) changes to Grantee's status with the Internal Revenue Service.
6. Failure to submit the required 30-day notice of significant change or events will be grounds for termination of the Agreement.
7. The fiscal and programmatic management of the Grantee will include accountability for all funds and materials received from Grantor; compliance with Grantor's rules, policies, and procedures, as well as applicable federal and state laws and regulations; and correction of fiscal and program deficiencies identified through self-evaluation or Grantor's monitoring processes.
8. Grantee must develop, implement, and maintain all of the following: (1) financial management and control systems that include appropriate financial planning, including the development of budgets that adequately reflect all functions and resources necessary to carry out authorized activities and the adequate determination of costs; (2) financial

management systems, including accurate and complete payroll, accounting, and financial reporting records; (3) cost source documentation; effective internal and budgetary controls; (5) documentation regarding determination of reasonableness, allocation of costs, and timely and appropriate audits and resolution of any findings; and (6) annual financial statements, including statements of financial position, activities, and cash flows, prepared on an accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) or other recognized accounting principles.

9. The format for submitting reimbursement requests will be provided in the grant report. Each reimbursement request must contain supporting documentation or back-up documentation for all amounts shown on the request, including receipts for all materials and supplies, all Grantee staff time shown by number of hours worked and hourly rate, and all contractor or sub-contractor services, which can be identifiable to reconcile expenditures.
10. Grantees must comply with all laws, regulations, requirements, and guidelines applicable to a Grantee providing services to the State of Texas, as these laws, regulations, requirements, and guidelines currently exist and as they are amended throughout the term of the Agreement.
11. If a Grantee fails to use grant funds to create, deliver, or expand financial education, literacy, and capability building programs as described in Grantee's application, then Grantor may do one or more of the following: (1) terminate the Agreement, (2) withhold the grant funds, (3) require that Grantee refund grant funds received, (4) submit an amended report to the Coordinator, and (5) determine that Grantee is ineligible for future TFEE funds.
12. If the Texas Comptroller's Office forfeits a Grantee's right to transact business in Texas due to failure to pay a franchise tax or for any other reason, then Grantor may do one or more of the following: (1) terminate the Agreement, (2) suspend the Agreement until Grantee returns to good standing with the Comptroller's Office, or (3) take any other action described in paragraph 5.6 of the Agreement.

E. Grantee's Reporting Requirements

1. As part of a Grantee's proposed application, Grantees will provide the detailed measurable outcomes that Grantee expects to achieve through use of the grant funds during the Term of the Agreement. Grantees must submit to Grantor a report on or before each due date specified, and must use the standard TFEE grant report template. Grantee also agrees to submit a longitudinal report to assess changes in consumer behavior and program impact six months upon program completion.

2. For adult financial education programs, reimbursement reports will be considered incomplete if they do not include participation data and aggregate pre-and-post survey data. Grantee must retain copies of the pre-and-post surveys for a period of three years after the end of the grant cycle.
3. Grantee must provide a written explanation to Grantor for any variances on the periodic reports for any performance by Grantee that varies from projected performance. In addition to the written explanation, Grantee must promptly answer any questions by Grantor, whether in writing or otherwise, in connection with the periodic reports presented to Grantor.
4. If Grantee exhausts all funds prior to the completion of the grant term the Grantee is obligated to continue to track and report grant related activities for the remaining duration of the term outlined in the agreement.
5. If Grantee fails to comply with any of the reporting requirements, then Grantor may do one or more of the following: (1) terminate the Agreement, (2) withhold the grant funds, (3) require that Grantee refund grant funds received, (4) submit an amended report to the Coordinator, and (5) determine that Grantee is ineligible for future TFEE funds.
6. Grantee shall request disbursement of grant funds by submitting a Grant Reimbursement Report to Grantor for work performed on the project. Disbursement is contingent upon approval of the disbursement request by Grantor.

VI. Recordkeeping and Monitoring

A. Duty to Maintain Records

Grantee must maintain adequate records to support its charges, procedures, and performances for all work related to the Agreement. Grantee must also maintain records that are deemed necessary by Grantor, the State Auditor's Office, other auditors of the State of Texas, or any other persons designated by Grantor, to ensure proper accounting for all costs and performances related to the Agreement.

B. Record Retention

For a period of three years after the end of the grant cycle, or until full and final resolution of all audit or litigation matters that arise after the expiration of the term, whichever is later, Grantee must maintain any records that are necessary to fully disclose the extent of services provided under the Agreement, including but not limited to any daily activity reports, time distribution and attendance records, and other records that may show the basis of the charges made or performances delivered.

C. Access by Grantor and State Auditor's Office

1. During the Term and for at least three years thereafter, Grantee must allow Grantor and the State Auditor's Office access to and the right to examine the organization, program, premises, books, accounts, records, files, and other papers or property belonging to or in use by Grantee and pertaining to the Agreement or the use of funds pursuant to the Agreement, in order to ascertain complete compliance with the provisions of the Agreement and with TFEE program guidelines.
2. Grantee must maintain these records at a location that is readily accessible to Grantor.
3. Grantor has the right to make a visual inspection of any assets, goods, or products purchased with Grant funds.

D. Audits or Investigations

Acceptance of grant funds under the Agreement acts as acceptance of the authority of the Grantor to conduct an audit or investigation in connection with grant funds. Grantee further agrees to cooperate fully with the Grantor and the State Auditor's Office, or their successors, in the conduct of any audit or investigation, including providing all records requested. Grantee will ensure that this clause concerning the authority to audit the funds received by Grantee is included in any subcontract it awards.

E. Location

Any audit of records may be conducted at Grantee's principal place of business or a location of Grantee's operations during Grantee's normal business hours.

F. Risk Assessment

The TFEE Risk Assessment is a risk-based monitoring system used to analyze the potential risk levels of TFEE Grantees and establish effective monitoring practices. The Coordinator will perform the risk analysis for each grantee at the beginning of each grant cycle in order to identify potential risk to the grant program. Additionally, the Coordinator may reanalyze grantees after each reporting period to ensure compliance. Monitoring actions will be taken based on the low-risk, moderate-risk, or high-risk assessment provided by the risk assessment.

G. Disallowance of Grant Funds

Grantee will be liable to the Grantor for any costs disallowed as a result of any audit or investigations, and must, upon demand, immediately reimburse the Grantor for disallowed costs.

VII. Use of Grant Funds and Property

A. Allowable Expenditures

1. Grantee may use the grant funds only for allowable expenditures as identified in Grantee's application and authorized pursuant to the Texas Grant Management Standards for the State of Texas, as adopted by the Governor of the State of Texas pursuant to Chapter 783 of the Texas Government Code.
2. Grant funds may not be used for capital expenditures (land or any items over $5,000).
3. Grantee must produce proof of payment (stamped paid invoices or receipts) of all allowable expenditures.
4. All costs must be directly attributable to the project that is the subject of the Agreement.
5. Grantee may not use grant funds for any of the following: (1) entertainment or alcoholic beverages, (2) to directly fund class action suits, lawsuits against governmental entities, or lobbying for or against any candidate or issue, or (3) to sue or otherwise support a cause of action, claim, or defense against Grantor or the State of Texas.

B. Salaries

Salary costs will be reimbursed for direct program activity. Any salary charged to grant must be accurately recorded. Grantee must submit timesheets with specific duties performed in relation to grant activity in order for salary to be considered for reimbursement. This documentation must be submitted with grant reimbursement report.

C. Consultant Services

1. Grantees normally are expected to utilize the services of their own officers or employees to the maximum extent in managing and performing the activities supported by TFEE grant. Where it is necessary for a grantee to enter into a sub-award for the services of persons who are not its officers or employees, it is expected to do so in accordance with its own written organizational standards.
2. If the need for consultant services is anticipated, the proposal narrative should provide appropriate rationale, and the summary proposal budget should estimate the amount of funds that may be required for this purpose. To the extent possible, consultant rates should show separate amounts for actual services and each of the components of the rate (such as fringe benefits, indirect costs, and other expenses).

3. Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill and who are not officers or employees of the performing organization are allowable when reasonable in relation to the services rendered. However, payment for a consultant's services may not exceed more than 30% of actual award.
4. In determining the allowable costs in a particular case, no single factor or any special combination of factors is necessarily determinative. However, the following factors, among others, are relevant:

    a) The nature and scope of the service rendered in relation to the service required;
    b) The necessity of issuing a sub award for the service considering the organization's capability in the particular area;
    c) The past pattern of such costs, particularly in the years prior to the award of grant;
    d) The impact of government contracts and grants on the organization's total activity (e.g., what new problems have arisen);
    e) The service can be performed more economically by employment rather than by consulting;
    f) The qualifications of the individual or concern rendering the service and the normal/customary fees charged and received by the individual for comparable services;
    g) The adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation and termination provisions); or
    h) Costs of legal or lobbying services are unallowable in the grant.

D. Allowable Travel Expenditures

1. Travel costs will be reimbursed for certain expenses at the rates authorized by the Agreement and limited by rules and rates promulgated by the Comptroller of Public Accounts.
2. All travel must be performed in conjunction with official TFEE business. It is the responsibility of each grantee to track and submit (with grant reports) the completed mileage log for travel reimbursement. Failure to comply with the travel guidelines will result in delay of payment or rejection of travel reimbursement. When tracking mileage grantees must use the Mileage Log included with the grant report.
3. Grantees should use online mapping tools to compare and compute point-to-point mileage. The allowable reimbursement is determined using the lower of the actual miles driven or the mileage calculated, point to point. The Grantor is not required to reimburse grantees at the maximum rate. The Grantor’s maximum mileage reimbursement rate for travel by grantees is in

accordance with the Texas Comptroller of Public Accounts. Mileage to and from ordinary in-town errands will not be reimbursed.

4. Mileage is consistent with state reimbursement rates set by the State Comptroller and is subject to change. Refer to Texas Grant Management Standards (TxGMS) for conditions related to all travel, lodging, and food related reimbursement expenses. Refer to the State Comptroller for specific travel allowances, definitions, and restrictions.
5. Parking is eligible for reimbursement as long as it is incurred for official TFEE business.
6. Grantees are encouraged to compare airline costs and use the lesser amount. To be reimbursed for airline travel a Grantee must submit receipts that contain the following information: grantee (employee) name, airline, cost of airfare, travel dates, destinations, ticket number, and seating class. Grantees must also show proof of payment for airfare.

E. Disbursement of Grant Funds

1. Payments are made on a reimbursement basis after Grantor receives Grantee's Account and Report on Use of Grant Funds including receipts and invoices for all expenditures and accompanying reports.
2. Receipts and invoices must match the funds requested on Grantee's initial budget, unless otherwise approved in writing by the Grantor.

F. Misuse of Grant Funds

1. Grantor may require a refund of grant funds already disbursed to Grantee if one or more of the following events occur: (1) Grant funds are misused, (2) Grant funds are used in an illegal manner, (3) Grant funds are used for non-allowable expenses, (4) Grantee violates the terms or conditions of the Agreement, or (5) Grantor discovers that Grantee made any misrepresentations to Grantor in obtaining the Grant.
2. This provision is not exclusive of other grounds for withholding or refunding of funds or any other remedy, civil or criminal, which may be available to Grantor.

G. Use of Property

During the Term of Agreement, any property acquired with grant funds must be used in accordance with the Agreement, to accomplish the purposes of the grant and the program.

H. Records of Property

Grantee must maintain appropriate records of goods or property purchased with grant funds and must develop a control system to ensure adequate safeguards to prevent loss, damage, or theft of these goods or property.

I. Purchase of Equipment; Title Upon Termination

1. Grantee may not give any security interest, lien or otherwise encumber any item of equipment purchased with funds.
2. Grantee must permanently identify all equipment purchased under this contract by appropriate tags or labels affixed to the equipment.
3. Grantee must maintain a current inventory of all equipment or assets, which is available to Grantor at all times upon request. Grantee must administer a program of maintenance, repair, and protection of equipment or assets under this contract so as to ensure the full availability and usefulness of the equipment or assets.
4. If Grantee is indemnified, reimbursed, or otherwise compensated for any loss of, destruction of, or damage to the assets provided under this contract, it must use the proceeds to repair or replace these equipment or assets. To the extent that Grantor reimburses Grantee for its purchase of equipment and supplies with funds from this contract. Upon termination of the contract, title to or ownership of all purchased equipment and supplies, at the sole option of Grantor, will remain with Grantor.

J. Intellectual Property

1. Where funds obtained under the Agreement may be used to produce original books, manuals, films, or other original material and intellectual property, Grantee may copyright such material subject to the royalty-free, non-exclusive, and irrevocable license that is reserved by Grantor.
2. Grantor has the unrestricted right to use, copy, modify, prepare derivative works, publish, and distribute, at no additional cost to Grantor, in any manner that Grantor deems appropriate at its sole discretion, any component of intellectual property which is the property of the grant project.

VII. Grant Agreement Termination

A. Termination for Convenience

1. The Grantor or Grantee may terminate an Agreement before the end of the Term, without cause, by delivering a written notice of termination to the other party at least 30 days before the termination.

2. Early termination of an Agreement will not relieve Grantee from reporting requirements, recordkeeping requirements, or liability to refund Grant funds in the event of misuse.
3. If Grantee terminates the agreement after receiving reimbursements in an amount that exceeds a pro rata portion of the total awarded amount over the elapsed Term of the Agreement, then Grantee must refund the portion of the reimbursement that exceeds the pro rata portion of the total awarded amount.

B. Termination for Cause

In the event that Grantee fails to perform or comply with an obligation of the terms, conditions, and provisions of the Agreement, Grantor may, upon written notice of the breach to Grantee, immediately terminate all or any part of the Agreement.

C. No Reimbursement Upon Termination

1. In the event of termination of the Agreement, Grantor will make no further disbursement of grant funds to Grantee beyond those already approved at the time of termination, and Grantee specifically waives all rights to any of these funds.
2. Grantee must refund the Grantor any unused funds at the time of termination.

IX. Dispute Resolution

A. Mediation; Noncompliance Actions

1. To the extent authorized by law, Grantor and Grantee may use a dispute resolution process before pursuing termination or litigation.
2. Grantor and Grantee may sign an amended Grant Agreement or Noncompliance Action Plan agreeing to the amended terms.
3. The Noncompliance Action Plan may include increased communications between Grantor and Grantee, site visits, audits, and additional reports.
4. The dispute may be mediated by a mutually acceptable third party.
5. If mediation occurs, Grantor and Grantee will pay all costs of any mediation equally.
6. Grantor's participation in any mediation or nonbinding dispute resolution process will not be construed as a waiver by Grantor of any of the following: (1) any rights, privileges, defenses, remedies, or immunities available to Grantor as an agency of the State of Texas or otherwise available to Grantor, (2) Grantor's termination rights, or (3) other termination provisions or expiration dates of the Agreement.