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will be paid with institutional resources.

(b) *Quality of activity objectives.* The extent to which the objectives for each activity are—

(1) Realistic and defined in terms of measurable results; and

(2) Directly related to the problems to be solved and to the goals of the comprehensive development plan.

(c) *Quality of implementation strategy.* The extent to which—

(1) The implementation strategy for each activity is comprehensive;

(2) The rationale for the implementation strategy for each activity is clearly described and is supported by the results of relevant studies or projects; and

(3) The timetable for each activity is realistic and likely to be attained.

(d) *Quality of key personnel.* The extent to which—

(1) The past experience and training of key professional personnel are directly related to the stated activity objectives; and

(2) The time commitment of key personnel is realistic.

(e) *Quality of project management plan.* The extent to which—

(1) Procedures for managing the project are likely to ensure efficient and effective project implementation; and

(2) The project coordinator and activity directors have sufficient authority to conduct the project effectively, including access to the president or chief executive officer.

(f) *Quality of evaluation plan.* The extent to which—

(1) The data elements and the data collection procedures are clearly described and appropriate to measure the attainment of activity objectives and to measure the success of the project in achieving the goals of the comprehensive development plan; and

(2) The data analysis procedures are clearly described and are likely to produce formative and summative results on attaining activity objectives and measuring the success of the project on achieving the goals of the comprehensive development plan.

(g) *Budget.* The extent to which the proposed costs are necessary and rea-

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sonable in relation to the project's objectives and scope.

(Approved by the Office of Management and Budget under control number 1840-0114)

(Authority: 20 U.S.C. 1057-1059, 1066-1069f)

[59 FR 41924, Aug. 15, 1994, as amended at 70 FR 13374, Mar. 21, 2005]

§ 607.23 What special funding consideration does the Secretary provide?

(a) If funds are available to fund only one additional planning grant and each of the next fundable applications has received the same number of points under § 607.20 or 607.21, the Secretary awards additional points, as provided in the application package or in a notice published in the FEDERAL REGISTER, to any of those applicants that—

(1) Has an endowment fund of which the current market value, per full-time equivalent enrolled student, is less than the average current market value of the endowment funds, per full-time equivalent enrolled student, at similar type institutions; or

(2) Has expenditures for library materials per full-time equivalent enrolled student which is less than the average expenditure for library materials per full-time equivalent enrolled student at similar type institutions.

(b) If funds are available to fund only one additional development grant and each of the next fundable applications has received the same number of points under § 607.20 or 607.22, the Secretary awards additional points, as provided in the application package or in a notice published in the FEDERAL REGISTER, to any of those applicants that—

(1) Has an endowment fund of which the current market value, per full-time equivalent enrolled student, is less than the average current market value of the endowment funds, per full-time equivalent enrolled student, at comparable institutions that offer similar instruction;

(2) Has expenditures for library materials per full-time equivalent enrolled student which are less than the average expenditures for library materials per full-time equivalent enrolled student at comparable institutions that offer similar instruction; or

(3) Propose to carry out one or more of the following activities—

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- (i) Faculty development;
- (ii) Funds and administrative management;
- (iii) Development and improvement of academic programs;
- (iv) Acquisition of equipment for use in strengthening management and academic programs;
- (v) Joint use of facilities; and
- (vi) Student services.

(c) As used in this section, an endowment fund does not include any fund established or supported under 34 CFR part 628.

(d) Each year, the Secretary provides prospective applicants with the average expenditure of endowment funds and library materials per full-time equivalent student.

(Authority: 20 U.S.C. 1057 *et seq.*)

[52 FR 30529, Aug. 14, 1987, as amended at 59 FR 41925, Aug. 15, 1994; 60 FR 15447, Mar. 23, 1995; 64 FR 70155, Dec. 15, 1999; 70 FR 13374, Mar. 21, 2005]

§ 607.24 How does the Secretary use an applicant's performance under a previous development grant when awarding a development grant?

(a)(1) In addition to evaluating an application under the selection criteria in § 607.22, the Secretary evaluates an applicant's performance under any previous development grant awarded under the Strengthening Institutions Program that expired within five years of the year when the development grant will begin.

(2) The Secretary evaluates whether the applicant fulfilled, or is making substantial progress toward fulfilling, the goals and objectives of the previous grant, including, but not limited to, the applicant's success in institutionalizing practices developed and improvements made under the grant.

(3) The Secretary bases the evaluation of the applicant's performance on information contained in—

- (i) Performance and evaluation reports submitted by the applicant;
- (ii) Audit reports submitted on behalf of the applicant; and
- (iii) Other information obtained by the Secretary, including reports prepared by the Department.

(b) If the Secretary initially determines that the applicant did not fulfill the goals and objectives of a previous

grant or is not making substantial progress towards fulfilling those goals and objectives, the Secretary affords the applicant the opportunity to respond to that initial determination.

(c) If the Secretary determines that the applicant did not fulfill the goals and objectives of a previous grant or is not making substantial progress towards fulfilling those goals and objectives, the Secretary may—

(1) Decide not to fund the applicant; or

(2) Fund the applicant but impose special grant terms and conditions, such as specific reporting and monitoring requirements.

(Authority: 20 U.S.C. 1066)

[59 FR 41925, Aug. 15, 1994, as amended at 64 FR 70155, Dec. 15, 1999]

§ 607.25 What priority does the Secretary use in awarding cooperative arrangement grants?

Among applications for cooperative arrangement grants, the Secretary gives priority to proposed cooperative arrangements that are geographically and economically sound, or will benefit the institutions applying for the grant.

(Authority: 20 U.S.C. 1057, 1069)

[59 FR 41925, Aug. 15, 1994]

Subpart D—What Conditions Must a Grantee Meet?

§ 607.30 What are allowable costs and what are the limitations on allowable costs?

(a) *Allowable costs.* Except as provided in paragraphs (b) and (c) of this section, a grantee may expend grant funds for activities that are related to carrying out the allowable activities included in its approved application.

(b) *Supplement and not supplant.* Grant funds shall be used so that they supplement and, to the extent practical, increase the funds that would otherwise be available for the activities to be carried out under the grant and in no case supplant those funds.

(c) *Limitations on allowable costs.* A grantee may not use an indirect cost rate to determine allowable costs under its grant.

(Authority: 20 U.S.C. 1057–1059 and 1066)