



# FACT SHEET

## USE & DISPOSAL OF EQUIPMENT



As a pass-through entity for Federal Education funds, the Nebraska Department of Education (NDE) is providing this **Use & Disposal of Equipment Fact Sheet** to assist Federal program subrecipients in the management of equipment purchased in whole or in part using Federal dollars.

This information is being provided by the NDE as general compliance guidance only. Subrecipients of Federal funds should refer to the full text of the regulations which can be found at [Electronic Code of Federal Regulations \(eCFR\)](#) when developing policies and procedures concerning the use and ultimate disposal of equipment purchased in whole or in part using Federal funds.

Subrecipients of Federal funds are solely responsible for meeting all applicable Federal regulations.

### Use of Equipment

In accordance with [2 CFR 200.313\(c\)](#) equipment must be used by the subrecipient in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award, and the subrecipient must not encumber the property without prior approval of the Federal awarding agency.

When no longer needed for the original program or project, the equipment may be used in other activities supported by the Federal awarding agency (in most cases this would be USDOE), in the following order of priority:

1. Activities under a Federal award from the Federal awarding agency which funded the original program or project, then.
2. Activities under Federal awards from other Federal awarding agencies.

During the time that equipment is used on the project or program for which it was acquired, the subrecipient must also make equipment available for use on other projects or programs currently or previously supported by the Federal government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by Federal awarding agency that financed the equipment and second preference must be given to programs or projects under Federal awards from other Federal awarding agencies. Use for nonfederal-funded programs or projects is also permissible.

User fees should be considered if appropriate. However, the subrecipient must not use equipment acquired with the Federal award to provide services for a fee that is less than private companies charge for equivalent services unless specifically authorized by Federal statute for as long as the Federal government retains an interest in the equipment.

When acquiring replacement equipment, the subrecipient may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

### Disposition/Disposal of Equipment

In accordance with [2 CFR 200.313\(e\)](#), when original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency the subrecipient must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award. Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions:



1. Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency.
2. Except as provided in [2 CFR 200.312](#) Federally owned and exempt property, paragraph (b), or if the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair-market value in excess of \$5,000 may be retained by the subrecipient or sold. The Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit the subrecipient to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.
3. The subrecipient entity may transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, subrecipient must be entitled to compensation for its attributable percentage of the current fair market value of the property.
4. In cases where a subrecipient fails to take appropriate disposition actions, the Federal awarding agency may direct the subrecipient to take disposition actions.

Also, see the Fact Sheet titled **Equipment Inventory** prepared by the NDE for further information about equipment purchased using Federal funds.

## Federal Compliance Monitoring

As part of the NDE's annual Federal Compliance Monitoring program, staff from the NDE may review inventory records, and if appropriate, how confirming that any equipment purchased with Federal funds followed appropriate disposition procedures. The Grant Compliance Auditors will use the requirements of 2 CFR 200 and other applicable Federal Codes and requirements when completing such reviews.

## Technical Assistance

Please feel free to contact the Grants Compliance staff should you have any questions relative to the contents of this document.

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***This document is not a substitute for the advice of your own attorney and/or law firm licensed to practice law in the state of Nebraska. In reading and applying Federal law, the NDE recommends LEAs seek and obtain the advice of counsel with questions of application, interpretation, and/or to ensure that use of this information is appropriate to your particular situation.***

