

Workforce Solutions

Financial Management Policies and Procedures

All H-GAC Workforce Solutions subrecipients will adhere to these financial management policies and procedures. These policies incorporate guidance issued by the Texas Workforce Commission and have a direct impact on the tracking, reporting of expenditures, and funds management by the Gulf Coast Workforce Board.

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In accordance with the Agency Board Agreement with the Texas Workforce Commission, H-GAC requires Workforce Solutions subrecipients to adhere to the administrative requirements and cost principles found in the

- Office of Management and Budget (OMB) “Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards” (OMB Uniform Guidance (UG), 2 C.F.R. Part 200),
- Uniform Grant Management Standards (UGMS) as promulgated by the Texas Comptroller of Public Accounts,
- Texas Workforce Commission’s Financial Manual for Grant and Contracts (FMGC), and
- any directives specified by TWC issuances, including, but not limited to, WD Letters, except as otherwise specifically authorized by the H-GAC in writing.

H-GAC is only liable to the Workforce Solutions subrecipients in an amount equal to, but not in excess of, the lesser of the amount of the contract or the actual allowable costs incurred by the Workforce Solutions subrecipient in rendering the performance specified in the statement of work and limitations established within the budget and funds tracking sheet of a contract.

H-GAC will not be liable for expenditures made in violation of the legal authorities cited or any other law or regulation applicable to a specific service performed under a contract. H-GAC’s obligations for cost incurred or performances rendered by Workforce Solutions subrecipients is contingent upon receipt of adequate funds from federal and state sources to meet H-GAC’s liabilities.

I. Financial Systems and Reporting

Subrecipients must report expenditures in electronic format via the Workforce Solutions Extranet. The Executive Director of Subrecipient will designate up to three individuals who are authorized to submit billings on behalf of the organization. These authorized individuals will gain access to the Workforce Solutions Extranet to upload contract billing reports. H-GAC will issue contract billing reports specific to the Subrecipient's contract for electronic submission. H-GAC will not require original signatures on electronic submissions. **A billing presented by anyone not authorized by the Subrecipient's Executive Director will not be processed and paid by H- GAC.**

Unless otherwise agreed in writing, a Subrecipient must submit a contract billing report of expenditures at least once monthly. A billing report is considered timely if submitted in accordance to the timeframe outlined below.

- For an organization reporting once per month, expenditure reports are due to H- GAC by Close of Business (COB) on the ninth calendar day of a month for the previous month's expenditures. If the ninth falls on a weekend or on a holiday, the reports are due by COB the next business day following the ninth.
- If a Subrecipient files expenditure reports twice per month, the reports are due to H-GAC by COB on the ninth of the month for expenditures through the end of the previous month, and the twenty-first of the month for expenditures through the fifteenth of the month. If the twenty-first falls on a weekend or on a holiday, the reports are due by COB the next business day following the twenty-first.

It is especially important that the report for the ninth accurately and fully represent cumulative expenditures, including accruals, through the end of the previous month, including any adjustments (made in the current month only) for prior periods. Expenditures reported to H-GAC on the ninth represent the primary basis for monthly expenditure reporting to the grantor agency.

Reports received after the applicable due date (timely reporting is described above) will NOT be processed and cash will NOT be drawn for payment on those reports until the next processing cycle associated with the next report due date. For example, a report due on the ninth and received on the tenth will NOT be processed until the twenty-second of the month. A report due on the twenty-first but not received until after that date will NOT be processed until the tenth of the following month. Expenditure reports will NOT be processed, and cash will NOT be drawn on an "as reports are received" basis, unless they are received on the indicated due dates. A Subrecipient can expect to be paid approximately 10 - 15 business days after the report due date. Payment to Subrecipients are made by Electronic Funds Transfer (EFT). EFTs generally will occur twice per week, on Tuesday and on Thursday, with a 2-day settlement at the Subrecipient's bank.

Back-up documentation for reimbursable expenses submitted on each billing report must be maintained by the Subrecipient. However, under normal circumstances, the Subrecipient is not required to submit documentation with the electronically submitted billings. Each Subrecipient must ensure that the documentation is readily available for inspection by authorized

representative(s) of H-GAC, or its state or federal funding agencies, at any time during normal business hours.

H-GAC, or an authorized representative of H-GAC, will schedule a review of backup documentation at least annually during any contract period. In addition, H-GAC may conduct inspections of backup documentation if expenditures or adjustments seem out of line with expectations or with normal and accepted accounting practices. Problems or questions arising as a result of an inspection will be handled in accordance with the terms and conditions of the contract. H-GAC may require Subrecipient to submit backup documentation with every billing if deemed necessary by H-GAC.

Accrual Basis of Accounting

Subrecipients must report all contract expenditures on an accrual basis. In accrual accounting, revenue is recognized when earned and expenses are recognized when incurred, i.e., economic transactions or events are recognized when they occur and not when the cash settlements for those transactions take place. Revenues and expenses are recorded during the accounting period that includes the underlying real transactions even though cash may not have been received or paid at that point. Accrued expenditures are charges incurred during a given period for goods and tangible property received, and services performed that cause decreases in net financial resources, and an accrued expenditure would include those expenses incurred that have not yet been paid. Subrecipients must reasonably estimate accrued expenses based on what is to be paid, historical data, or some other reasonable methodology. Subrecipients must maintain documentation to support accrued expenses and the methodology used to determine the amount of accruals to be reported. Documentation can include actual invoices not yet paid.

Errors and Omissions

If a Subrecipient identifies an error or omission from a previous month's certified expenditure report, the Subrecipient must include the corrected amount(s) in the current month's expenditure report under current expenditures. A Subrecipient **must not** go back to a previous month to make a positive or negative correction as all such corrections must be made under current expenditures in the current month being reported.

Tracking Budgets, Expenditures and Obligations

Subrecipient must establish and implement procedures for budgeting and for tracking funds, expenditures, obligations, commitments and accruals. Subrecipient must ensure that its financial management system complies with the essential elements outlined in current Texas Workforce Commission *Financial Manual for Grants and Contracts*, which can be found at http://www.twc.state.tx.us/business/fmgc/fmgc_toc.html.

Expenditure Benchmarks

Subrecipients must ensure that each month's expenditures are at a reasonably acceptable level and should manage financial resources to meet expenditure benchmark targets as applicable to funding streams contained within their individual contracts. Some variation may be allowed based on instructions from a contract manager who in response to Board or State instructions has directed a Subrecipient to emphasize a particular area of spending. Even in such cases, however, a Subrecipient must have a plan in place and the ability to spend all funds by the termination of

the funding streams or the contract or by an earlier date if so indicated in writing in the contract document, the Financial Report, the funding stream budget in the Funds Tracking Summary, or by the assigned contract manager.

For each funding stream included in a contract, H-GAC will be tracking expenditure rates monthly. A Subrecipient, whose rate of expenditure in a particular funding stream is considered less than acceptable by H-GAC, as indicated in writing by the assigned Contract Manager or other appropriate H-GAC personnel, may be subject to deobligation of funds from that particular funding stream, thereby reducing the total contract value by the amount de-obligated. Beginning with the 4th month of a contract, H-GAC will expect a Subrecipient to be at a minimum of 90% of the target expenditure rate for all funds, subject to restrictions elsewhere specified and guidance and instruction from the assigned contract manager. The target expenditure rate is equal to the budgeted funding stream amount divided by the number of months the funding is available and then multiplied by the number of months the funds have been available to bill against.

<i>Expenditure Benchmarks</i>									
<i>Months into Contract</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>	<i>12</i>
<i>90% of Target Expenditure Rate</i>	30.0%	37.5%	45.0%	52.5%	60.0%	67.5%	75.0%	82.5%	90.0%

Unless otherwise specified in writing in an applicable contract amendment, any additional funds amended into a contract become subject to benchmark target expenditure rates sixty days after the amendment has been executed. In any case, if a Subrecipient fails to expend funds at a reasonably acceptable level, H-GAC may, through unilateral action, de-obligate funds from the contract. H-GAC may also require the Subrecipient to implement a corrective action plan.

H-GAC may also de-obligate or rescind funds from a Subrecipient due to a reduction of funds or a Board determined need to alter priorities.

Contract Close Out Reporting

Each Subrecipient must submit an H-GAC contract closeout billing report according to instructions and timetables issued by H-GAC. H-GAC will not recognize any request for payment on a contract that is submitted after the deadline for submission of the Close Out Report, generally forty-five days after the termination date of the contract. The Contract Close Out Report must include any Program Income earned and expended in performance of the contract.

Unpaid Accruals at Closeout

Subrecipient must, as a part of the closeout package submitted to H-GAC, list all unpaid accruals at closeout. In general, all unpaid accruals must be paid within 30 days of the termination of the contract. Beginning 45 days after termination of the contract, unpaid accruals at closeout must be handled as follows:

All funds held by Subrecipient to pay vendors/sub-recipients must be returned to H-GAC along with a detailed description of each, including the:

- a. Vendor Name
- b. Amount
- c. Purpose
- d. Date of service or product delivery for which accrual was made.

Close Out of Individual Funding Streams Prior to Full Contract Closeout

Because the contract may include funds from several different sources, some of which may expire earlier than the termination date of the full contract, H-GAC will require a Closeout Financial Report on the funding stream(s) that expire at dates earlier than the full contract. This final Closeout Financial Report for the early terminating funding stream may involve no more than a specially labeled column added to the financial report in order for Subrecipient and for H-GAC to be able to submit a final report for all additional expenditures occurring before the expiration of the funding stream. The report with the closeout column will be due to H-GAC no later than 45 days following the termination date of the funding stream.

Program Income

For all Subrecipients, other than for-profit Subrecipients, revenues above costs earned in the performance of services under a contract with H-GAC are considered program income as described in the TWC Financial Manual for Grants and Contracts. Program income (earned and expended) must be reported each month. Subrecipients shall disburse program income prior to requesting additional cash payments and keep accurate records for the tracking of all program income earned and expended under the terms of the contract. Subrecipient must report the total amount of program income earned and used on the Contract Close Out Report. A Subrecipient must understand and agree that any program income earned under the terms of a contract may be used solely for the furtherance of the Subrecipient's H-GAC sponsored program(s) and program income may only be used to support the particular program that generated it. The use of program income is limited to providing assistance to individuals who are eligible for services under applicable law in the funding stream/program that generated the program income. Program income is subject to all the requirements of law and regulation applicable to the funding stream generating it as if it were part of the originally approved contract.

A Subrecipient must understand and agree that the Subrecipient is liable to repay, and must repay to H-GAC upon demand, any program income earned under the terms of this Contract which has been determined through audit or investigation not to have been spent according to the provisions of this contract the TWC Financial Manual for Grants and Contracts and applicable laws, regulations, and OMB Cost Circulars.

Stand-In Costs

Stand-in costs are non-federal, non-state costs that *may under certain circumstances* be substituted, or allowed to **STAND-IN**, for disallowed contract or grant costs *when certain conditions are met*. In order, even to be considered as stand-in costs, the proposed stand-in costs must meet the following criteria. The proposed Stand-In Costs:

- must have been allowable costs incurred under the grant, but not charged to the federal program (or any other program administered by H-GAC or the funding Agency)

- must not have been already reimbursed by any other state or federal grant
- must have been included within the scope of the audit
- must have been accounted for in the auditee's financial system
- may include cash match (expenditures of the organization used as match) that exceeds match requirements under the grant
- must come from the same year as the costs that were proposed to be replaced
- must not cause costs to exceed administrative or other cost limitations

Stand-in costs do not include in-kind match; uncompensated overtime; unbilled premises costs associated with fully depreciated publicly owned buildings; allocated costs derived from an improper allocation methodology; or discounts, refunds or rebates.

There can be no guarantee that proposed Stand-in costs will be allowed to replace any disallowed costs of a Subrecipient, but unless the criteria above are met and unless the proposed Stand-in costs are reported on the Financial Report form, there is no possibility of using Stand-in costs to replace disallowed costs.

Budget Line Item Variation

With certain restrictions, a Subrecipient may be allowed by its contract manager a variance on a budget line item or cost category without having to request and receive a contract budget amendment from H-GAC. The restrictions are that: (1) the variance will not result in exceeding the overall budget in the contract (2) the variance will not result in exceeding the overall budget of any specific funding stream; (3) the variation in a line item budget may never be used in any circumstance which will result in the increase of administrative costs beyond what has been approved in the original contract or in any formal amendment or modification to the contract; (4) the variation must not increase any **personnel line item (including benefits), indirect line item or profit/fee line item** by any amount above the approved contract budget, as amended; and (5) the variation may not be used in any circumstance that would alter the basic character of the services or activities that the Subrecipient is required to provide according to the approved Scope of Services to the contract. Any request for an exception to this policy must be justified by the Subrecipient in writing to the assigned contract manager and will require a formal amendment to the contract.

Subrecipients must request specific, written approval from the assigned contract manager for any line item overage which exceeds of 15 percent of the approved line item budget. Where required and in situations that do not violate the exceptions listed above, approvals for transfers between or among line items may be authorized via email by the assigned contract manager. A temporary approval for overages in personnel costs may be granted by the assigned contract manager if there is a pending amendment to the contract. Approvals should be in writing and document the reason for approval. Personnel line item overages will not be allowed for closeout.

Any transfer among budget line items, regardless of amount, that will result in a significant change in the character or scope of services provided under this contract, and particularly a significant reduction or limitation in customer services, will require prior written consent of H-GAC. Any such transfers undertaken without prior approval will be grounds for

disallowance and recovery of unapproved expenditures and/or termination of a contract at the option of H-GAC.

Advances

H-GAC may authorize contract advances or the use of cash needs projections to certain Subrecipients, if the legislation and the federal and/or state regulations governing the grant and/or funding stream permit their use by H-GAC and its Subrecipients.

Payments to Subrecipients are to be in accordance with terms and conditions of their contracts, which are typically on a reimbursement basis. Where cash flow is a problem for a Subrecipient, H-GAC may authorize either one of two courses of action to assist a Subrecipient.

The first and preferable method is to have the Subrecipient once monthly project cash needs into the future with an indication of the date and time funds will be needed by the Subrecipient in order to meet its financial obligations and simultaneously to avoid having excess cash on hand. If applicable, H-GAC will draw cash several times monthly from the funding source to coincide with cash needs of the Subrecipient as they are reported on an additional report during the month. The expenditure report due on the ninth as indicated above must be submitted and must contain a reconciliation of expenditures to cash. In addition, the Subrecipient is subject to on-site review of all back-up documentation pertaining to expenditures, cash draws, and cash balances on hand. Specifics of this method will be determined in negotiation with an individual Subrecipient. Repeated findings of excess cash on hand and/or abuse of this method for assistance to a Subrecipient will cause H-GAC to revert back to a cost reimbursement only method and/or the imposition of the sanctions set forth in the Special Contract Provisions.

The second and least preferred method of assisting a Subrecipient is through a working capital cash advance. When a working capital advance is permitted the advance must be completely repaid 60 days prior to the end of the contract, unless alternative arrangements are made in writing.

To receive an advance under either method. The follow conditions must be met.:

1. The Subrecipient must have and must maintain sufficient financial systems to adequately account for all funds awarded and advanced.
2. As a prerequisite, the Subrecipient must provide to the contract manager a **written statement or letter that demonstrates or justifies a legitimate business need for advance funds**, and the contract manager must approve **in writing** the provision of the advance.
3. The Subrecipient must request the advance on an approved financial report form submitted to H-GAC.
4. An advance may not exceed 1/12 of the total contract amount or 1/12 of any individual funding stream included within the contract.

In every case and regardless of any exceptions made to the advance repayment deadline, the advance must be liquidated by the end of the performance period. In no case may the total cash payment to a Subrecipient, defined as the sum of any advance(s) and any reimbursements made for expenditures under the contract, ever exceed the face value of the contract. Subrecipients who have demonstrated a history of excess cash on hand may be ineligible for an advance. Also, regardless of any other circumstances, H-GAC reserves the right at any time and for any reason

to demand reimbursement of any outstanding advances to any Subrecipient. A Subrecipient requesting an advance must submit requests for an advance to coincide with immediate cash needs and must ensure that no excess cash is on deposit in the Subrecipient's accounts or the accounts of any of its vendors or subcontractors. Excess cash is defined in the *TWC Financial Manual for Grants and Contracts*. H-GAC may unilaterally change the method of payment from advance to reimbursement if H-GAC determines that a Subrecipient has maintained excess cash or if H-GAC identifies a material deficiency, as defined in the *TWC Financial Manual for Grants and Contracts*, in the cash controls or financial management system maintained by a Subrecipient. If a Subrecipient fails to follow the requirements for advances, the situation may result in funds being provided to that Subrecipient through a reimbursement process only and/or the imposition of the sanctions set forth in the Special Contract Provisions.

Fiscal Integrity Evaluation

Subrecipient must have financial processes and controls in place to safeguard H-GAC and Workforce Solutions financial resources provided to the Subrecipient. The Board's staff or the Board's financial monitor will conduct a fiscal evaluation to determine Subrecipient compliance with requirements contained in the federal regulations, applicable Office of Management and Budget circulars, state statutes, the Workforce Commission's directives, and Workforce Solutions policy. Based on the contract amount, the evaluation will be conducted every year or every other year prior to the final award or renewal of the contract. The evaluation may include the Subrecipient's prior three-year financial history before an award or renewal is made. H-GAC or its representative will review how well the Subrecipient safeguarded fixed assets and properly accounted for program income. During the evaluation, H-GAC will also review the Subrecipient's adverse findings including sanctions, judgments, disallowed and questioned costs, audit and monitoring findings, and the Subrecipient's actions to resolve those issues.

Fiscal Integrity Review

Gulf Coast Workforce Board staff ensure that current and new Subrecipients which have a subrecipient type agreement in nature with H-GAC, receive a fiscal integrity review as indicated.

- Contracts under \$100,000: Fiscal indicators are verified prior to the award of the contract and at each renewal of the contract
- Contracts between \$100,000 and \$500,000: Fiscal indicators are verified prior to the award of the contract, at each renewal of the contract, and not less than biennially
- Contracts over \$500,000: Fiscal indicators are verified prior to the award of the contract, at each renewal of the contract, and not less than once annually.

Fiscal integrity reviews for current active Subrecipients which have a subrecipient type agreement with H-GAC shall include a desk review of the following items:

- Most recent Workforce Solutions Gulf Coast contracted financial monitoring *1 *3
- Most recent independent audit or certified financial statements
- Debarment status

Fiscal integrity reviews for new Subrecipients which have a subrecipient type agreement with H-GAC shall include a desk review of the following items:

- Most recent independent audit or certified financial statements
- Debarment status
- Financial policies and procedures *2

- Appropriate bonding and insurance *2
- Cost allocation plan *2

**1 The fiscal integrity evaluation required by 40 TAC §802.21 can be accomplished by relying on the work of other reviews, audits, or examinations, to the extent that such work meets the rule's stated objectives and requirements.*

**2 New Subrecipients may be granted up to 30 days into the contract period to provide fiscal integrity documentation if approved by the Contract Manager.*

**3 Findings identified in a contracted workforce financial monitoring are resolved separately from the fiscal integrity review. If findings identified are determined significant enough to affect the viability of the organization(s) ability to contract to provide workforce services and are unable to be corrected through the resolution process, a subrecipient will not pass a fiscal integrity review.*

II. Cost Classifications

For all funding provided to a Subrecipient through the Gulf Coast Workforce Board, Subrecipients are to establish written policies and procedures that address the classification of expenditures. These policies are to include the rationale for the classification decisions. Written policies and procedures must support efforts for consistent reporting of similar types of expenditures. Inclusion of the rationale behind the policies and procedures is required in order to aid internal and external users (e.g., auditors and monitors) in understanding the intent and consistent application of the same rationale to new or unusual circumstances.

Financial report forms for new contracts or new funding streams added to existing contracts may be revised to incorporate new definitions and cost categories and to facilitate implementation of the special procedures relating to administrative costs that are described below.

Cost Allocation Plan

Every Subrecipient is required to have a detailed cost allocation plan in place by the beginning date of a contract with H-GAC and to have furnished an exact copy of that plan to H-GAC no later than 30 days after the first effective date of a contract. Any changes to the cost allocation plan or methodology must be furnished to H-GAC within 10 days of the date of implementation of the change by a Subrecipient.

The cost allocation plan must present an acceptable rationale for how costs are to be allocated among the various funding streams and cost categories within each of the funding streams. It must present an acceptable rationale for how costs are allocated to a contract with H-GAC as opposed to any other funding sources available to a Subrecipient. Issues such as indirect costs, pooled costs other than indirect costs, direct charging of certain costs, shared facilities costs, other expenses charged to partners, etc., must be addressed in the cost allocation plan. The cost allocation plan must contain essential elements and detail as described in the Texas Workforce Commission *Financial Manual for Grants and Contracts (FMGC)* and it must contain a written, dated certification by an appropriate official of Subrecipient.

Administration Cost Caps

In order for the Gulf Coast Workforce Board to meet local Board, state, and/or federally imposed administration cost limitations, administration cost limitations must be imposed on all Subrecipients. These maximum administration cost limitations or caps must be met by **ALL** Subrecipients unless specific exemptions are negotiated and incorporated into the final executed contract.

The dollar amount of administration identified in the Funds Tracking Summary attached to each contract is the maximum that may be expended on administration for each specific fund. The actual amount that may be expended may well be less and is governed by the budget negotiated with Workforce Solutions in conjunction with appropriate and consistent application of the Cost Allocation Plan.

Administration Costs

The description of the administration cost category is based on definitions included in TWC WD Letter 04-15 Cash Draw and Expenditure Reporting System Instructions. The administrative cost category is not available to Gulf Coast Adult Education consortium members. *(TWC Request for Proposals 320-18-01 Section 16.4 - Only the administrative costs of the Offeror are subject to the administrative cost limits. Costs for other consortium members are program costs under this RFP and are not subject to the administrative cost limit in this RFP.)*

Although only some portion of the costs to be reported in the administration cost category for Subrecipients will count against the administration cap set by the grantor agency for the board area, all administration costs in each funding stream must be reported to the Board and to the grantor agency, the Texas Workforce Commission. A later section defines and describes the costs that constitute administrative costs.

In general, the costs of administration are the allocable portion of necessary, reasonable, and allowable costs that are associated with the specifically identified functions described in *Attachment 1* that are not related to the direct provision of workforce services, including services to participants and employers. These costs for administration can be both personnel and non-personnel and both direct and indirect.

Expenditures for Subrecipients that are procured solely for the performance of administrative functions, such as payroll processing, legal services, auditing, etc., are to be classified and reported in total as administrative costs.

Personnel and related non-personnel costs of staff performing both administrative and programmatic services or activities must be allocated as administrative or program costs to the benefitting cost objectives/categories. The allocation must be based on documented distributions of actual time worked or other equitable and acceptable cost allocation methods.

Specific costs charged to an overhead or indirect cost pool that can be identified directly as a program cost are to be charged as a program cost. Documentation of such charges must be maintained. In general, and to the extent possible, in order to avoid potential problems

associated with inevitable questions, it is usually preferable to separate from an indirect cost pool all costs that might be considered non-administrative in nature.

Classification of Monitoring Costs

With exceptions noted elsewhere for some WIOA monitoring activities, monitoring costs of career office Subrecipients are included in assigned administration cost budgets. These monitoring costs are a subset of overall Administration expenditures and are charged against the overall contract Administration budget but are reported separately in the Contract Billing Report submitted each month. Effectively, these monitoring costs are a subset of overall Administration expenditures and are charged against the overall Administration budget but reported separately. Monitoring costs of non-career office Subrecipients, with exceptions noted elsewhere for some and WIOA monitoring activities must be reported on a separate line under Administration in the Financial Report submitted each month.

Note that supervisory costs incurred for normal daily oversight and management activities are **NOT** to be reported in the monitoring cost categories for any Subrecipient.

Contracts for Administration, Monitoring, or other Specifically Identifiable Activities that May Include Administration and Monitoring

Where applicable, Subrecipient or subcontractor expenses for administration costs must be broken out in the Financial Report into appropriate reporting subsets such as Monitoring and must be allocated to applicable funding streams using a generally acceptable allocation methodology. This must be done so that H-GAC may appropriately report these expenses to the Texas Workforce Commission.

Classification of Property Management Costs

Property management refers to activities such as receiving, tracking, assigning, taking inventory, and disposing of real property, equipment, and supplies. Property management costs are administrative costs.

Classification of Costs for Preparing Reports and Documents

The costs of preparing reports and documents to support administrative functions are administrative costs.

Classification of Profit

Profit must be charged to the appropriate cost category in proportion to the allocation of costs among administrative and program cost categories as described on page II-10-14 of the United States Department of Labor's *One-Stop Comprehensive Financial Management Technical Assistance Guide*. For example, if a Subrecipient that earned profit reported 8 percent of its total pre-profit expenditures as administrative costs and the remaining 92 percent of its total pre-profit expenditures as program costs, the profit that it earned would be charged between administrative and program cost categories in the same proportion as its reported pre-profit expenditures, i.e., 8 percent administration and 92 percent program.

Salary Limitation

Effective June 15, 2006, Public Law 109-234, Section 7013, contains certain limits on salary and

bonus compensation for individuals who are paid in whole or in part by funds appropriated originally to the US Department of Labor, Employment and Training Administration (DOL-ETA) and provided to recipients and sub-recipients. The limitations apply to salary and bonus payments to an individual whether such salaries and bonuses are paid directly from funds appropriated originally to the DOL-ETA or are paid partly or wholly through an indirect cost plan or other cost pool arrangement that is in any part funded using such funds. The limitation has been interpreted by DOL-ETA to limit the annualized **rate** of pay, and the limitation on salaries and bonuses was set at a rate equivalent to no more than Federal Service Executive Level II, raised to \$199,300 effective January 2021. A salary table providing this rate is listed on the Federal Office of Personnel Management website at <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2021/EX.pdf>.

For those whose salary and bonuses are only partially compensated with DOL-ETA funds, the limitation has been interpreted to apply as if the annualized rate of pay has been applied to that portion of the salary paid with DOL-ETA funds. For example, if 25 percent of an employee's time is attributable to work performed under grants covered by the provisions in the law, and the annual Executive Level II amount is \$187,000 no more than \$46,750 can be charged to the DOL-ETA grant funds during the year. Per cost principles contained in applicable OMB cost circulars, any excess rate of pay during that time that may not be charged to DOL-ETA grant funds also **MAY NOT** be charged to any other federal grant regardless of agency source. Other situations such as part-year salary and bonus compensation will also require a calculation adjustment to account for the fact that the limitation applies to **RATE** of pay over a 12 month period.

The limitation does not apply to benefits that are not salary and bonuses. For example, fringe benefits, insurance premiums or pension plans paid by a recipient or sub-recipient are not included in the salary limitation calculation.

Workforce Solutions Bonus / Merit Raise Policy

With prior written approval from its H-GAC contract manager, Subrecipient may reward employees by providing performance-based bonuses and merit raises. Merit raises and bonuses must be reasonable. A cost is considered reasonable if it does not exceed that which would be incurred by a prudent person under normal conditions. The reasonableness of costs must be examined with particular care for organizations that receive the majority of their funding from federal funds. Considerations for cost must include, but are not limited to, whether:

- The cost is generally recognized as ordinary and necessary for the operation or the performance of a contract receiving federal funds,
- The individuals concerned acted with prudence in the circumstances considering their responsibilities to the H-GAC and the state and federal government, its employees, and the public at large, and
- Sound business practices were a factor in establishing the cost.

Subrecipient must project the amount for bonuses and merit raises and establish a separate line item for the expected cost in the budget. Subrecipient may spend money from the bonus/merit raise line item only after its bonus/merit raise plan has been approved by its contract manager and the Subrecipient has met performance measures reflected in the its merit raise/ bonus plan.

H-GAC will typically establish two times or more during the contract year to review a Subrecipient's achievement of those specified measures.

At a minimum, when establishing a bonus policy, Subrecipient must:

- Ensure that bonuses are reasonable in cost and are based on a percentage of the employee's base salary.
- Develop and document the policy.
- Identify positions eligible to receive bonuses and ensure that persons conducting similar work are eligible to receive bonuses.
- Inform staff in advance about the availability of bonuses and how bonuses may be earned.
- Specify how and when bonuses will be distributed (such as, quarterly, semiannually or annually).

Costs associated with bonuses and merit raises are allowable if they are reasonable and are consistent with compensation paid to other employees who perform similar work in the organization.

Specific Items of Costs

Sponsorships

Subrecipients must not use H-GAC contract funds for contributions and donations (including cash, property, and services) to others. Examples of contributions and donations include, but are not limited to:

1. Contributions to campaigns or funds to help or assist specific causes;
2. Gifts to charities and other organizations; and
3. Other similar actions.

Contributions and donations to others are unallowable uses of funds.

Subrecipients must not use H-GAC contracted funds to pay sponsorship fees; fees paid by a Subrecipient to cover all or part of the cost of an event produced by another organization(s), usually in exchange for public acknowledgement of funds (e.g. acknowledgement as a sponsor, recognition in an overhead projection, banner display, short presentation about program activities and accomplishments, etc.). A sponsorship fee is a contribution and is unallowable.

Subrecipients should be aware that the prohibition against use of funds for contributions and donations does not prohibit a Subrecipient from cost sharing in an event produced by another organization(s), provided such costs are allowable under federal and state laws and rules governing the use of the funds.

Subrecipients that cost share in an event produced by other organization(s) must ensure that:

1. The event is a necessary and reasonable cost for the performance of the contract or services or activities to be provided under the contract;

2. The amount of contract funds paid is commensurate with the extent that the funding streams charged do in fact benefit from the event, i.e., the amount is allocable to the charged contract and funding streams;
3. The amount paid is supported by an invoice(s) for the Subrecipient's equitable share of actual event costs.
4. Subrecipient has had its participation approved by H-GAC in accordance with the Workforce Solutions Public Outreach Standards and Guidelines.

Subrecipients must be aware that the prohibition against contributions and donations does not prevent Subrecipients from using contract funds to purchase a booth at a job fair or similar event if the purpose of the booth is to outreach customers.

Award Ceremonies

Subrecipient must be aware that the costs of award ceremonies include the costs of space, speaker fees, and plaques associated with the ceremony. Costs for award ceremonies must:

1. Specifically support the contract award;
2. Be necessary and reasonable for the performance of the contract; and
3. Be allocable to the contract and appropriate funding streams in accordance with relative benefits received.

Examples of award ceremonies that are likely to meet these conditions include those organized:

1. For employer recognition, including:
 - employers that consistently participate in the workforce system or hire job seekers who participate in the workforce system;
 - employers who intermittently participate in the workforce system, but have assisted in partnering on specific projects;
 - employers that have hired specific populations, like veterans or individuals with disabilities;
2. To recognize youth who complete a specific activity (e.g., a science, technology, engineering, and math summer camp).

Food

Food purchases made with Workforce Solutions funds are limited. Subrecipients must exercise discretion and good judgment when making a decision to spend money for food.

Purchasing food with Workforce Solutions funds is generally not allowable. Subrecipients may not use Workforce Solutions funds to buy food for job fairs, open houses and routine or regular staff meetings. Subrecipients may not use Workforce Solutions funds to buy food for their own boards of directors, for Subrecipient social events, or similar kinds of events, including any events where there is a social component or entertainment of any kind. Subrecipients may not use Workforce Solutions funds to purchase alcoholic beverages, to buy or furnish entertainment or to buy any other related items or services explicitly disallowed by applicable federal and state laws and regulations. A Subrecipient may use Workforce Solutions funds to purchase food on rare occasions if the purchase is necessary, reasonable, allocable to a benefiting funding stream, and allowable as a part of a work-related training event. Proper documentation of any and all such food purchases must be maintained by the Subrecipient. loose

Board staff will not pre-approve expenditures for food. The Board may disallow an imprudent or unallowable expenditure that is questioned during financial monitoring or an audit.

Travel Reimbursement Rates

Effective January 1, 2021

Motor Vehicle Mileage
As established by State Comptroller-currently 56.0 cents per mile
Air Fair
Lowest Available Rate
Meals and Lodging for 2021-2022
<p>Meal and lodging reimbursement for both in and out-of-state travel will be determined using the General Services Administration federal travel rates. These rates are listed on the State of Texas Comptroller of Public Accounts website: https://fm.x.cpa.state.tx.us/fm/travel/travelrates.php</p> <ul style="list-style-type: none"> • The rate for in-state locations not specifically listed will be \$96 for lodging and \$59 for meals. • For both in and out of state travel, an employee may reduce his meal claim and use the amount of this reduction to increase the maximum lodging rate. <p><i>Reminder: The reimbursement of lodging and meals is based on <u>actual expenses</u> up to the maximum per diem allowed.</i></p>
Miscellaneous Allowable Expenses (receipt required for each)
<i>Car Rental</i> - Requires justification, compact car only, actual business expense including gas
<i>Taxi</i> - Actual business expense
<i>Parking</i> - Requires justification, actual business expense
<i>Telephone or Internet</i> - Requires justification, actual business expense
<i>Tolls</i> - Actual business expense
<i>Hotel Occupancy Taxes</i> - Actual business expense
<i>Sales and Use Taxes</i> - Actual expense, if applicable
<i>Cancellation Charges</i> - Requires justification, actual business expense
Unallowable Miscellaneous Expenses
Alcohol, Entertainment, Tips and Gratuities

• As a result of House Bill 605, 81st Legislature, Regular Session, the Comptroller's office will no longer publish the Texas Mileage Guide effective January 1, 2010. Employees may calculate the number of miles traveled by using their vehicle odometer reading or a mapping Web site.

Federal Travel Per Diem Guide

- http://www.gsa.gov/Portal/gsa/ep/contentView.do?contentId=17943&contentType=GSA_BASIC

III. Fund Specific Cost Categories

A. Non-Child Care Cost Category Descriptions

The following descriptions identify types of costs that are reportable in expenditure cost categories for funding streams other than Child Care and Adult Education and Literacy. The funding stream acronyms used below are defined at the end of this attachment.

Administration Costs (WIOA, Wagner-Peyser ES, SNAP, NCP, TRA, TANF)

Administrative costs to be reported in this line item/cost category are those administrative costs incurred by sub-recipients are under the Uniform Administrative Requirements and the State of Texas Single Audit Circular in Part IV of the Uniform Grant Management Standards (UGMS). Also, include such costs if they are incurred by a lower-tier sub-recipient.

The administration costs that should be reported in this cost category are those necessary costs incurred for the overall administration and management of contracted services. Administration costs include:

- Accounting, financial management, budgeting, cash management, property management, procurement and purchasing, payroll, and personnel management functions.
- Monitoring and audit (including internal audit) functions, and coordinating the resolution of findings arising from audits, reviews, investigations, and incident reports.
- Fraud and abuse units.
- General legal services functions (and litigation).
- Information systems related to administrative functions, including purchase, system development, and operations.
- The portion of salaries, wages, fringe benefits, staff training, supplies, postage, travel, equipment, facilities, utilities, and other costs required for administrative functions of the program.
- Continuous improvement activities of administrative functions.
- Development of program plans, budgets, and schedules, except for that portion of costs allocable to WIOA.
- Conducting public relations activities directed at state and local officials and the general public and not related to program outreach and required informing processes.
- Preparing reports and documents.
- Profit or fee earned that is associated with administrative functions; i.e., such profit or fee should be allocation among cost categories in proportion to the allocation of pre-profit costs among those cost categories.

Exclude the following from administration for the WIOA funding streams only:

- The development of program plans, budgets, and schedules.
- Negotiating Memorandums of Understanding and other program level agreements.
- Monitoring program for compliance with program requirements.

Monitoring Costs (Wagner-Peyser ES, SNAP, NCP, TRA, TANF) (Exception: WIOA Program Monitoring)

Monitoring costs (other than WIOA direct services program monitoring costs) are the costs of monitoring delivery of direct services or projects to determine whether:

- There is compliance with applicable laws, regulations and other requirements;
- Performance goals are achieved; and
- Expenditures have been made against applicable cost categories and within applicable cost limitations.

Expenditures reported in this cost category count against applicable administrative cost caps.

Examples of monitoring activities include periodic system-wide, programmatic and fiscal monitoring reviews of programs, and the associated reporting and resolution of findings. For purposes of this policy, monitoring does not include on-going control activities that are built-in to daily activities, such as supervisory or on-going case file/quality assurance reviews, which should be classified according to the nature of the function being reviewed (e.g. the costs of ongoing quality assurance reviews of case files are programmatic costs because such reviews are a control activity with the purpose of ensuring that clients receive appropriate services and that required supporting documentation is maintained on file).

Information Systems (TANF, NCP)

Information systems costs are those costs incurred under TANF Choices for non-administrative information technology systems (including costs directly associated with development, maintenance, support, and operations) used for tracking and monitoring participant data required by or under Title IV Part A of the Social Security Act. This reporting category is to be used by all Board Subrecipients with TANF Choices funding that are sub-recipients (Career office operators and non-Career Office operators and any lower-tier sub-recipients).

This category must not include non-systems costs. Therefore, do not include costs that are indirectly associated with such systems; e.g., rent and utility costs must not be included in this category, because such costs are not directly associated with development, maintenance, support, and operation of information technology systems. Personnel costs for data entry clerks, statisticians, and report writers must not be included; however, do include salary and wage costs for personnel who develop, maintain, support, and operate the system.

Career Services (WIOA, Wagner-Peyser ES, SNAP, NCP, TANF)

Includes career services described at 20 CFR §678.430, as allowable under grant funding for which this category is available, and staff and operating costs associated with expenditures reported in direct program and support services cost categories. Also report in this cost category, facilities, utilities, and similar costs associated with programmatic-type activities.

Career services:

The term “career services” replaces “core” and “intensive” services, as authorized by WIOA. There are three types of career services: basic career services, individualized career services, and follow-up services. These services can be provided in any order; there is no sequence requirement.

The three categories of career services are defined as follows:

Basic Career Services:

- Determining whether the individual is eligible to receive assistance
- Outreach, intake (including identification through the state’s Worker Profiling and Reemployment Services system of unemployment insurance (UI) claimants likely to exhaust benefits), and orientation to information and other services available through the Texas workforce system
- Initial assessment of skill levels, including literacy, numeracy, and English language proficiency, as well as aptitudes, abilities (including skills gaps), and support service needs
- Labor exchange services, including:
 - job search and placement assistance; and
 - when needed by an individual, career counseling, including:
 - provision of information on in-demand industry sectors and occupations (as defined in WIOA §3(23)); and
 - provision of information on nontraditional employment (as defined in WIOA §3(37))
- Provision of referrals to and coordination of activities with other services and other workforce development activities
- Provision of workforce and labor market employment statistics information, including the provision of accurate information relating to local, regional, and national labor market areas, including:
 - job vacancy listings in labor market areas;
 - information on job skills necessary to obtain the vacant jobs listed; and
 - information relating to local in-demand occupations and the earnings, skill requirements, and opportunities for advancement in those positions;
- Provision of performance information and program cost information on eligible providers of training services
- Provision of information about how the workforce area is performing on local performance accountability measures, as well as any additional performance information relating to the area’s workforce delivery system
- Provision of information relating to the availability of support services and assistance, and appropriate referrals to services and assistance, including: child care; child support; medical or child health assistance available through the state’s Medicaid program and Children’s Health Insurance Program; benefits under the Supplemental Nutrition Assistance Program (SNAP); assistance through the Earned Income Tax Credit; housing counseling and assistance services sponsored through the U.S. Department of Housing and Urban Development; and assistance under a state program for TANF and other support services and transportation provided through that program
- Assistance in establishing eligibility for financial aid assistance not provided under WIOA
- Provision of information and assistance regarding filing claims under UI programs, including meaningful assistance to individuals seeking assistance in filing a claim.
- Meaningful assistance means providing assistance:
 - on-site using staff who are properly trained in UI claims, filing, and/or the acceptance of information necessary to file a claim; or
 - via phone or other technology, as long as the assistance is provided by trained and available staff in a timely manner.

Note: The costs associated with providing meaningful assistance may be paid by WIOA Adult, Dislocated Worker, Wagner-Peyser Employment Service, or some combination of these funding sources.

Individualized Career Services:

- Comprehensive and specialized assessments of the skill levels and service needs of individuals, which may include diagnostic testing and use of other assessment tools and in-depth interviewing and evaluation to identify employment barriers and appropriate employment goals
- Development of an individual employment plan to identify the employment goals, appropriate achievement objectives, and appropriate combination of services for the customer to achieve his or her employment goals, including the list of, and information about, eligible training providers
- Group and/or individual counseling and mentoring
- Career planning (e.g., case management)
- Short-term prevocational services, including development of learning skills, communication skills, interviewing skills, punctuality, personal maintenance skills, and professional conduct to prepare individuals for unsubsidized employment or training; in some instances pre-apprenticeship programs may be considered as short-term prevocational services
- Internships and work experiences that are linked to careers
- Workforce preparation activities that help an individual acquire a combination of basic academic skills, critical thinking skills, digital literacy skills, and self-management skills, including competencies in utilizing resources, using information, working with others, understanding systems, and obtaining skills necessary for successful transition into and completion of postsecondary education, training, or employment
- Financial literacy services
- Out-of-area job search assistance and relocation assistance
- English language acquisition and integrated education and training programs

Follow-up Services:

Follow-up services must be provided as appropriate to customers placed in unsubsidized employment, for up to 12 months after the first day of employment. Counseling about the work place is an appropriate type of follow-up service.

Note: The listings above are provided to indicate the types of activities that are associated with this cost category. However, note that not all of the activities listed above are allowable under the authorizing legislation and/or implementing regulations for all of the funding streams for which this reporting category is available—i.e., different activities are authorized for different funding streams. For each funding stream, only include expenditures for activities that are allowable, or at least not expressly unallowable, under that particular funding stream.

Financial Aid: Education & Training -- Direct Services (WIOA, SNAP, NCP, TRA, TANF)

This reporting category includes all costs of education and training activities necessary for obtaining employment, including costs of the following services as allowable under grants for which this category is available:

- Secondary education leading to a high school diploma;
- Course of study leading to a General Educational Development credential;
- Basic skills and literacy;
- English proficiency;

- Vocational education for up to 12 months, which prepares participants for employment in current or emerging occupations that do not require a baccalaureate or advanced degree;
- English as a second language;
- Adult education;
- On-the-job training and customized training; and
- Other allowable education and training services not listed above (excluding WIOA Youth activities that are reportable under Direct Services - Career Services).

Note: The listings above are provided to indicate the types of activities that are associated with this cost category. However, note that not all of the activities listed above are allowable under the authorizing legislation and/or implementing regulations for all of the funding streams for which this reporting category is available—i.e., different activities are authorized for different funding streams. For each funding stream, only include expenditures for activities that are allowable, or at least not expressly unallowable, under that particular funding stream.

Financial Aid: Support Services - Transportation (WIOA, WSA, SNAP E&T, NCP, TANF)

Costs to be reported in this category include all allowable transportation support services for funding streams for which this category is available, including transportation expenses for Choices clients that are otherwise reportable as Non-recurring short-term services (e.g., car repairs or transportation provided for four months or less).

Exclude transportation expenditures that are used as match for a transportation project, such as JARC.

Report such expenditures in the Support Services, such as, JARC Transportation cost category.

Also, exclude any transportation that is TANF Assistance (e.g., provided to unemployed persons for five months or more).

Costs to be reported in this category include all allowable transportation support services for grant contracts for which this category is available, including transportation expenses for Choices customers that are otherwise reportable as Non-Recurrent Short-Term Services (e.g., car repairs or transportation provided for four months or less).

Exclude transportation expenditures that are used as match for a Job Access and Reverse Commute (JARC) project. Report such expenditures in the Support Services - JARC Transportation cost category. Also, exclude any transportation that is considered Assistance under the TANF program (e.g., provided to unemployed persons for five months or more). This means that this category must be used to report expenditures for transportation support services and post-employment transportation services for the following individuals, unless the expenditure will be used as match for a JARC project:

- Unemployed Choices eligible or Choices participants for whom the transportation:
 - is designed to deal with a specific crisis situation or episode of need;
 - is not intended to meet recurrent or ongoing needs; and
 - will not extend beyond four months; and
- Employed Choices eligible or Choices participants.

Financial Aid: Support Services - JARC Transportation (WIOA, WSA, SNAP, NCP, TANF)

This cost category includes all program expenditures used as match for a JARC project. If the transportation expenditure will be used as match for a JARC project, report it in this category.

Do not include an expenditure reported under this category in *Financial Aid: Support Services - Transportation*.

Work Experience (WIOA Youth)

Only for WIOA Youth, paid and unpaid work experiences that have as a component academic and occupational education that includes summer employment opportunities and other employment activities throughout the school year, pre-apprenticeship programs, internships and job shadowing, and on-the-job training opportunities. Subrecipient must track funds spent on paid and unpaid work experiences, including wages and staff costs for the development and management of work experiences, and report such expenditures as part of the local WIOA youth financial reporting.

Incumbent Worker Training (WIOA Adult and Dislocated Worker)

Incumbent worker training is generally defined as efforts on the part of employers to provide training to currently employed workers in order to help keep them employed. Employers are required to pay a minimum share of training costs depending on the number of employees as follows:

- At least 10 percent of the cost, for employers with 50 or fewer employees;
- At least 25 percent of the cost, for employers with 51 to 100 employees; and
- At least 50 percent of the cost, for employers with more than 100 employees.

Transitional Jobs (WIOA Adult and Dislocated Worker)

A category of work-based training defined as time-limited work experiences that are subsidized and are in the public, private, or nonprofit sectors for individuals with barriers to employment who are chronically unemployed or have an inconsistent work history. They are combined with comprehensive career and support services.

Supportive Services - Work-Related Incentives (WIOA, NCP, TANF)

This cost category includes all expenses for compensation to customers of the system in the form of cash, checks, gift cards, and nonmonetary gifts or vouchers provided to them in exchange for meeting specified goals. Work-related incentives do not include support services such as child care, transportation or reimbursement of work-related expenses.

Supportive Services - Other (WIOA, WSA, SNAP, NCP)

Costs to be reported in this category include allowable support services other than transportation and work-related incentives that are necessary to enable a customer of the system to participate in services supported by an applicable and appropriate funding stream for which this category is available (e.g., allowable dependent care, housing, and needs-related payments).

Note: SNAP E&T funds cannot be used to provide child care. Child care services for SNAP E&T general population participants can be funded with Child Care and Development Fund funds.

619 Incumbent Worker Training (WIOA Adult and Dislocated Worker)

Incumbent worker training is generally defined as efforts on the part of employers to provide training to currently employed workers in order to help keep them employed. Employers are required to pay a minimum share of training costs depending on the number of employees as follows:

- At least 10 percent of the cost, for employers with 50 or fewer employees;
- At least 25 percent of the cost, for employers with 51 to 100 employees; and
- At least 50 percent of the cost, for employers with more than 100 employees.

Subsidized Employment (TANF)

This category includes the costs of full or part-time TANF subsidized employment in the private or public sector, as provided for in the policies of the Board, including payments to employers or third parties to help cover the costs of employee wages, benefits, supervision, and training.

Individual Development Accounts (TANF)

Costs to be reported in this category include all costs incurred to operate a TANF Individual Development Account (IDA) activity, including expenditures or contributions to IDAs and other non-administrative expenditures related to the operation of an IDA activity.

Non-Recurrent Short-Term Services (TANF)

Costs to be reported in this category include non-transportation support services costs (including housing and utilities), provided under TANF Choices that are:

- designed to deal with a specific crisis situation or episode of need;
- provided for less than four months; and
- not intended to meet recurrent or ongoing needs. This includes work-related expenses such as those for tools, uniforms, etc.

Note: Report non-recurring short-term services for transportation under *Support Services - Transportation* or *Support Services - JARC Transportation*, as appropriate.

TANF - Assistance (TANF)

Costs to be reported in this category are the costs of those Choices support services (excluding non-recurring short-term services) provided to unemployed families. This includes transportation that is classified as TANF Assistance (e.g., provided to an unemployed person for five months or more). A detailed description of what assistance includes and excludes is provided in 45CFR §260.31 of the TANF Regulations.

TANF Choices - Supplemental Cost Category (TANF)

Transitional Services for Employed—cumulative costs of providing transitional services to former TANF recipients that cease to receive TANF due to employment. The expenditures in this line will be a subset of expenditures reported under the TANF Choices grant award.

Prevention of Out of Wedlock Pregnancies (TANF)

This cost category is applicable to TANF Choices only and NCP only includes costs for prevention of out-of-wedlock pregnancy activities that have not been reported elsewhere.

Parent Family Formation (TANF)

This cost category is applicable to TANF Choices and NCP only and includes costs for two-parent family formation and maintenance activities that have not been reported elsewhere.

Supplemental Nutrition Assistance Program Employment and Training (SNAP E&T) ABAWD

In instances when expenditures to serve SNAP E&T Able Bodied Adults Without Dependents (ABAWDs) are allowable under SNAP E&T ABAWD-only and another SNAP E&T funding stream (e.g. SNAP E&T General Population funds), the expenditure must be charged to ABAWD-only funds to the extent that the ABAWD-only funds are available. If ABAWD-only funds have been fully obligated/expended, and the expenditure is allowable under SNAP E&T General Population funds, the expenditure must be charged to the SNAP E&T General Population funds to the extent that such funds are available. Expenditures that are allowable under only the SNAP E&T General Population funds should only be charged there and never to SNAP E&T ABAWD-only funds.

WIOA Youth Summer Employment Supplemental Cost Category

Costs for summer employment opportunities, excluding associated staff and operating costs. Subrecipients expending WIOA Youth funds for summer employment for youth must report expenditures for this activity in a supplemental cost category for WIOA Youth. Summer employment expenditures include those for summer employment activities that occur during the defined period of operation of the summer employment components, including:

- work experience wages and fringe benefits paid to summer employment participants; and
- other activities provided in conjunction with work experience, such as:
- academic basic skills enrichment activities;
- work readiness activities; and
- on-the-job training.

The expenditures in this line will be a subset of expenditures reported under the respective WIOA grant award.

Wagner-Peyser ES Supplemental Cost Category

A **Veterans' Leadership Initiative** cost category will be available for grant awards for allocated Wagner-Peyser ES funds. Expenditures for this initiative must be reported on this line item which will be a subset of expenditures reported under the respective Wagner-Peyser ES grant award.

Outplacement or Rapid Response (WIOA Dislocated Worker)

This category includes the allowable costs of Outplacement (or Rapid Response) activities.

- Immediate and on-site contact with the employer, representatives of affected workers, and the local community. This may include an assessment of: the layoff plans and schedule of the employer; potential for averting the layoffs in consultation with state or local economic development agencies, including private sector economic development entities; background and probable assistance needs of the affected

- workers; reemployment prospects for workers in the local community; and available resources to meet the short and long-term assistance needs of the affected workers.
- The provision of information and access to UI benefits, comprehensive Texas workforce system services, and employment and training activities, including information on the Trade Adjustment Assistance (TAA) and NAFTA-TAA programs.
 - The provision of guidance and/or financial assistance in establishing a labor-management committee voluntarily agreed to by labor and management, or a workforce transition committee comprised of representatives of the employer, the affected workers, and the local community. The committee may devise and oversee an implementation strategy that responds to the reemployment needs of the workers. Assistance to this committee may include: (1) the provision of training and technical assistance to members of the committee; (2) funding the operating costs of the committee to enable it to provide advice and assistance in carrying out rapid response activities and assist it in the design and delivery of WIOA-authorized services to affected workers (which will typically last no longer than six months); and (3) providing a list of potential candidates to serve as a neutral chairperson of the committee.
 - The provision of emergency assistance adapted to the particular closing, layoff, or disaster.
 - In conjunction with other appropriate federal, state, and local agencies and officials, employer associations, technical councils or other industry business councils, and labor organizations: (1) developing prospective strategies for addressing dislocation events that ensure rapid access to the broad range of allowable assistance; identify strategies for the aversion of layoffs; and develop and maintain mechanisms for the regular exchange of information relating to potential dislocations, available adjustment assistance, and the effectiveness of rapid response strategies; (2) in collaboration with the appropriate state agency(ies), collecting and analyzing information related to economic dislocations, including potential closings and layoffs, and all available resources in the state for dislocated workers, in order to provide an adequate basis for effective program management, review, and evaluation of outplacement and layoff aversion efforts in the state; (3) participating in capacity building activities, including providing information about innovative and successful strategies for serving dislocated workers, with local areas serving smaller layoffs; (4) assisting in devising and overseeing strategies for: (a) layoff aversion, such as pre-feasibility studies of avoiding a plant closure through an option for a company or group, including the workers, to purchase the plant or company and continue it in operation; (b) incumbent or current worker training, including employer loan programs for employee skill upgrading; and (c) linkages with economic development activities at the federal, state, and local levels, including Federal Department of Commerce programs and available state and local business retention and recruitment activities.

List of Acronyms

- **WIOA** – Workforce Innovation and Opportunity Act which includes Workforce Investment Act (WIA) Formula Allocated Dislocated Worker (DW), Adult, In-School Youth (ISY) and Out-of-School Youth (OSY)
- **Wagner-Peyser ES** - Wagner-Peyser Employment Services
- **SNAP** – Supplemental Nutrition Assistance Program
- **E&T** - Employment and Training
- **ABAWD** - Able-Bodied Adults Without Dependents
- **NCP** - Noncustodial Parent; Choices Program
- **TRA** - Trade Act Services
- **TANF** - Temporary Assistance for Needy Families

B. Child Care Cost Category Descriptions

The following descriptions identify types of costs that are reportable categories for child care. The program acronyms used below are defined at the end of this part.

Administration Costs in CCDF

Administrative costs incurred by entities responsible for administering the program including:

- accounting, financial management, budgeting, cash management, property management, procurement and purchasing, payroll, and personnel management (e.g., human resources) functions;
- compliance monitoring of a sub-recipient or program evaluation (excludes costs of monitoring or evaluating child care providers, and monitoring the quality of services provided); audit functions (including internal audit); and coordinating the resolution of findings arising from audits, reviews, investigations, and incident reports;
- general legal services functions;
- information systems related to administrative functions, including purchase, system development, and operations;
- the portion of salaries, wages, fringe benefits, staff training, supplies, postage, travel, equipment, facilities, utilities, and other costs required for administrative functions of the program;
- continuous improvement activities of administrative functions;
- planning, developing, and designing the CCDF program, including the development of program plans, budgets, and schedules;
- coordinating the provision of CCDF services with federal, state, and local child care programs, early childhood development programs, and before- and after-school care programs;
- developing agreements with other administering organizations in order to carry out program activities;
- conducting public relations activities directed at state and local officials and the general public;
- providing local officials and the public with information about the program, including the conduct of public hearings;
- preparing reports and documents associated with administrative functions;
- maintaining substantiated complaint files in accordance with 45 C.F.R. §98.32;
- and
- indirect costs in which the pooled costs are costs of administrative functions.

All costs of contracts for providing direct services, including costs of establishing and operating a certificate program, are non-administrative costs. All costs of contracts that are solely for providing administrative services are administrative costs. If a contract provides both administrative and program services, an appropriate share of the contract costs must be attributed to administrative and non-administrative costs.

Administration Costs in CCP

Allocable costs other than those for direct care that are reasonably necessary to provide child care services to Department of Family and Protective Services-referred children.

Information Systems

Information systems costs of non-administrative information technology systems (including costs directly associated with development, maintenance, support, and operations).

Operational Costs

Eligibility determination, redeterminations, child care placement, rate setting, resource and referral services, training, recruitment, reviews and supervision of child care placements, and appeal hearings.

Direct Care

Direct care refers to the costs of actual services provided to customers (e.g., the cost of child care slots purchased from providers).

Quality Improvement - Non-Direct Care

Quality improvement activities as described in Commission rule §809.16, e.g., collaborative reading initiatives*; school readiness, early learning and literacy activities; or local-level support to promote child care consumer education provided by 2-1-1 Texas. Such activities may be designed to meet the needs of children in any age group eligible for Commission-funded child care, as well as children with disabilities.

Examples of activities that support collaborative reading initiatives, school readiness, early learning, and literacy include professional development and training for child care providers or purchase of curriculum and curriculum-related support resources for child care providers.

The activities include:

- professional development relating to early learning workshops;
- early literacy and language development training aligned with the state's prekindergarten guidelines;
- mentoring of early literacy and language development based on scientifically based research practices and strategies for improving child performance in language and literacy;
- evaluating child performance in language and literacy in the classroom;
- basic class structure that encourages development of language and literacy;
- Center for Improving the Readiness of Children for Learning and Education (CIRCLE) train-the-trainer training;
- literacy kits for child care providers;
- school readiness, early learning, and literacy awareness campaigns
- scholarships for college courses relating to early learning, literacy, and school readiness;
- training using research-based curriculum approved by the State Board of Education or the Texas Education Agency, or research-based curricula from the State Center's adopted list;
- early literacy packets for mothers of newborns;
- early literacy resources for child care lending libraries that are directed at parents and teachers to help them extend a child's literacy experience; and personal digital assistant tools.

*A collaborative reading initiative is one in which a Board and at least one other entity work together to promote early language, literacy, and pre-reading development to promote and provide language and literacy activities based on scientifically based research that supports the age-appropriate development of language skills, vocabulary, phonological awareness, letter knowledge, and letter sounds.

Infant/Toddler Earmark (Non-Direct)

Quality activities as described in Commission rule §809.16 that are in addition to those reported under *Quality Improvement (Non-Direct)*, but that are specifically designed to improve the quality of child care for children 0-36 months.

School Age R & R Earmark (Non-Direct)

Quality activities as described in Commission rule §809.16 that are in addition to those reported under *Quality Improvement (Non-Direct)*, but that are specifically designed for child care resource and referral and school-aged child care activities.

Quality Expansion Earmark (Non-Direct)

Quality activities as described in Commission rule §809.16 that are in addition to those reported under *Quality Improvement (Non-Direct)*. Such activities may be designed to meet the needs of children in any age group eligible for Commission-funded child care, as well as children with disabilities.

TRS Personnel Costs

Salaries and benefits for staff involved in recruiting, orientation, mentoring, technical assistance, monitoring, tracking, reviewing and approving applications, assessments, and reassessments for the TRS provider certification system. Staff refers to staff of both the Board and child care Subrecipient.

TRS Promotion and Supports

Promotion includes costs for banners, flyers, and media (e.g., commercials) for the TRS provider certification system. Supports include postage, communications (e.g., printed materials), supplies, facility rental space, and information technology materials and support for the TRS provider certification system.

List of Acronyms

CCF - Child care funds

CCM - Child care match funds

CCP - Child care funded through the Texas Department of Family and Protective Services

CCQ - Child care quality funds

TRS - Texas Rising Star

C. Adult Education and Literacy Cost Category Descriptions

The following descriptions identify types of costs that are reportable categories for adult education and literacy projects. The program acronyms used below are defined at the end of this part.

Functional Category - Program

Include in this category costs supporting adult basic education, literacy, English literacy and civics education activities that are not otherwise reported in “Corrections Institutions” or “Workforce Training” categories.

Functional Category - Corrections Institutions

Costs of educational programs for criminal offenders in correctional institutions and for other institutionalized individuals, including academic programs for:

- basic education;
- special education programs;
- English literacy programs; and
- secondary school credit programs.

Functional Category - Workforce Training

Costs in this category may include the following:

1. Occupational skills training, including training for nontraditional employment;
2. On-the-job training;
3. Incumbent worker training;
4. Programs that combine workplace training with related instruction, which may include cooperative education programs;
5. Training programs operated by the private sector;
6. Skills upgrading and retraining;
7. Entrepreneurial training;
8. Transitional jobs;
9. Job readiness training provided in combination with services described in 1 - 8;
10. AEL activities, including activities of English language acquisition and IET programs, provided concurrently or in combination with services described in 1 through 7; and
11. Customized training conducted with a commitment by an employer or group of employers to employ an individual upon successful completion of the training.

Supplemental Category - Professional Development

Costs for the establishment or operation of professional development programs to improve the quality of instruction provided pursuant to local activities required under AEFLA §231(b), including instruction incorporating phonemic awareness, systematic phonics, fluency, and reading comprehension, and instruction provided by volunteers. (AEFLA §223(a) (1))

List of Acronyms

AEFLA - Adult Education and Family Literacy Act

IET – Integrated Education and Training