

## Contract Management Policy

All H-GAC Workforce Solutions Subrecipients will use these management policies and procedures in executing the requirements of their contracts, including but not limited to (1) procuring, writing, and managing subcontracts, (2) securing insurance, (3) establishing and maintaining information systems and access, (4) monitoring required aspects of contract performance, (5) handling and processing customer complaints, (6) acquiring and using facilities, (7) and abiding by non-discrimination and equal opportunity laws and regulations, (8) financial systems and reporting, (9) property management, and (10) using and implementing required federal and state certifications.

I.	Subcontracts .....	2
II.	Bonding, Insurance and Other Methods of Securing Funds.....	5
III.	Information Security .....	6
IV.	Quality Assurance .....	11
V.	Customer Complaints.....	14
VI.	Facilities .....	14
VII.	Nondiscrimination and Equal Opportunity	<b>Error! Bookmark not defined.</b>
VIII.	Financial Systems and Reporting.....	155
IX.	Property Management .....	43
X.	Required Assurances .....	57

## **I. Subcontracts**

The Board is responsible for designing service delivery systems and providing services that meet the program requirements outlined in any grant agreement with the Texas Workforce Commission. The Board ensures compliance with all relevant laws, regulations, and rules related to grants. It is solely responsible for planning, overseeing, and evaluating workforce system services in the local workforce area.

The Board ensures that an integrated workforce system is put in place, maintained, and overseen in accordance with all legal authorities. This is done with the help of subrecipients, subgrantees, and contractors. The Board also implements a comprehensive risk-based monitoring system, a performance accountability system, and an outcome-based evaluation system. All of these efforts are in compliance with the provisions under any grant awarded by the Texas Workforce Commission or used as required match, as well as the approved Integrated Board Plan and its modifications or amendments. Texas Workforce Commission policies and procedures applicable to Board program activities set forth in TWC rules, Workforce Development (WD) Letters, and subsequent issuances, including program guides communicated to the Board in WD Letters, and Fraud Deterrence and Compliance Monitoring (FDCM) Letters.

The Board complies with all responsibilities and duties enumerated in the Texas Government Code, Chapter 2308.

The Board will establish formal partnerships and agreements with Workforce Solutions partners to ensure compliance with regulations like 40 Texas Administrative Code (TAC) § 801.27, WIOA § 121, 29 U.S.C. § 3151 ©, and 34 C.F.R. § 361.500. In particular, a separate agreement will be made with the Texas Workforce Commission's Vocational Rehabilitation Designated State Unit to comply with 34 C.F.R. § 361.500. These contracts, memoranda of understanding, and agreements will outline responsibilities, relationships, and cost-sharing arrangements between the Board and its partners.

The Board complies with service provider contracting limitations pursuant to 40 TAC § 802.22 and WD letter 31-14 and any subsequent issue.

Subrecipients, contractors, and subcontractors must comply with certain requirements of this agreement, or any associated grant, Board Assurances and Certifications, attached hereto and incorporated herein for all purposes.

The Board will not exclude a charitable or faith-based organization which is eligible to be a subrecipient, contractor, or subcontractor to the Board on the basis as any other private organization. As a subrecipient, contractor, or subcontractor under this agreement, such an organization retains its control over the definition, development, practice, and expression of its charitable or religious beliefs, except as provided by federal law.

The Board makes a reasonable effort to meet the state goal on subcontracts and supplier contracts to Historically Underutilized Businesses Certified by the State of Texas, as defined in Texas Government Code § 2161.001, including any certified women or minority owned businesses or enterprises.

Subrecipients, contractors, and subcontractors must carry “errors and omissions” insurance, or establish self-funded equivalents, as well as other forms of insurance required by state or federal law or regulation.

Subrecipients, contractors, and subcontractors must cooperate with the Board to assist with the orderly transfer of the services, functions, and operations provided by the subrecipient, contractor, or subcontractor to another service provider designated by the Board to include termination and transition requirements in all contracts, subcontracts and subgrants, including but not limited to:

- Developing and implementing a reasonable transition plan designed to achieve an efficient transfer of responsibility to another entity in a timely manner and to cooperate fully throughout the post-termination period until such transition is complete.
- Cooperating with the Board to identify subrecipient, contractor, and subcontractor personnel critical to the transfer efforts.
- Ensuring the cooperation and availability of its key employees during the transfer process.
- Exercising its best efforts to ensure that the Board obtains appropriate access to third-party services, hardware, software, personnel, physical and electronic documentation/records, and facilities required to perform an orderly transition.
- Exercising reasonable efforts to affect a transfer of license or assignment of agreement(s) for any software or third-party services used by all subrecipients, contractors, and subcontractors to provide services to the Board.
- Providing the Board or its designee with all information necessary to transition to another subrecipient, contractor, or subcontractor without interruption of services.
- Providing full disclosure to the Board of the equipment, software, and third-party supplier services required to perform services previously performed by a subrecipient, contractor, or subcontractor within sixty (60) calendar days of any Board request for same.
- Providing to the Board or its designee in writing, to the extent available, applicable requirements, standards, policies, operating procedures, and other documentation relating to the affected services and necessary access to any systems and sites for which the affected services were provided.
- Providing training in the performance of the affected services to the Board or its designee, upon the Board’s request, in the event of the expiration or termination of all or part of the services being provided under the contract, subcontract or subgrant; and
- Answering questions from the Board or TWC for a minimum of six (6) months after expiration or termination of the contract, subcontract, or subgrant

The Board will not award a subgrant or contract funded through a grant under this Agreement to any person or entity:

- Debarred or suspended pursuant to Executive Order 12549.
- Barred from participating in State contracts pursuant to Texas Government Code § 2155.077, as implemented by 34 TAC §§ 20.105 – 20.107; or
- Excluded in compliance with Executive Order 13224 (Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), as implemented by 29 C.F.R., Ch. XII, Part 1471.

The Board will conduct a search, prior to awarding or renewing a subgrant or contract, for persons or entities excluded from doing business:

- At the state level through the Texas Comptroller for Public Accounts website; and

- At the federal level using the U.S. General Service Administration’s System for Award Management (SAM) Exclusion Search Web Service (formerly the Excluded Parties List System or EPLS).

When writing subcontracts, it is important for subrecipients, contractors, and subcontractors to adhere to the guidelines set forth by H-GAC. As long as their contract agreement form includes all necessary sections and sufficiently covers all required elements outlined in the General Contract Provisions or Special Contract Provisions, they may use their own form.

H-GAC retains the right to review and approve each and every subcontract written by subrecipients, contractors, and subcontractors under this contract prior to execution of the subcontract.

Subrecipients, contractors, and subcontractors will not subcontract with any corporation that is unable to certify that either it is current in-state franchise taxes, pursuant to Article 2.45, Texas Business Corporation Act, or that it is a non-profit corporation. Further, prior to entering into a subcontract, the Subrecipient shall obtain the assurance of any sub-contractor that the sub-contractor is current in Unemployment Insurance taxes, Payday and Child labor Law monetary obligations, and Proprietary School fees and assessments, and has no outstanding Unemployment Insurance overpayment balance. Subrecipients, contractors, and subcontractors shall not contract with any entity debarred from conducting business with the State of Texas.

In any request for proposals, bid solicitations, press releases, statements, and other documents describing projects or programs funded in whole or in part with federal funds, all Subrecipients, contractors, and subcontractors will state the dollar amount and percentage of the total costs of the program or project to be financed with those federal funds, and the dollar amount and percentage of the total costs of the program or project to be financed by non-governmental sources.

**All Subrecipients will include the substance of the following sections from the Special Contract Provisions in all subcontracts:**

- Section 3 Compliance with Law/Order of Precedence
- Section 4 Contract Obligations
- Section 5 Sanctions or Remedial Measures
- Section 8 Retention and Accessibility of Records
- Section 12 Subcontracts
- Section 14 Prevention of Fraud and Abuse
- Section 15 Prevention of Conflicting Interests
- Section 16 Patent Rights
- Section 18 Rights in Data
- Section 22 Services Provided by Charitable, Religious or Private Organizations
- Section 23 Non-assignment

**If the Subrecipient is a government entity, institution of higher education, hospital or other non-profit organization, the following Articles from the General Contract Provisions also apply:**

- Article 1 Legal Authority
- Article 5 Scope of Services
- Article 9 Non-Funding Clause
- Article 11 Repayment
- Article 12 Subcontracts

Article 13	Audit
Article 16	Changes and Amendments
Article 17	Termination
Article 22	Non-Discrimination and Equal Opportunity

**If the Subrecipient is a for-profit organization or a consultant, the following Articles from the General Contract Provisions also apply:**

Article 1	Legal Authority
Article 5	Scope of Services
Article 9	Non-Funding Clause
Article 11	Repayment
Article 12	Subcontracts
Article 13	Changes and Amendments
Article 14	Termination
Article 16	Copyrights
Article 20	Non-Discrimination and Equal Opportunity

Subrecipients, contractors, and subcontractors must make timely payments to subcontractors and vendors for properly invoiced goods and services provided to or on behalf of the Subrecipient. Subrecipients must cooperate in all efforts to resolve any discrepancies or concerns with any disputed billings.

Subrecipients, contractors, and subcontractors shall ensure that the performances rendered under all subcontracts are rendered so as to comply with all the terms and provisions of this Contract as if the performances rendered were rendered by the Subrecipient. All subcontracts are subject to applicable federal and state laws, TWC issuances, and H-GAC policies as included in the Standards and Guidelines, Issuances, correspondence, or other means of communication.

**II. Bonding, Insurance and Other Methods of Securing Funds**

1. Subrecipients, contractors, and subcontractors must obtain, prior to the receipt of funds under this Contract, and maintain, throughout the term of this Contract, a fidelity bond sufficient to cover at least 10% of the total contract amount. Public colleges are not required to submit a fidelity bond. Subrecipients, contractors, and subcontractors must ensure that a bond is executed by a corporate surety or sureties holding certificate(s) of authority to conduct business in the state of Texas. Subrecipients, contractors, and subcontractors must also ensure that the company is not in receivership, bankruptcy, or some other status that would jeopardize the ability to draw upon the policy. Subrecipients must immediately contact its Subrecipient manager should the bond be reduced or canceled. In the event the fidelity bond is canceled or reduced, H-GAC will not make any further payments to Subrecipients, contractors, and subcontractors until assurances that adequate coverage has been obtained. To the extent required by law, H-GAC shall be included as the loss payee on all bonds and certificates of insurance issued to subrecipients, contractors, and subcontractors as a result of compliance with this provision.
2. Escrow of funds may be used to secure funds provided that the funds placed in escrow require the signature of persons other than the person(s) authorized to sign the Workforce Solutions contract and the funds do not lapse due to requirements for timely expenditure of funds and the provision does not conflict with any other contract provision, state rule or statute for timely expenditure of funds. Subrecipients, contractors, and subcontractors must

ensure that the escrow account balance is maintained to cover at least 10% of the total contract amount, and that the method of securing funds has not been withdrawn, drawn upon, obligated for another purpose, or is no longer valid for use as the method of security.

3. To the extent required by law, subrecipients, contractors, and subcontractors must provide general liability insurance in amounts sufficient to protect Workforce Solutions equipment and facilities. H-GAC must be named as the insured party in any certificate of insurance issued to subrecipients, contractors, and subcontractors in compliance with this provision.
4. As required by the Master Contract between the Houston-Galveston Area Council and the Texas Workforce Commission, subrecipients, contractors, and subcontractors must acquire and maintain “errors and omissions” insurance, or the equivalent, as well as other forms of insurance required by state or federal law or regulation.
5. Subrecipients, contractors, and subcontractors shall acquire and maintain provision for worker’s compensation benefits in the case of a work experience or work training position in which worker’s compensation law applies to the customer in that position. Workers' compensation benefits must be available for injuries customers suffer in such positions. If worker’s compensation law does not apply to a customer in such a position, other appropriate insurance coverage must be secured for injuries suffered by a customer in the course of activity in the position.
6. To the extent required by law, subrecipients, contractors, and subcontractors will obtain and maintain throughout the term of this contract any other such insurance coverage as may be required by H-GAC or the Texas Workforce Commission Financial Manual for Grants and Contracts. H-GAC shall be included as the loss payee on all certificates of insurance issued to Subrecipients, contractors, and subcontractors in compliance with this provision.
7. Subrecipients, contractors, and subcontractors must ensure that insurance and bonding requirements apply to any subcontracts covered by this contract.
8. Subrecipients, contractors, and subcontractors must submit proof of bonding, insurance, and other methods of securing funds and protecting Workforce Solutions resources to the contract manager. Subrecipient is also responsible for reporting any changes in circumstances regarding the method of securing or protecting funds and resources under its control.
9. Subrecipients, contractors, and subcontractors must ensure that bank collateral securities protect funds that exceed the amount protected by FDIC-insured accounts.

### **III. Information Security**

There are multiple information systems into which Workforce Solutions staff enter and retrieve customer data. The accuracy and timeliness of the data entered are essential to our customer service and Subrecipient accountability. Subrecipients must ensure staff have access to the appropriate information systems and safeguard these information systems from unauthorized access or use. Subrecipient must also comply with:

- Workforce Solutions Information Security Standards and Guidelines. Information is posted on wrksolutions.com <https://www.wrksolutions.com/staff-resources/system-resources/information-security-and-mis>.
- Workforce Solutions Issuances or Memoranda concerning this subject.

Additionally, staff handle Texas Workforce Commission Information (TWC) and must comply with the following:

Subrecipients, Contractors, and Subcontractors shall monitor its Users' access to and use of Texas Workforce Commission Information and will ensure that TWC Information is used only for the limited purpose of fulfilling Board obligations under this agreement (referred to below in this section as "limited purpose").

The Board is responsible for ensuring that TWC Information is used only for purposes authorized by law and in compliance with all other provisions of this agreement. All subrecipients must monitor access to and use of TWC Information by the subrecipients' staff.

Subrecipient, Contractor, and Subcontractor staff shall undertake precautions to ensure that only authorized personnel are given access to TWC Information stored in computer systems.

Subrecipient, Contractor, and Subcontractor staff shall store and process TWC Information in a place physically secure from access by unauthorized persons by any means.

Contractor and Subcontractor staff shall instruct all personnel having access to TWC Information about all confidentiality requirements including the requirements of 20 C.F.R. Part 603, Texas Labor Code § 301.85, and 40 TAC Chapter 815, as well as the sanctions specified in this agreement and under state and federal law for unauthorized use or disclosure of TWC Information. The Board acknowledges that all personnel who will have access to TWC Information have been instructed as required.

**Disposal:** Subrecipient, Contractor, and Subcontractor staff shall dispose of TWC Information and any copies thereof after the Limited Purpose is achieved, except for TWC Information possessed by any court. Disposal means return of TWC Information to TWC or destruction of TWC Information, as directed by TWC. Disposal includes deletion of personal identifiers in lieu of destruction. In any case, Subrecipient, Contractor, and Subcontractor staff shall dispose of all TWC Information as required by this Agreement and the Board's written records retention requirements.

Subrecipient, Contractor, and Subcontractor staff shall establish and maintain a system sufficient to allow an audit of compliance with the requirements of this Section and the other provisions of this Agreement. Subrecipients, Contractors, and Subcontractors shall keep and maintain complete and accurate records sufficient to allow TWC, the Texas State Auditor's Office, the United States government, and their authorized representatives to determine the compliance by the Board and Board's Subrecipients, Contractors, and Subcontractors with this Agreement.

No Disclosure or Release: Subrecipient, Contractor, and Subcontractor staff shall not disclose or release any TWC Information other than as permitted in this Agreement, without prior written consent of TWC.

**Unauthorized Disclosure:** It is a breach of this Agreement to disclose TWC Information orally, electronically, in written or printed form, or in any other manner without the prior written consent of TWC, to:

- Subrecipient employees or any individual not directly employed by the Board who do not have a need to use TWC Information for the limited purpose under this agreement; or another government entity, including a law enforcement entity.
- Another government entity, including a law enforcement entity.

**Authorized Disclosure:** TWC Information may only be disclosed to employees under the direct control of the Board or Board's subrecipients or who are responsible for monitoring or auditing under an active contract with the Board who have an need to use the TWC Information for the Limited Purpose under this agreement.

**Security Violation:** Subrecipients' staff shall monitor access of Users and shall notify TWC within twenty-four (24) hours if a security violation of this Agreement is detected, or if a subrecipient suspects that the security or integrity of TWC Information has or may have been compromised in any way.

**Format:** TWC Information is subject to the requirements of this Agreement even if the TWC Information is converted by the Board's subrecipient, Board's contractor, or Board's subcontractor staff into another format or medium, or is incorporated in any manner into the subrecipient's records, files, or data compilations.

**Access Limited:** Subrecipients, Contractors, and Subcontractors shall limit access to TWC Information to their employees who need access to achieve the Limited Purpose

**Mobile Device and Removal:** With the exception of reports required to perform daily job functions for staff working offsite, the Subrecipient, Contractor, and Subcontractor staff shall not place TWC Information on mobile, remote, or portable storage devices, or remove storage media from the Board's subrecipient facility, without the prior written authorizations of TWC. All TWC Information placed on a mobile, remote, or portage storage device must be safeguarded in accordance with TWC policy.

## **Public Information Act**

- **Unemployment Insurance Information:** Under Texas Labor Code § 301.085, individually identifiable information regarding unemployment insurance benefits applicants and recipients and employer tax reported information, including wage records, is not "public information" for purposes of the Texas Public Information Act, Texas Government Code, Chapter 552. Subrecipient, Contractor, and Subcontractor staff shall not release any TWC Information in response to a request made under the Public Information Act or under any other law, regulation, or ordinance addressing public access to government records.
- **Job Matching Services:** Individually identifiable information maintained in the WorkInTexas system, and the Workforce Case Management System is not "public information" for purposes of the Public Information Act. Subrecipient, Contractor, and Subcontractor staff shall not release any individually identifiable information from the WorkInTexas system or the Workforce Case Management System in response to a request made under the Public Information Act or under any other law, regulation, or ordinance addressing public access to government records.



- **Child Care Information:** Individually identifiable information maintained in the Child Care Case Management System is not “public information” for purposes of the Public Information Act. Subrecipient, Contractor, and Subcontractor staff shall not release any individually identifiable information from the Child Care Case Management System in response to a request made under the Public Information Act or under any other law, regulation, or ordinance addressing public access to government records.
- **Student Records:** “Student record,” as defined in FERPA, is not “public information” for purposes of the Public Information Act. Subrecipient, Contractor, and Subcontractor staff shall not release any “student records” collected, used, or maintained in response to a request made under the Public Information Act or under any other law, regulation, or ordinance addressing public access to government records.
- **WorkInTexas Customer Information:** Individually identifiable information maintained in the WorkInTexas Customer Relationship Management (WIT-CRM) System is not “public information” for purposes of the Public Information Act. Subrecipient, Contractor, and Subcontractor staff shall not release any individually identifiable information from the WorkInTexas Customer Relationship Management (WIT-CRM) System in response to a request made under the Public Information Act or under any other law, regulation, or ordinance addressing public access to government records.

**Customer Care Division’s Customer Information:** Individually identifiable information maintained in the Customer Care Division’s Customer Relationship Management (CCD-CRM) System is not “public information” for purposes of the Public Information Act. Subrecipient, Contractor, and Subcontractor staff shall not release any individually identifiable information from the Customer Care Division’s Customer Relationship Management (CCD-CRM) System in response to a request made under the Public Information Act or under any other law, regulation, or ordinance addressing public access to government records.

- **Protected Health Information:** “Protected health information,” as defined in Texas Health and Safety Code, Chapter 181 and 45 C.F.R. Parts 160, 162, and 164, such as Medicaid information provided from, by, or accessed through the Health and Human Services Commission systems as required by the HIPAA and HITECH, is not subject to release under the Public Information Act. Subrecipient, Contractor, and Subcontractor staff shall not release any protected health information except in accordance with law as applicable to the information and shall secure the information consistent with applicable laws.
- Any information that identifies or may be used to identify any grant or benefit participants must remain confidential.
- The Board shall not disclose or re-disclose any Personally Identifiable Information (PII) or employer of any grant or benefit participant unless permitted by law.
- The Board will notify TWC within twenty-four (24) hours of the receipt of any subpoena, other judicial request, or request for appearance for testimony upon any matter concerning TWC Information. Weekends and holidays are not included when calculating the 24-hour period. Federal regulations dictate the handling of subpoenas for TWC Information. The Board or Board’s subrecipient shall comply with the subpoena handling requirements applicable to the

information, including 20 C.F.R. § 603.7, in responding to any subpoena, other judicial requests, or request for appearance for testimony upon any matter concerning TWC Information relating to unemployment compensation and employer tax information.

- Subrecipient, Contractor, and Subcontractor shall not transfer the authority or ability to access or maintain TWC Information under this Agreement to any other person or entity.
- No Subrecipient, Contractor, or Subcontractor staff shall access TWC Information listed under their own Social Security number (SSN) or the SSN of a co-worker, family member, or friend.
- Subrecipient, Contractor, and Subcontractor staff shall permit access to TWC Information only to individuals, as referenced in Section 23.11, whom the Board, Board's staff, Board's subrecipient, Board's contractor, or Board's subcontractor has determined poses no threat to the security of TWC Information.
- Subrecipient, Contractor, and Subcontractor staff shall not transmit any TWC Information over the Internet unless it is encrypted using TWC-approved encryption standards.

### **Data Entry**

Subrecipients must ensure staff update customer records on the same day staff know of recordable action or information. Inherent in this requirement is the understanding that staff maintain frequent contact with customers according to the customer's circumstances and the services Workforce Solutions provides to the customer.

Data entered into any of Workforce Solutions' information systems must be accurate and reliable. Every service recorded in any of Workforce Solutions information systems must reflect the date the customer began to receive the service and the date that service ended.

Subrecipients must monitor and review customer records for data integrity. H-GAC will report data entry deficiencies or inaccuracies to the Subrecipient. Subrecipient must take steps to correct data in the time frames requested and ensure that:

- Customer data is entered into the appropriate database.
- Customers are eligible for fund(s) used to provide services.
- Customers are enrolled in the appropriate service prior to expending funds on their behalf.

### **Security**

The subrecipient, contractors, and subcontractors shall comply with all TWC security policies and procedures, Board Guidelines for Security, attached hereto and incorporated herein for all purposes when using TWC information resources, TWC-provided data, or TWC-administered systems.

Subrecipients will maintain the confidentiality of any Personally Identifiable Information (PII) that identifies or may be used to identify a customer. This applies to both printed and electronic PII.

Subrecipients shall control logical and physical access to all information resources, hardware and software, residing in public access areas. Subrecipient shall develop and maintain a disaster recovery plan for its own computing resources. The plan should cover all relevant platforms – personal computers, local area networks, workstations, and midrange systems, as appropriate. Disaster recovery activities should include data backup, local area network recovery testing, and contingency planning functions for all local data.

All users of Workforce Solutions information systems are required to execute an Information Resources Usage Agreement annually. The signed agreement provides written acknowledgment that staff received, read, and understood Workforce Solutions security policies and procedures. Staff must also annually complete state online training for information security and fraud prevention and detection. Users who do not comply will lose their rights to access the secure information sources. H-GAC will make reasonable efforts to verify compliance before removing access rights.

To control and safeguard access to these systems, H-GAC requires Subrecipients to notify H-GAC's Information and Security staff concerning changes to and revocation of staff access to Workforce Solutions information systems. Notifications must be sent to H-GAC no later than the day of the change.

### **Connectivity**

Subrecipient is responsible for purchasing (with proper approvals and procurement) and maintaining computers and related technical software and hardware to establish and maintain connectivity with H-GAC's Workforce Solutions Wide Area Network according to H-GAC's requirements and specifications.

### **Fraud**

The Board shall require any member of the Board, Board's staff, or Board's subrecipient, contractor, or subcontractor staff having knowledge of suspected fraudulent activity to report such information to the state's Office of Investigations no later than five (5) business days from the date of discovery of such act.

### **Additional Rights in Data**

Subrecipient grants H-GAC and its designated representatives unlimited rights to any data, databases, or data processing programs first produced, developed, or delivered under this contract. Such data includes recorded information regardless of form or media.

Upon termination of a contract, whether for cause or convenience, all finished or unfinished documents, records, reports, photographs, etc., purchased or developed with funds awarded to Subrecipient shall, at the option of the H-GAC, become the property of H-GAC.

All data and rights necessary to fulfill Subrecipient's obligations to H-GAC under a contract shall be secured and obtained from any contractors and subcontractors for any data or rights purchased or developed with funds from the contract.

## **IV. Quality Assurance**

Subrecipients, Contractors, and Subcontractors shall comply with requirements for custody and retention of records as set forth in OMB UG, UGMS, or TxGMS (as applicable), FMGC, or the grant.

The Board understands that acceptance of funds under this contract constitutes acceptance of the authority of the State Auditor's Office, or any successor TWC, to audit or investigate the expenditure of funds under the grant, or any subgrant, contract or subcontract. The Board agrees to cooperate fully with the State Auditor's Office of its successor, including providing all records requested. The Board will ensure that any subgrants include this clause concerning the authority to

audit funds received indirectly by any subrecipients, contractors or subcontractors through the Board and the requirement to cooperate.

Subrecipients, Contractors, and Subcontractors shall grant access and the right to examine, copy, or mechanically reproduce all reports, books, papers, minutes, automated data systems, and other documents (collectively referred to as “records”) pertaining to any grant awarded from Monday through Friday, between the hours of 8:00 a.m. and 5:00 p.m. in the local time zone, excluding state or federal holidays. In the event of suspected fraud, malfeasance, or program abuse, state investigators may retain the original records and leave the mechanically reproduced copies in place of the original records.

Such rights of access and examination shall continue as long as the Subrecipient retains the records.

Such rights of access and examination are granted to the following entities and their authorized representatives, as applicable:

- The United States Department of Labor
- The United States Department of Health and Human Services
- The United States Department of Education
- The Comptroller General of the United States
- The United States Government Accountability Office
- Texas Workforce Commission
- Any other state and federal agencies
- The Gulf Coast Workforce Board and its fiscal agent, the Houston-Galveston Area Council
- Any duly authorized representative of the above-named agencies as deemed appropriate by the Texas Workforce Commission

The Board and the Texas Workforce Commission, and any of their authorized representatives, shall have timely and reasonable access to all subrecipient records and personnel related to this contract for the purpose of inspection, investigation, monitoring, auditing, evaluation, interview, and discussion. Authorized representatives include, but are not limited to:

Employees or contractors of the Texas Workforce Commission

Employees or contractors of the Texas State Auditor’s Office

Employees or contractors of the Office of the Comptroller of Public Accounts

Employees or contractors of the Office of the Attorney General of Texas

Employees or contractors of the United States Department of Labor, United States Department of Health and Human Services, United States Department of Agriculture, United States Department of Education; and

Employees or contractors of any other federal or state TWC deemed appropriate by the Texas Workforce Commission.

If any records are held by the Subrecipient, neither the Board nor the Texas Workforce Commission shall be responsible for the costs of reproducing copies of the contractor’s or subcontractor’s records.

The Board will use designated staff to review Workforce Solutions operations following the *Monitoring and Oversight Standards and Guidelines*. This monitoring system includes:

- Desk reviews of database records.
- On-site visits to review operations, records, and accessibility.

- Financial monitoring by Board staff or others designated by the Board .
- Corrective action/resolution process / follow-up reviews when problems are identified.
- Reports of monitoring results.
- Subrecipients, contractors, and subcontractors’ participation, as requested by Board staff, in the Board’s Quality Assurance Regional Monitoring Team. Members will consist of staff from the career office, employer service, payment office, and other Subrecipients, contractors, and subcontractors’ staff. The group will perform full monitoring reviews of Workforce Solutions operations.

### **Internal Monitoring**

At the beginning of each program year, subrecipients, contractors, and subcontractors will submit an annual risk assessment to the contract manager for each office operated by the date specified. Subrecipients, contractors, and subcontractors will also submit an internal monitoring plan and a schedule for self-monitoring to address the following areas.

- Compliance with laws, regulations, contracts, standards and guidelines.
- Fraud and abuse policy.
- Complaint policy.
- Electronic files and paper files use and retention.

Subrecipients, contractors, and subcontractors shall monitor according to the schedule agreed upon with the contract manager and submit reports on self-monitoring visits to the contract manager and Quality Manager within 30 days of the monitoring.

### **Workforce Solutions Nondiscrimination and Equal Opportunity Provisions**

Subrecipients, contractors, and subcontractors should be aware that WIOA nondiscrimination and equal opportunity provisions at 29 CFR §32.14:

- Require scheduled reviews of job qualifications and job descriptions to ensure that “to the extent, job qualifications tend to exclude handicapped individuals because of their handicap, they are related to the performance of the job and are consistent with business necessity and safe performance.”
- Subrecipients, contractors, and subcontractors are responsible for this review for their employees, while the Financial Aid Payment Office (FAPO) is responsible for reviewing scholarship occupations provided to customers.
- Results of these reviews must be submitted to the Equal Opportunity Officer during annual reviews.

### **Policy on Repeat Findings**

The Gulf Coast Workforce Board expects its subrecipients, contractors, and subcontractors to deliver quality service while meeting the Board’s franchise and contract requirements. When independent auditor, Board, or Regional Quality Assurance Group reviews identify findings of noncompliance, the Board expects its subrecipients, contractors, and subcontractors to resolve those findings and correct problems promptly within the requested time frame.

The Board may levy sanctions against a subrecipient, contractor, and subcontractor when there is a repeat finding of non-compliance or when an initial finding is so severe that the Board staff and/or the Audit and Monitoring Committee has reasonable concerns regarding compliance with program requirements or its financial stability. Sanctions may include any of the options available under the Board’s contract, including contract termination.

## **V. Customer Complaints**

Subrecipients, contractors, and subcontractors will ensure that Workforce Solutions posters informing and instructing applicants on complaint procedures are posted in every office in clear and open view of public traffic.

Subrecipients, contractors, and subcontractors will follow the steps outlined for notifying customers of the complaint process, filing a complaint, and processing a complaint listed in the *Discrimination Complaint Processing* section of the *Equal Opportunity Standards and Guidelines* and the *Complaint Processing Standards and Guidelines*.

## **VI. Facilities**

### **Acquiring / Moving Facilities**

Subrecipients, contractors, and subcontractors must justify a move from the current location to another one by demonstrating necessity and benefit to customers. Subrecipients, contractors, and subcontractors must submit a proposal to move an office to its contract manager at least 120 days prior to the planned move date.

When moving offices between contractors/subrecipients or when a contractor/subrecipient exits the system, a transition plan must be created and executed. At a minimum, the plan should include the following information:

Staffing levels and Organizational Charts; Retention Pay (if applicable); Identifying and transferring active work; Transferring equipment and Software; Identifying Reports; Lease information; Physical files and Storage (if applicable) transfer; Uploading electronic files to H-GAC SharePoint; Projects.

The plan should include a narrative addressing how the contractor/subrecipient will work with H-GAC staff to address the transition for the items and activities listed above.

An accessibility review must be completed to ensure facilities comply with physical accessibility requirements specified in the 2010 ADA Standards for Accessible Design and 2012 Texas Accessibility Standards. If physical accessibility issues are identified, they should be corrected prior to signing a new lease or lease renewal, or costs for modifications should be negotiated into the lease.

### **Resource Room Equipment**

Subrecipients, contractors, and subcontractors are responsible for purchasing (with proper approvals and procurement) and maintaining computers and related technical software and hardware to meet requirements in the management information systems established in Workforce Solutions Standards and Guidelines for client access to specified information and services in the Resource Room at each career office.

Subrecipients, contractors, and subcontractors are also responsible for purchasing (with proper approvals and procurement) and maintaining assistive technology and auxiliary aids that meet established minimum accessibility requirements for each career office.

H-GAC will provide technical assistance and general information. Installation, updating, ongoing maintenance, and continued connectivity to required systems are the responsibility of the Subrecipient, either through having staff assigned for that purpose or through contracting for the technical expertise to achieve that purpose.

## **VII. Non-Discrimination and Equal Opportunity**

Workforce Solutions upholds the highest standard of equal opportunity and access to service for all its customers.

Workforce Solutions strives to deliver high-quality and valuable service for each of its customers in the most integrated setting appropriate to their needs. As the public workforce system, funded with taxpayer dollars, we adhere to and can provide upon request information concerning the requirements of federal and state equal opportunity, nondiscrimination, and disability laws.

The Equal Opportunity Standards and Guidelines establish local procedures and are not intended to supersede any other applicable laws, regulations, or organizationally specific requirements. Workforce Solutions' contractor procedures must contain at a minimum these same mandates and can provide additional protections.

Subrecipients, contractors, subcontractors, and service providers must comply with the nondiscrimination and equal opportunity provisions of the following laws and regulations:

- Section 188 of the Workforce Innovation and Opportunity Act (WIOA) and the implementing regulations found in 29 Code of Federal Regulations (CFR) Part 38;
- Americans with Disabilities Act (ADA) of 1990 and the ADA Amendments Act of 2008, which prohibits employers and social service agencies from discriminating against qualified individuals with physical or mental disabilities on any basis;
- Section 504 of the Rehabilitation Act of 1973, as amended, and the implementing regulations found in 29 CFR Part 32, which prohibits discrimination against persons with a physical, sensory or mental disability in programs receiving or benefiting from federal financial assistance;
- Title VI of the Civil Rights Act of 1964, as amended, which prohibits discrimination on the bases of race, color, and national origin;
- The Age Discrimination Act of 1975, as amended which prohibits discrimination on the basis of age;
- Title IX of the Education Amendments of 1972, as amended which prohibits discrimination on the basis of sex in educational programs; and
- Texas State law for accessibility requirements.

Additional requirements and guidance can be found in the Equal Opportunity Standards and Guidelines.

## **VIII. Financial Systems and Reporting**

All H-GAC Workforce Solutions subrecipients will adhere to these financial systems and reporting standards which 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.

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),
- Texas Grant Management Standards (TxGMS) 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.

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 contract billing report is considered timely if submitted in accordance to the timeframe outlined below.

- For an organization reporting once per month, contract billing 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 contract billing 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. Contract billing 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 contract 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 contract billing 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](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 4<sup>th</sup> 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 contract billing 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 re-paid 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 may 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.

## **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 \$212,100 effective January 2023. 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/2023/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 Merit Raise Policy**

Subrecipient may reward employees by providing merit increases. A merit increase is a pay raise based on objective measures of performances. Merit raises 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.

Costs associated with merit raises are allowable if they are reasonable and are consistent with compensation paid to other employees who perform similar work in the organization. The organization must have a documented policy and documentation must be maintained on file to support merit increases. Merit increases may not exceed the approved budget.

Bonus payments or other one-time payments to employees are unallowable without prior written approval from the contract manager.

### **Specific Items of Costs**

#### ***Advertising***

Subrecipients must be aware that TxGMS defines “advertising costs” as “the costs of advertising media and corollary administrative costs.” Advertising media includes “magazines, newspapers, radio and television, direct mail, electronic or computer transmittals, and the like.”

The only allowable advertising costs are those which are solely for:

- The recruitment of personnel required by the local government for performance of a state award.

- The procurement of goods and services for the performance of a state award;
- The disposal of scrap or surplus materials acquired in the performance of an award except when local governments are reimbursed for disposal costs at a predetermined amount; or
- Program outreach and other specific purposes necessary to meet the requirements of the state award.

Subrecipient is responsible for ensuring that advertising costs are necessary, reasonable, allocable, and otherwise allowable in accordance with TWC's Financial Manual for Grants and Contracts.

### ***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.

### ***Outreach and Promotional Materials***

Costs for outreach and promotional materials are considered public relations costs. Texas Grant Management Standards (TxGMS) states, “‘public relations’ includes community relations and means those activities dedicated to maintaining the image of” the organization, “or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.”

Subrecipients must not use contract funds for public relations costs unless such costs are all of the following:

1. Specifically required by the grant award.
2. Incurred for outreach efforts involving costs of communicating with the public on specific activities or accomplishments sponsored by the contract award.
3. Incurred as a cost of conducting general liaison with news media and government public relations officers necessary to keep the public informed on matters of public concern.
4. Authorized by H-GAC in accordance with Workforce Solutions Public Outreach Standards and Guidelines.

Subrecipients must ensure that:

1. Outreach and promotional materials promote contracted activities by clearly communicating to the public specific items or accomplishments resulting from performance of contracts.
2. There is no ambiguity on what activity or service is being promoted.

Subrecipients may not use contract funds for outreach activities unless they are:

1. Necessary and reasonable for the proper and efficient performance and administration of a program that purchased the materials.
2. Allocable to the contract and fund and charged in accordance with relative benefits received (e.g., costs of outreach and promotional materials promoting multiple activities must be appropriately allocated among benefiting funding streams in accordance with the relative benefit received).
3. Otherwise allowable in accordance with TWC's Financial Manual for Gants and Contracts.

Outreach and promotional materials that solely promote an organization are unallowable uses of funds awarded by H-GAC. Outreach and promotional materials solely promote an organization if the materials provide information only about that organization.

Examples of information that solely promotes an organization include any of the following, if it does not appear in conjunction with information that promotes program activities:

- Organization's logo
- Organization's name or brand name, including "Workforce Solutions"
- Organization's Web site address
- Contact information, such as addresses and phone numbers

### ***Employee Apparel***

Subrecipients must ensure that employee apparel costs are:

1. Necessary and reasonable for the performance of the Subrecipient;
2. Not used for goods or services that are for personal use;
3. Allocable to the contract and fund(s) (e.g., costs of employee apparel promoting multiple activities or services must be appropriately allocated among benefiting funding streams in accordance with the relative benefit received).

Subrecipient must be aware that determinations on the allowability of employee apparel may consider such factors as:

1. Whether a local procedure is in place that requires employees to wear the apparel for certain activities (e.g., job fairs, disaster-related events, youth group activities); and
2. Whether publicly identifying employees' affiliation with an organization through apparel is necessary for performance of the contract(s) that funded the purchase.

Subrecipient should be aware that employee apparel may display an organization's logo or name without including information about specific activities or accomplishments resulting from performance of contracts, because the employees wearing the apparel will provide such information.

## Travel Reimbursement Rates

*Effective January 1, 2023*

<b>Motor Vehicle Mileage</b>
As established by State Comptroller - currently 65.5 cents per mile
<b>Airfare</b>
Lowest Available Rate
<b>Meals and Lodging for 2021-2022</b>
<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: <a href="https://fm.x.cpa.state.tx.us/fm/travel/travelrates.php">https://fm.x.cpa.state.tx.us/fm/travel/travelrates.php</a></p> <ul style="list-style-type: none"> <li>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.</li> </ul> <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>
<b>Miscellaneous Allowable Expenses (receipt required for each)</b>
<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
<b>Unallowable Miscellaneous Expenses</b>
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](http://www.gsa.gov/Portal/gsa/ep/contentView.do?contentId=17943&contentType=GSA_BASIC)

## 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.

#### ***Program***

Include in this category costs supporting adult basic education, literacy, English literacy and civics education activities that are not otherwise reported in other categories.

#### ***Corrections Institutions***

Corrections Institutions costs are costs for programs for corrections education and other institutionalized individuals under AEFLA §225. For more information, refer to AEFLA §225, 34 CFR §§463.60–463.63, and the Texas AEL Guide.

#### ***Integrated Education and Training***

Integrated Education and Training (IET) is a service approach that provides adult education and literacy activities concurrently and contextually with workforce preparation activities and workforce training for a specific occupation or occupational cluster for the purpose of educational and career advancement. For more information, refer to AEFLA §203(11), 34 CFR §463.35, and the Texas AEL Guide.

#### ***Career Services***

For AEFLA, career services means the following:

- Providing outreach, intake, and orientation information
- Initial assessment of skill levels, including literacy, numeracy, and English language proficiency, as well as aptitudes, abilities, and supportive services needs
- Referrals to and coordination of activities with other programs and services
- Providing performance information and program cost information on eligible providers of education, training, and workforce services by program and type of provider
- Providing information on the availability of supportive services or assistance and appropriate referrals (including child care, child support, medical or child health assistance available through the state’s Medicaid program and CHIP, SNAP benefits, EITC, assistance under TANF, and other supportive services and transportation).

#### ***List of Acronyms***

**AEFLA** - Adult Education and Family Literacy Act

**AEL** – Adult Education and Literacy

**IET** – Integrated Education and Training

Funds earmarked by the Texas Workforce Commission for professional development opportunities will be reported under the following category.

#### ***Professional Development***

Professional Development costs are costs for the establishment or operation of professional development programs to improve the quality of instruction provided as pursuant to local activities required under AEFLA §231(b), including:

- instruction incorporating the essential components of reading instruction as such components relate to adults;
- instruction related to the specific needs of adult learners;

- instruction provided by volunteers or by personnel of a state; and
- dissemination of information about models and promising practices related to such programs.

Additionally, professional development encompasses a variety of facilitated learning activities, including, but not limited to, workshops and conferences. For more information, refer to AEFLA §223(a)(1)(B) and the Texas AEL Guide.

## **IX. Property Management**

### **1. General requirements.**

- 1.1. Contractor may use funds available through its Workforce Solutions contract to buy equipment and other non-expendable property, supplies and other expendable property, and intangible property (i.e., property that has no physical existence, such as copyrights, trademarks, patents, or computer software).
- 1.2. Contractor may not use any funds available through its Workforce Solutions contract to buy real property or enter into a capital lease.
- 1.3. Contractor must have funds in the appropriate line items in an approved H-GAC workforce contract to purchase or lease property with H-GAC workforce contract funds.
- 1.4. Contractor will have and keep up a system to manage and account for all property bought with Workforce Solutions funds.
  - 1.4.1. Contractor must use its procurement processes – which must be in accordance with the requirements of H-GAC’s Contract Management Standards, H-GAC’s contract, the Texas Workforce Commission Financial Manual for Grants and Contracts, and the federal Uniform Administrative Requirements (2 CFR 200 et. al.) – to buy any item of property with Workforce Solutions contract funds.
    - 1.4.1.1. Contractor’s written policies and procedures will include at least:
      - 1.4.1.1.1. The designation of one or more staff positions as property control officers
      - 1.4.1.1.2. A description of how the Contractor will make sure Workforce Solutions funds are only used to buy property in accordance with procurement standards and these Contract Management Standards;
      - 1.4.1.1.3. A description of how Contractor will request permission of H-GAC to purchase property, when required, and how Contractor will dispose of property in accordance with these Contract Management Standards, including sales procedures.
      - 1.4.1.1.4. A description of how the Contractor will keep required records for property, including permission to buy, procurement, notice to H-GAC of acquisition and assignment to a location, the property inventory list, transfer of property items from one location to another, reports of lost or stolen items, request for disposal of items, and description of disposal.
      - 1.4.1.1.5. A description of how and when the Contractor will conduct its annual property inventory and report findings to H-GAC.

## 1.5. Definitions

- 1.5.1. Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds \$5,000.
- 1.5.2. Supplies mean all tangible personal property other than those described in 1.6.1 Equipment. A laptop is a supply if the acquisition cost is less than \$5,000, regardless of the length of its useful life.
- 1.5.3. Intangible property means property having no physical existence, such as trademarks, copyrights, patents and patent applications and property, such as loans, notes and other debt instruments, lease agreements, stock, computer software, and other instruments of property ownership (whether the property is tangible or intangible).
- 1.5.4. Capital lease means a lease as defined by the Financial Accounting Standards Board Statement 13 that meets one or more of the following four criteria:
  - 1.5.4.1. The lease transfers ownership of the property to the lessee by the end of the lease term.
  - 1.5.4.2. The lease contains a bargain purchase option.
  - 1.5.4.3. The lease term is equal to 75% or more of the estimated economic life of the leased property. However, if the beginning of the lease term falls within the last 25% of the total estimated economic life of the leased property, including earlier years of use, this criterion shall not be used for purposes of classifying the lease.
  - 1.5.4.4. The present value at the beginning of the lease term of the minimum lease payments, excluding that portion of the payments representing executory costs such as insurance, maintenance, and taxes to be paid by the lessor, including any profit thereon, equals or exceeds 90% of the excess of the fair value of the leased property to the lessor at the inception of the lease over any related investment tax credit retained by the lessor and expected to be realized. However, if the beginning of the lease term falls within the last 25 % of the total estimated economic life of the leased property, including earlier years of use, this criterion shall not be used for the purpose of classifying the lease. A lessor shall compute the present value of the minimum lease payments using the interest rate implicit in the lease. A lessee shall compute the present value of the minimum lease payments using his incremental borrowing rate unless
    - (i) it is practicable for him to learn the implicit rate computed by the lessor and
    - (ii) the implicit rate computed by the lessor is less than the lessee's incremental borrowing rate. If both of those conditions are met, the lessee shall use the implicit rate.
- 1.5.5. Operating lease means a lease that is not a capital lease.

## 2. Acquiring property.

### 2.1. Requesting permission.

- 2.1.1. Equipment and property shall only be acquired with the prior approval of H-GAC. Equipment acquired with federal, or state funds must be used for an authorized purpose as long as needed, in accordance with applicable administrative requirements.
- 2.2. Acquiring property. Contractors must request permission from H-GAC in writing, and H-GAC must receive permission from the Texas Workforce Commission, to purchase any item of equipment property with a unit acquisition cost of \$5,000 or more.
  - 2.2.1. Before a contractor purchases property or equipment, the contractor must provide a completed TWC Form 7100 to their contract manager to begin the process, accompanied by a written request. The contract manager and property officer will review TWC Form 7100 for completeness and send the form to the Board contract manager at TWC. After the approved form is returned from TWC, the contract manager or property manager will return the approved Form 7100 to contractor staff, along with instructions for acquisition and reporting.
  - 2.2.2. The contractor will ensure purchases meet the requirements as listed in the FMGC prior to purchasing the item(s). Our financial monitors will review the information provided during the contractor's annual review.
  - 2.2.3. H-GAC will provide the contractor the right to proceed, once we have received approval from TWC.
  - 2.2.4. Approval to purchase is valid for up to 90 days after the contract manager provides written correspondence to indicate concurrence.
  - 2.2.5. No later than 25 days after completing the final acquisition and the final acceptance of the approved property, the contractor shall provide a completed TWC Form 7200 to their contract manager to indicate that the procurement process has been completed. The Board will then submit the TWC 7200 form to TWC for completion.
    - 2.2.5.1. Contractor shall notify and submit a written request for an extension is needed if the final acquisition and the final acceptance of the property will exceed 25 days. The contract manager will notify and request the extension with TWC.
  - 2.2.6. Section 8 contains procedures to notify H-GAC.
- 2.3. Buying property.
  - 2.3.1. A Contractor must use its procurement procedures that are in accordance with H-GAC's Contract Management Standards, H-GAC's contract, the Texas Workforce Commission Financial Manual for Grants and Contracts, and the Federal Uniform Administrative Requirements (2 CFR 200 et. al.) to purchase any items of equipment, supplies, or intangible property, including operating leases.
  - 2.3.2. Contractor must keep records for property purchases, leases and all documents which substantiate purchase in accordance with applicable procurement rules and if applicable, H-GAC's permission to purchase the items or leases. These documents include but are not limited to: bid requests, price quotes, and bids; cooperative purchasing agreements; and explanations for the need, and proposed justifications for purchases.
  - 2.3.3. Contractor must keep records of purchases so that they may be reviewed at any time by H-GAC or its grantors, representatives, monitors, or agents.

#### 2.4. Reporting purchase and location

2.4.1. Following the completion of the purchase of any item of property, Contractor will notify H-GAC of the purchase and the item data required for the property inventory, including the location of the property.

2.4.2. Section 8 contains procedures for notifying H-GAC.

## 2.5. Title

2.5.1. Title to property acquired by a Contractor under a federally sponsored award through an H-GAC workforce contract will vest in the Contractor as long as the Contractor uses the property for the authorized purpose, and complies with the applicable acquisition, management, and disposition requirements in H-GAC's Contract Management Standards. This applies to:

2.5.1.1. Equipment

2.5.1.2. Supplies

2.5.1.3. Intangible property, including leases

2.5.2. Equipment and intangible property acquired or improved with federal funds through an H-GAC workforce contract must be held in trust by the contractor as trustee for the beneficiaries of the project or program under which the property was acquired or improved.

2.5.3. The Federal awarding agency of Texas Workforce Commission may require H-GAC or contractor to record liens or other appropriate notices of record to indicate that personal or real property has been acquired or improved with a Federal award and that use, and disposition conditions apply to the property.

## 3. Using and maintaining the property.

3.1. Property acquired with funds from H-GAC Workforce contracts must be used for an authorized purpose as long as needed, in accordance with applicable administrative requirements.

3.1.1. Use for the Originally Authorized Purpose. Once acquired, property must be used for the originally authorized purpose(s) as long as needed, even if H-GAC support is discontinued. While needed for the originally authorized purpose, the property may not be encumbered for any other use.

3.1.2. Available for Use by Other Programs/Shared Use. If the property is used in the originally authorized program less than full-time, it must be made available to other programs as long as:

3.1.2.1. Use by other programs will not interfere with using the property for its originally authorized purpose.

3.1.2.2. First preference is given to activities sponsored by H-GAC's workforce contracts as the source that funded the property acquisition.

3.1.2.3. Second preference is given to activities that are sponsored by the Texas Workforce Commission or other federal agencies\* (\*Note: second preference applies to nongovernmental entities only.)

3.1.2.4. User fees are generally appropriate when property is made available to other programs. User fees must be treated as program income.

- 3.1.3. Use for Other Programs. When property is no longer needed for the originally authorized purpose, it may be used for other activities that are either currently or were previously supported by H-GAC, the Texas Workforce Commission, or a federal agency.
  - 3.1.4. Contractors will notify H-GAC as described in Section 8 when proposing to share property use or use property with another program.
- 3.2. Property provided by federal or state agencies
- 3.2.1. H-GAC may acquire property items provided by or on loan from a federal agency or the Texas Workforce Commission or another state agency.
  - 3.2.2. If H-GAC designates any of these items for use by Contractor, H-GAC will provide instructions on the use, maintenance, record-keeping, and disposition requirements for these items.
- 3.3. Proper safeguards and maintenance
- 3.3.1. All Contractors must take reasonable precautions to ensure that property is properly maintained, accounted for, and protected from damage, loss, unreasonable deterioration, and theft. Contractors are advised to consider the following and any additional controls necessary to safeguard the property:
    - 3.3.1.1. Maintain adequate and current property records that allow the Contractor to locate any property in its possession at all times, whether the property is located on-site or off-site.
    - 3.3.1.2. Provide a secure building and coordinate between the security function and the Property Control Officer, especially regarding security violations or changes affecting the personal property.
    - 3.3.1.3. Have a written policy for checking out property that requires employees to sign for property in their possession.
  - 3.3.2. Contractors will develop adequate maintenance procedures to keep property and computing devices purchased in whole or in part with federal or state funds from H-GAC Workforce contracts in good condition until disposition occurs.
  - 3.3.3. Reporting lost or stolen property
    - 3.3.3.1. Contractor is responsible for the maintenance of the inventoried property in good condition and for any loss or damage. Contractor is liable to repay H-GAC for any loss or damage to grant property.
    - 3.3.3.2. Contractor must report upon discovery to H-GAC as described in Section 8 of these policies, any theft, loss, or damage to property items. All thefts must also be reported to the local police or other law enforcement authorities, and Contractor must provide H-GAC with a copy of the police report.
    - 3.3.3.3. If the federal or state government owns the property, the appropriate government personnel should be notified and the appropriate procedures to report and investigate the property must be taken.
    - 3.3.3.4. Contractor will note in its property records the loss, theft or damage to an item.

### 3.4. Insurance

- 3.4.1. Contractors will acquire and keep sufficient property insurance for property purchased with H-GAC workforce contract funds.
- 3.4.2. Contractors will purchase and maintain property insurance with coverage in an amount that is reasonably sufficient to replace any damaged, lost or stolen property, for as long as property is kept.
  - 3.4.2.1. Contractor must purchase and keep insurance for property purchased with federal funds that are equivalent to the coverage that the entity maintains for its own property.
  - 3.4.2.2. Contractors who do not purchase and keep insurance for equipment will be liable to repay H-GAC for items that are lost or stolen from non-federal funds.
  - 3.4.2.3. Insurance coverage documents may be kept on file at a contractor's site and must be available for H-GAC's review. To the extent required by law, H-GAC shall be included as the loss payee on certificates of insurance issued to Contractor.
  - 3.4.2.4. Contractor may not give any security, interest, and/or lien, or otherwise encumber any item of equipment purchased with contract funds.

## 4. Property Record.

### 4.1. Required elements in the property record.

- 4.1.1. Contractors will keep a written record of property purchased with funds from H-GAC's workforce or adult education contracts to include:
  - 4.1.1.1. Each item of equipment (see 1.6.1)
  - 4.1.1.2. Each supply with a unit acquisition cost of more than \$1,500 and less than \$4,999 (see 1.6.2).
  - 4.1.1.3. Each laptop, regardless of the unit acquisition cost.
  - 4.1.1.4. The releasing manager and receiving manager must keep a copy of the signed form to indicate receipt of the equipment.
- 4.1.2. For each item with an acquisition cost of \$1,500 or more, contractors will record the following data:
  - 4.1.2.1. Property Description. Each item of property should be described in terms of the unique characteristics of that particular item of property.
  - 4.1.2.2. Inventory Control Numbers. Contractor must assign an inventory control number to each item and recorded in the online property management system database.
  - 4.1.2.3. Identification Number. Each item must be identifiable in the property records by an identification number. The property inventory must include, at minimum, the manufacturer's serial number. Additional identification numbers may include federal or national stock number, model number, or other identification numbers.
    - 4.1.2.3.1. If the Contractor uses a method such as tagging, all the tag numbers should be readily visible and difficult to remove without considerable



or intentional means, and it should not be re-used, even if a property item has been deleted from the inventory.

- 4.1.2.4. **Funding Source.** All funding sources used to acquire the equipment must be identified in the property records, including the Federal Award Identification Number(s) (FAIN) associated with the H-GAC workforce contract or contracts funding the acquisition.
- 4.1.2.5. **Titleholder.** Property records for equipment purchased in whole or in part with federal or state funds from an H-GAC workforce contract must identify the entity that holds title to the equipment.
- 4.1.2.6. **Acquisition Date and Cost.** The property records must include the acquisition date and acquisition cost.
- 4.1.2.7. **Percentage of Federal or State Participation in the Cost of the Property.** The percentage share of the acquisition cost of the property that was paid under a federal or state award from an H-GAC workforce contract must be included in the property records.
- 4.1.2.8. **Location, Use and Property Condition.** The location, use and condition of the property must be included in the property records. Location refers to the name of the location office/ campus name where the property is used. Use refers to whether or not the item of property is being actively used for an authorized purpose. Condition refers to the condition of the property, such as, excellent, good, fair, or poor.
- 4.1.2.9. **Disposition Data.** The property records must include data that is relevant to the ultimate disposition of the equipment, including the date of transfer, replacement, or disposal of the property, and the sale price, trade-in value, or current per unit fair market value, as applicable.

#### 4.2. Tagging Items

4.2.1 Property unit acquisition costs over \$1,500 and laptops must be tagged with a unique identifier.

4.2.1.1 **Sample size of custom label with Barcode, 0.75” x 2”**



4.2.1.2 First two digits reference a specific contractor

4.2.1.3 Six-digits is the equipment item number

4.2.2 Required references in the property management system database:

4.2.2.1 Asset Tag ID - Special identification number created by the company for inventory tracking purposes.

- 4.2.2.2 Description - Basic item description for the property usually describe in one or two words.
- 4.2.2.3 Purchase Date - The date of the item purchase.
- 4.2.2.4 Purchase From – Name of the commercial business entities where purchase from (online, or a local retail store).
- 4.2.2.5 Purchase By - Name of the contractor or the contract sub-recipient.
- 4.2.2.6 Brand - Name of the manufacturer for the item.
- 4.2.2.7 Model - OEM model name of the number created by the manufacturer for the product.
- 4.2.2.8 Serial No - OEM identification number combine mix with alpha and numeric created by the manufacturer for the equipment.
- 4.2.2.9 Property Condition - Current condition of the property (New, Good, Poor).
- 4.2.2.10 Physical Location - Physical address location of the item in a facility or by a person’s name if mobile (100 Main 2<sup>nd</sup> floor Rm 100, John Doe).
- 4.2.2.11 Item Usage - Basic description for the reason for the purchase for the property (Support, Direct Service, Both).
- 4.2.2.12 Disposal/ Recycling Company - Service provider who will be performing the service. A Disposal receipt shall be provided to H-GAC Control Property Officer after completion for item that cost \$5K and over. The receipt shall include the serial number of the item being disposed of.
- 4.2.2.13 Date of Disposal/ Recycling - The date on which the property is being recycled, donated, sold, or transferred.
- 4.2.2.14 Title Holder – H-GAC, Grant recipient.
- 4.2.2.15 H-GAC Contract No. - H-GAC contract number (found in funding summary and tracking of amendments).
- 4.2.2.16 Funding Source - The funding in which the inventory was used in making the purchase.
- 4.2.2.17 FAIN - Federal Award Identification Number (found in funding summary and tracking of amendments).
- 4.2.2.18 % Funded by WRK Solutions - The percent of the cost of the property paid with Workforce Solutions funds (100%).
- 4.2.2.19 Site - Name of the contractor for the location.
- 4.2.2.20 Locations – Name of the location, office/ school campus. Where the property is used/located.
- 4.2.2.21 FMV - Fair Market Value for the Equipment (see 1.5.1.). This can be obtained online, by a reseller, or the manufacturing representative. Screen-print, email, or hard copy pdf shall be uploaded in the property

inventory tracking system (This information is only created when the property is being dispose, recycle, resell).

4.2.2.22 Cost – Total cost (include freight, tax, installation, electric wiring).

4.2.2.23 Notes - Provide any additional information related to this inventory.

4.3. Conducting a review of property.

4.3.1. No less than once each year, Contractor will conduct or cause to be conducted a physical inventory of all items in the property records.

4.3.2. A person or persons other than the Contractor’s property control officer must conduct the inventory. In order to maintain sufficient internal control over property, the individual assigned to conduct the inventory should have no responsibilities for entering or reporting of the property.

4.3.3. Contractor will reconcile its physical inventory to the property records and report any discrepancies to H-GAC as described in Section 8.

4.3.4. Contractors Property Control Officers should not assist in the onsite inventory walkthrough since they have access to inventory management database.

4.4. Transferring property among locations or to other contractors.

4.4.1. A contractor may transfer items of property among Workforce Solutions and Adult Education locations it manages or to another H-GAC workforce contractor with prior approval from H-GAC.

4.4.2. Contractor will request permission of H-GAC as described in Section 8.

**5. Disposing property.**

5.1. Disposing of equipment with a fair market value greater than or equal to \$5,000. When no longer needed, equipment that was purchased using federal or state funds from an H-GAC workforce contract and that has current per unit fair market value (FMV) of \$5,000 or more must be disposed of in accordance with written instructions requested from and provided by H-GAC.

5.1.1. Contractor will notify H-GAC for approval of a request to dispose of property and provide information to H-GAC in such a manner and on such forms (7300 or 7400) as H-GAC directs.

5.1.2. H-GAC will request instructions from the Texas Workforce Commission and transmit those instructions to the Contractor.

5.1.3. H-GAC will follow procedures contained in the Texas Workforce Commission Financial Manual for Grants and Contracts to request and authorize Contractor to dispose of equipment with a unit FMV greater or equal to \$5,000 even if property being disposed will be used to acquire replacement property.

5.1.4. Generally, contractors will dispose of the property in one of two ways: retain title or sell. However, the federal or state awarding agency may also reserve the right to transfer title to the government or an eligible third party. If transferred, the Contractor must be paid an amount calculated by applying the percentage of participation in the purchase to the current FMV of the property.

5.1.4.1. Retain Title – The Contractor keeps the property for other uses and compensates the funding source for its equity share of the property’s current

FMV. Compensation may be provided as an offset to expenditures on the expenditure report if the contract is active, or by check or money order if the contract is closed. If the property will be retained and used to acquire replacement property under the same program, it may be used as a trade-in for the replacement property, or the sale proceeds may be used to offset the cost of the replacement property.

- 5.1.4.2. Sell – The Contractor sells the property and compensates the funding source for its equity share in the property's net sale proceeds. Compensation may be provided as an offset to expenditures on the expenditure report if the contract is active, or by check or money order if the contract is closed.

**5.2. Disposing equipment with a fair market value of less than \$5,000. When no longer needed, equipment that was purchased using federal or state funds from an H-GAC workforce contract and that has a current per unit FMV less than \$5,000 must first inform H-GAC's Property Office to determine alternative use of the equipment (see 1.6.1) and supplies (see 1.6.2), may be retained, and sold.**

5.2.1. The Contractor shall get permission from the H-GAC prior to any equipment disposal for property purchase cost \$5,000 and greater. Only equipment other than laptops with a purchase cost below \$5,000 does not require permission from the H-GAC's Property Control Officer in disposing of such property; however, the contractor is required to keep complete records with detailed description for the final disposition of all property. A disposal receipt shall include the serial number of the items.

5.2.2. Preferably to a non-profit entity organization.

**5.3. Disposing supplies.** Supplies purchased with federal or state funds from an H-GAC workforce contract may be acquired and disposed of without prior written approval from H-GAC; however, any residual inventory of unused supplies at the end of an award must be disposed of as appropriate for the aggregate fair market value of the property.

5.3.1. Fair market value less than \$1,500. If the unused supplies have an aggregate FMV less than \$1,000 upon the termination of the award, the supplies may be disposed of without any further obligation to H-GAC. Exception, computer equipment, both desktops and laptops.

5.3.2. Fair market value between \$1,000 and \$5,000. Upon termination of the contract, Contractor will notify H-GAC, and the awarding agency may, at its discretion, direct the H-GAC and Contractor to sell the unused supplies and compensate the awarding agency for its equity share in the current market value or net sale proceeds. Regardless of whether the Contractor is directed to sell the supplies, it must compensate the awarding agency for its equity share of the current FMV or net sale proceeds of the property. Fair market value equal to or greater than \$5,000. If the unused supplies have an aggregate FMV of more than \$5,000 upon the termination of the contract, and supplies are not needed for any other H-GAC workforce, Texas Workforce Commission, or federal award, contractor must compensate the awarding agency for its equity share in the FMV or net sale proceeds of the property.

**5.4. Intangible property**

- 5.4.1. Intangible property that was acquired by a contractor through an H-GAC workforce contract under a federally sponsored award must be made available to the federal sponsoring agency, and parties authorized by that agency.
- 5.4.2. In general, when a federal funding source is used to acquire intangible property, the federal awarding agency has a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use the work for its purposes, or for the purposes of any parties authorized by the agency. Specific requirements for some types of intangible property are discussed below:
  - 5.4.2.1. Copyrights. Contractors have the right to copyright work that was developed or for which ownership was purchased under a federally sponsored award through an H-GAC workforce contract.
  - 5.4.2.2. Patents and Inventions. Patents and inventions produced by nongovernmental entities with federal funds or by other entities using Supplemental Nutrition Assistance Program Employment and Training funds must be treated in accordance with the government-wide regulations that were developed by the U.S. Department of Commerce and published at 37 CFR Part 401.
  - 5.4.2.3. Data. The federal awarding agency has rights to access data that is first produced under a federally sponsored award through and H-GAC workforce contract.
  - 5.4.2.4. Research Data. Research data is subject to compliance with the Freedom of Information Act (FOIA). The Contractor must provide any data requested under the FOIA to H-GAC, the Texas Workforce Commission, and/or the federal government within a reasonable timeframe.
- 5.5. Sale procedures
  - 5.5.1. Contractor will use proper sales procedures when the sale of equipment that was purchased in full or in part with federal or state funds through an H-GAC workforce contract is authorized or required.
  - 5.5.2. Contractors who are authorized or required to dispose of equipment by selling it must develop sales procedures that require the highest possible return on the property. Highest possible return is defined and determined by each Contractor.
  - 5.5.3. Contractors will include sale procedures in its property management policy and procedures
- 6. Leases. Costs for leased or rental property must conform to applicable cost principles for rental costs. Such property must be procured in accordance with applicable procurement requirements.
  - 6.1. Contractors may use federal or state funds from an H-GAC workforce contract to lease property to the extent that the lease is allowable in accordance with applicable cost principles. Rental costs are generally allowable to the extent that the rates are reasonable in light of such factors as:
    - 6.1.1. Rental costs of comparable property, if any
    - 6.1.2. Market conditions in the area

- 6.1.3. Alternatives available
- 6.1.4. The type, life expectancy, condition, and value of the property leased
- 6.1.5. Must include Opt Out of Lease Term in the contract
- 6.1.6. Shall include Tenant Transfer Clause in the contract
- 6.2. Contractors may not use H-GAC workforce contract funds for capital leases.
- 6.3. Contractors must document and keep a record for all real estate leases for space paid for with funds from an H-GAC workforce contract that demonstrates:
  - 6.3.1. The contractor followed required procurement procedures in soliciting the original lease of space.
  - 6.3.2. The contractor followed required procurement procedures in renewing a lease of space.
  - 6.3.3. The contractor consulted with H-GAC prior to procuring a real estate lease and has sufficient funds in the Facilities line item of an approved H-GAC contract.
  - 6.3.4. Contractors will keep real estate lease records for as long as the lease is active and up to three years after the lease is no longer in force. Contractors will ensure that records are available upon request by H-GAC, its grantors, representatives, monitors, or agents.
- 6.4. If the contractor has an existing real estate lease for space prior to executing an H-GAC workforce contract, H-GAC will negotiate the allowable cost for that space if it is to be used in performing H-GAC's workforce contract, either as administrative or direct service delivery space, based upon the contractor's actual cost for the space and the portion of the space to be used for the workforce contract and the determination that the space costs are necessary, reasonable, and allowable.
- 6.5. If the contractor owns a building or other space to be used in performing H-GAC's workforce contract, H-GAC will negotiate the cost of that space to be paid from H-GAC's contract based on its necessity, reasonableness (see 6.1), allowability, and allocability and include the negotiated rate or rates in the approved H-GAC workforce contract.
  - 6.5.1. The rental of any property owned by any individuals or entities affiliated with the Contractor, to include commercial or residential real estate, for purposes such as the home office workspace is unallowable.

**7. Build America, Buy America Act: Compliance under Vocational Rehabilitation Contracts with Local Workforce Development Boards**

- 7.1. BABAA mandates a new Buy America preferential sourcing criterion that applies to infrastructure project costs. Federal funding may not be committed to an infrastructure project unless:
  - 7.1.1. all iron and steel used in the project are produced in the United States—this means that all manufacturing processes, from the initial melting stage through the application of coatings, must have occurred in the United States;
  - 7.1.2. all manufactured products used in the project are produced in the United States—this means the manufactured product was manufactured in the United States, and the cost of the components of the manufactured product that are mined, produced, or manufactured in the United States is greater

than 55 percent of the total cost of all components of the manufactured product, unless another standard for determining the minimum amount of domestic content of the manufactured product has been established under applicable law or regulation; and

- 7.1.3. all construction materials used in the project are manufactured in the United States—this means that all manufacturing processes for the construction material must have occurred in the United States.
- 7.2. Infrastructure projects in the United States including the construction, alteration, maintenance, or repair of buildings and real property. BABAA requires that all construction materials used in an infrastructure project be manufactured in the United States, meaning that “all manufacturing processes for the construction material occurred in the United States.”
- 7.3. Cost not covered by the BABAA preference. Buy America preference only applies to articles, materials, and supplies that are consumed in, incorporated into, or affixed to an infrastructure project. As such, it does not apply to tools, equipment, and supplies, such as temporary scaffolding, brought to the construction site and removed at or before the completion of the infrastructure project. Nor does a [BABAA] Buy America preference apply to equipment and furnishings, such as movable chairs, desks, and portable computer equipment, that are used at or within the finished infrastructure project but are not an integral part of or permanently affixed to the structure.

BABAA requires that all construction materials used in an infrastructure project be manufactured in the United States, meaning that “all manufacturing processes for the construction material occurred in the United States.” Construction materials includes an article, material, or supply—other than an item of primarily iron or steel; a manufactured product; cement and cementitious materials; aggregates such as stone, sand, or gravel; or aggregate binding agents or additives—that is or consists primarily of:

- non-ferrous metals;
- plastic and polymer-based products (including polyvinylchloride, composite building materials, and polymers used in fiber optic cables);
- glass (including optic glass);
- lumber; or
- drywall.

- 7.4. Waiver Requests and Timeline: The US Department of Education’s online BABAA training module states that grant recipients, and their subrecipients and contractors, are responsible for determining whether a product in their infrastructure project is subject to BABAA. BABAA permits federal agencies, recipients, and subrecipients to request waivers in limited circumstances. However, the process requires that waiver requests of a recipient’s subrecipients and contractors be submitted through the recipient.

- 7.4.1. Waivers should be used judiciously. Federal financial assistance recipients must first take proactive steps to identify qualifying Made in America articles, materials, and supplies for their projects. Recipients who have worked diligently to identify qualifying items, but concluded a waiver may still be necessary, should contact H-GAC to learn how to apply for a waiver.

## **8. Review and Sanctions**

- 8.1. H-GAC will conduct periodic physical inventory of all workforce system property and reviews of Contractor inventory and purchase records.

- 8.2. H-GAC may recover funds from Contractor if procurement requirements were not met and associated costs were disallowed. H-GAC may also recover funds when Contractor fails to report stolen or lost equipment.
- 8.3. H-GAC may withhold payments on any invoices owed to a Contractor if Contractor does not provide H-GAC with a current inventory when requested.

## 9. Notice to H-GAC

- 9.1. Contractors will send any notice to H-GAC required by these Contract Management Standards to:

Property Control Officer  
Human Services Department/Workforce  
Houston-Galveston Area Council  
PO Box 22777  
Houston, Texas 77227-2777  
[jessica.smith@wrksolutions.net](mailto:jessica.smith@wrksolutions.net)

- 9.2. Loss, theft, or damage. Contractor must report immediately to H-GAC any theft, loss, or damage to property items. Contractor must also report thefts to the local police or responsible law enforcement authorities.
  - 9.2.1. Contractor will send written notice to H-GAC's property officer of theft and loss of or damage to property on its inventory (see 4.1.1), noting the item or items affected and the inventory control number for each item.
  - 9.2.2. For thefts, Contractor will send a copy of the police/law enforcement report covering the stolen items to H-GAC's property officer.
  - 9.2.3. Contractor will send a written notice to H-GAC's property officer describing the recovery from insurance for lost, stolen or damaged items; the original cost of the item or items; and if the Contractor plans to replace the item or items.
  - 9.2.4. Contractor will adhere to [Issuances-18 - Workforce Solutions \(wrksolutions.com\)](#)
    - 9.2.4.1. Contractor will complete the incident report form
    - 9.2.4.2. Contractor will provide any relevant documentation
    - 9.2.4.3. Contractor will submit the Incident Report Form and relevant documentation to H-GAC via email to [incidentreports@wrksolutions.com](mailto:incidentreports@wrksolutions.com)
    - 9.2.4.4. Title the email subject: *Incident Report – (Office name) (mm/dd/yy)*.
- 9.3. Reporting discrepancies in property records. Following Contractor's own annual inventory of property, Contractor will report any discrepancies in the records to H-GAC's property officer through written notice and including each item for which there is a discrepancy and those items' descriptions and inventory control numbers.
- 9.4. Transfer of property items. Contractor will request to transfer property items from one location to another or to another contractor through written notice to H-GAC's property officer, describing the item or items to be transferred, the inventory control number for each item, and the destination location/contractor.
- 9.5. Disposition.



9.5.1. Contractor will request disposition instructions for each item of property in its inventory to be disposed of that has a fair market value of \$5,000 or more through written request to H-GAC's property officer. The written request will include a description of the item or items and the inventory control number or numbers. H-GAC will provide forms for the disposition, request permission and instructions from the Texas Workforce Commission or applicable federal or state agency and provide Contractor with disposition requirements.

## 10. Closeout Responsibilities

10.1. When an award is not renewed or terminated, the subcontractor must reconcile all outstanding obligations, including property.

10.1.1. Contractor is required to submit an equipment list of property purchased with state or federal fund, with a unit acquisition cost of \$1,500 or more and list of laptops and desktops. A proposed closeout plan as it relates to property is to be submitted to the Property Control Coordinator and Contract Manager, prior to 45 days of contract ending.

10.1.2. Fair market value less than \$1,500. If the unused supplies have an aggregate FMV less than \$1,000 upon the termination of the award, the supplies may be disposed of without any further obligation to H-GAC. Exception, computer equipment, both desktops and laptops (5.3).

## X. Required Assurances

The Houston-Galveston Area Council, as the Gulf Coast Workforce Board's staff, contracts for the operation of the Board's regional workforce system using resources from the federal Workforce Innovation and Opportunity Act, portions of the public welfare programs under the Social Security Act, Child Care and Development Block Grant Act of 1990, and section 5082 of the Omnibus Budget Reconciliation Act of 1990, P.L. 101-508, as amended, and the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Funds originating with the United States Departments of Labor, Health and Human Services, and Agriculture are passed through the Texas Workforce Commission to the Houston-Galveston Area Council according to requirements of federal law. When contracting, organizations are required to assure and certify the following:

1. **Non-discrimination and equal opportunity.** As a condition to the award of financial assistance from the Department of Labor under WIOA, the Subrecipient assures that it has the ability to comply with the nondiscrimination and equal opportunity provisions of the following laws and will remain in compliance for the duration of the award of federal financial assistance:
  - Section 188 of the Workforce Innovation and Opportunity Act (WIOA), which prohibits discrimination against all individuals in the United States on the basis of race, color, religion, sex (including pregnancy, childbirth, and related medical conditions, transgender status, and gender identity), national origin (including limited English proficiency), age, disability, or political affiliation or belief, or against beneficiaries on the basis of either citizenship status or participation in any WIOA-financially assisted program or activity;
  - Title VI of the Civil Rights Act of 1964, as amended, which prohibits discrimination on the bases of race, color and national origin;

- Section 504 of the Rehabilitation Act of 1973, as amended, which prohibits discrimination against qualified individuals with disabilities;
- The Age Discrimination Act of 1975, as amended, which prohibits discrimination on the basis of age; and
- Title IX of the Education Amendments of 1972, as amended, which prohibits discrimination on the basis of sex in educational programs.

The Subrecipient assures that, as a recipient of WIOA financial assistance, it will comply with 29 CFR part 38 and all other regulations implementing the laws listed above. This assurance applies to the grant Subrecipient's operation of the WIOA-financially assisted program or activity, and to all agreements the Subrecipient makes to carry out the WIOA - financially assisted program or activity. The Subrecipient understands that the United States has the right to seek judicial enforcement of this assurance.

2. **Environmental compliance.** Subrecipient assures and certifies that to the extent required by law, it will comply with applicable provisions of the Clean Air Act (42 USC §7401 et seq) the Federal Water Pollution Control Act, as amended (233 USC §1251 et seq), Section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and the Environmental Protection Agency regulations at 40 CFR Part 15.
3. **Lead-Based Paint Poisoning.** Prevention Act (42 U.S.C. §§4801 et seq). Subrecipient agrees to not use lead-based paint in construction or rehabilitation of residential structures.
4. **Labor Standards.** Subrecipient agrees and certifies that it will comply with applicable provisions of the Davis-Bacon Act (40 U.S.C. 276a- 276a-7), the Copeland Act (40 U.S.C. 276c), and the Contract Work Hours and safety Standards Act (40 U.S.C. 327-332), as set forth in Department of Labor Regulations at 20 CFR 5.5a.
5. **Texas Family Code.** Subrecipient certifies that the individual or organization submitting the proposal is not ineligible, pursuant to Texas Family Code §231.006, to receive the specified payment and acknowledges that if the certification is inaccurate, no contract will be made with Subrecipient.
6. **Unfair business practices.** Subrecipient certifies and assures that it has not been found guilty of unfair business practices in a judicial or state agency administrative proceeding during the preceding year. The Subrecipient further certifies and assures that no officer of the Subrecipient has served as an officer of any company found guilty of unfair business practices in a judicial or state agency administrative proceeding during the preceding year.
7. **Criminal Convictions.** Subrecipient certifies that it will disclose to the Houston-Galveston Area Council and any applicable federal or state agencies the name of any person who has an ownership or control interest in or is an agent or managing employee of the Subrecipient who has been convicted of a criminal offense related to the person's involvement in any program under Title XVIII, SIX, or SS of the Social Security Act since the inception of these programs.
8. **Identity Change.** Subrecipient certifies that it will notify the Houston-Galveston Area Council immediately in the event of any significant change affecting the Subrecipient and Subrecipient's identity, such as ownership or control, name change, governing board membership and vendor identification number.

9. **Immigration Reform and Control Act.** Subrecipient certifies that it will comply with the requirements of the Immigration Reform and Control Act of 1986 regarding employment verification and retention of verification forms for any individuals hired on or after November 1, 1986, who will perform any services under the proposed contract.
10. **WIOA Compliance.** Subrecipient certifies that it will comply with the requirements in the final regulations and audit compliance supplements to be promulgated by the United States Department of Labor and the Office of Management and Budget and any alternative implementation options exercised by Texas under the WIOA statute.
11. **Union Organizing.** Subrecipient certifies that no funds received under WIOA will be used to assist, promote or deter union organizing, as referred to in WIOA § 181(b)(7), 29 U.S.C. § 3241(b)(7).

**Business Relocation.** Subrecipient certifies that no WIOA funds shall be used, or proposed for use, to encourage or induce the relocation of a business or part of a business, if such relocation would result in a loss of employment for any employee of such business at the original location and such original location is within the United States in accordance with WIOA § 181(d)(1), 29 U.S.C. § 3241(d)(1).

12. **Relocation Loss of Employment.** Subrecipient certifies that no WIOA funds shall be used for customized or skill training, on-the-job training, incumbent worker training, transitional employment or company-specific assessments of job applicants or employees, for any business or part of a business that has relocated, until the date that is one hundred twenty (120) days after the date upon which such business commences operations at the new location, if the relocation of such business or part of a business results in a loss of employment for any employee of such business at the original location and such original location is within the United States in accordance with WIOA § 181(d)(2), 29 U.S.C. § 3241(d)(2).
13. **Buy American Act.** Subrecipient certifies that none of the funds made available by WIOA may be expended by an entity unless the entity agrees that in expending the funds the entity will comply with 41 U.S.C. § 8301 through § 8303, the Buy American Act, as referenced in WIOA § 502, 29 U.S.C. § 3342.
14. **ACORN.** Subrecipient certifies that none of the funds made available by WIOA may be awarded or obligated to the Association of Community Organizations for Reform Now, or any of its affiliates, subsidiaries, or allied organizations, in accordance with Pub.L. 114-113, Division H, Title V, Section 522.
15. **Flood Disaster Protection.** Subrecipient certifies that none of the Federal funds made available by this Request for Proposal may be provided in identified flood-prone communities, as stated in the Flood Disaster Protection Act of 1973, as amended, 42 U.S.C. 4001 *et seq.*, which provides that no Federal financial assistance to acquire, modernize, or construct property may be provided in identified flood-prone communities in the United States, unless the community participates in the National Flood Insurance Program and flood insurance is purchased within 1 year of the identification. The flood insurance purchase requirement applies to both public and private Subrecipients for DOL support. Lists of flood-prone areas that are eligible for flood insurance are published in the Federal Register by FEMA.
16. **Accessibility.** Subrecipient certifies that sub-recipient will comply with the requirements found

in the Architectural Barriers Act of 1968, 42 U.S.C. § 4151 *et seq.*, as amended, the Federal Property Management Regulations (see 41 C.F.R. Part 102-76), and the Uniform Federal Accessibility Standards issued by GSA (see 36 C.F.R. Part 1191, Appendices C and D) which set forth requirements to make facilities accessible to, and usable by, the physically handicapped and include minimum design standards. All new facilities designed or constructed with grant support must comply with these requirements.

17. **Conference and Conference Space.** Conferences funded in whole or in part by the award are allowable if the conference is necessary and reasonable for the successful performance of the Federal Award. Subrecipients are urged to use discretion and good judgment to ensure that all conference costs charged to the grant are appropriate and allowable. For more information in the requirements and the allowability of costs associated with conferences, refer to 2 C.F.R. §200.432. Subrecipients will be held accountable to the requirements in 2C.F.R. § 200.432. Therefore, costs that do not comply with 2 C.F.R. §200.432 will be questioned and may be disallowed.
18. **Subawards.** A subaward means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract. The provisions of the Terms and Conditions of this award will be applied to any subrecipient under this award. Each pass-through entity is responsible for monitoring subrecipients, ensuring that the Terms and Conditions are in all subaward packages and that the subrecipients comply with all applicable regulations and the terms and conditions of this award (2 C.F.R. § 200.201(b)(1)).
19. **Vendor/Contractor.** The term, contractor, sometimes referred to as a vendor, is a dealer, distributor, merchant or other seller providing goods or services that are required to implement a Federal program. (2C.F.R. § 200.23) These goods or services may be for an organization's own use or for the use of the beneficiaries of the Federal program. Additional guidance on distinguishing between a subrecipient and a contractor (vendor) is provided in 2 C.F.R. § 200.330. When procuring contractors for goods and services, subrecipients must follow the procurement requirements at 2 C.F.R. § 200.319, which calls for full and open competition.
20. **Human Trafficking Victims.** Subrecipient certifies that grant award funds shall be used in compliance with the Federal requirements against Prohibition on Trafficking persons found in the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. § 7104(g)). The following language must be included in all awards or sub-awards:
  - (1) Trafficking in persons.
    - (a) Provisions applicable to a recipient that is a private entity.
      - (i) You as the recipient, your employees, sub recipients under this award, and sub recipients' employees may not—
        1. Engage in severe forms of trafficking in persons during the period of time that the award is in effect.
        2. Procure a commercial sex act during the period of time that the award is in effect; or
        3. Use forced labor in the performance of the award or sub awards under the award.
      - (ii) The awarding agency may unilaterally terminate this award, without penalty, if you or a sub recipient that is a private entity —
        1. Is determined to have violated a prohibition in paragraph a.i of this award term; or
        2. Has an employee who is determined by the agency official authorized to terminate the award to have violated a prohibition in paragraph a.i of this award term through conduct that is either—
          - a. Associated with performance under this award; or

- b. Imputed to you or the sub recipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 C.F.R. Part 180, “OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Non-procurement),” as implemented by the Department of Labor at 2 C.F.R. Part 2998.
- (b) Provision applicable to a recipient other than a private entity. We as the awarding agency may unilaterally terminate this award, without penalty, if a subrecipient that is a private entity—
  - (i) Is determined to have violated an applicable prohibition in paragraph a.i of this award term; or
  - (ii) Has an employee who is determined by the agency official authorized to terminate the award to have violated an applicable prohibition in paragraph a.i of this award term through conduct that is either—
    - 1. Associated with performance under this award; or
    - 2. Imputed to the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 C.F.R. Part 180, “OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Non-procurement),” as implemented by the Department of Labor at 2 C.F.R. Part 2998.
- (c) Provisions applicable to any recipient.
  - (i) You must inform us immediately of any information you receive from any source alleging a violation of a prohibition in paragraph a.i of this award term.
  - (ii) Our right to terminate unilaterally that is described in paragraph a.ii or b of this section:
    - 1. Implements section 106(g) of the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. § 7104(g)), and
    - 2. Is in addition to all other remedies for noncompliance that are available to us under this award.
  - (iii) You must include the requirements of paragraph a.i of this award term in any sub award you make to a private entity.
- (d) Definitions. For purposes of this award term:
  - (i) “Employee” means either:
    - 1. An individual employed by you or a sub recipient who is engaged in the performance of the project or program under this award; or
    - 2. Another person engaged in the performance of the project or program under this award and not compensated by you including, but not limited to, a volunteer or individual whose services are contributed by a third party as an in-kind contribution toward cost sharing or matching requirements.
  - (ii) “Forced labor” means labor obtained by any of the following methods: the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.
  - (iii) “Private entity”:
    - 1. Means any entity other than a State, local government, Indian tribe, or foreign public entity, as those terms are defined in 2 C.F.R. § 175.25.
    - 2. Includes:
      - a. A nonprofit organization, including any nonprofit institution of higher education, hospital, or tribal organization other than one included in the definition of Indian tribe at 2 C.F.R. § 175.25(b).
      - b. A for-profit organization.

(iv) “Severe forms of trafficking in persons,” “commercial sex act,” and “coercion” have the meanings given at Section 103 of the TVPA, as amended (22 U.S.C. § 7102).”

21. **Felony Convictions.** Subrecipient certifies that none of the Federal funds made available by this Grant Award shall be used on contracting with corporations with felony convictions. The Board is prohibited from entering into a contract, memorandum of understanding, or cooperative agreement with, make a grant to, or provide a loan or loan guarantee to, any corporation that was convicted of a felony criminal violation under any Federal law within the preceding 24 months, where the awarding agency is aware of the conviction, unless a Federal agency has considered suspension or debarment of the corporation and has made a determination that this further action is not necessary to protect the interests of the Government.
22. **Federal Tax Liability.** Subrecipient certifies it will not enter into a contract, memorandum of understanding, or cooperative agreement with, make a grant to, or provide a loan or loan guarantee to, any corporation that has any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability, where the awarding agency is aware of the unpaid tax liability, unless a Federal agency has considered suspension or debarment of the corporation and has made a determination that this further action is not necessary to protect the interests of the Government.
23. **Homeland Security Act.** Subrecipient certifies that no Federal funds made available under this Grant Award may be used for any contract with any foreign incorporated entity which is treated as an inverted domestic corporation under § 835(b) of the Homeland Security Act of 2002 (6 U.S.C. § 395(b)) or any subsidiary of such an entity. Waivers to this regulation may be granted by the Secretary of Labor if the Secretary determines that the waiver is required in the interest of national security.
24. **Privacy Act.** Subrecipient certifies that no Federal funds made available under this Grant Award shall be used in violations of the privacy act. These funds cannot be used in contravention of the 5 U.S.C. § 552a or regulations implementing that section.
25. **Child Labor.** Subrecipient certifies that no Federal funds may be obligated or expended for the procurement of goods mined, produced, manufactured, or harvested or services rendered, in whole or in part, by forced or indentured child labor in industries and host countries identified by DOL prior to December 18, 2015. DOL has identified these goods and services here: <https://www.dol.gov/ilab/reports/child-labor/list-of-products/>.
26. **Pro-Children Act of 1994** (Public Law 103-277). Prohibits smoking within any portion of any indoor facility used for the provision of services for children as defined by the Pro-Children Act of 1994.
27. **Abortion Coverage.** Subrecipient certifies that no Federal funds may be expended for health benefits coverage that includes coverage of abortions, except when the abortion is due to a pregnancy that is the result of rape or incest, or in the case where a woman suffers from a physical disorder, physical injury, including life-endangering physical conditions caused by or arising from the pregnancy itself that would, as certified by a physician, place the women in danger of death unless an abortion is performed. This restriction does not prohibit any non- Federal entity from providing health benefits

coverage for abortions when all funds for that specific benefit do not come from a Federal source.

Additionally, no funds made available through this award may be provided to a state or local government if such government subjects any institutional or individual health care entity to discrimination on the basis that the health care entity does not provide, pay for, provide coverage of, or refer for abortions.

28. **Controlled Substances.** Subrecipient certifies that no Federal funds shall be used for any activity that promotes the legalization of any drug or other substance included in schedule I of the schedules of controlled substances established under § 202 of the Controlled Substances Act except for normal recognized executive-congressional communications or where the grant agreement provides for such use because there is significant medical evidence of a therapeutic advantage to the use of such drug or other substance.
29. **Illegal Drugs.** Subrecipient certifies that no Federal funds shall be used to purchase sterile needles or syringes for the hypodermic injection of any illegal drug.
30. **The Drug Abuse Office and Treatment Act of 1972** (Public Law 92-255), as amended, relating to nondiscrimination on the basis of drug abuse.  
federal
31. **The Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970** (Public Law 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; Sections 523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. sections 290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records.
32. **Nepotism.** Subrecipients must comply with Texas Government Code, Chapter 573, which requires that no officer, employee, or member of the applicant's governing body or of the applicant's Contractor shall vote or confirm the employment of any person related within the second degree of affinity or the third degree of consanguinity to any member of the governing body or to any other officer or employee authorized to employ or supervise such person. This prohibition shall not prohibit the employment of a person who shall have been continuously employed for a period of two years, or such other period stipulated by local law, prior to the election or appointment of the officer, employee, or governing body member related to such person in the prohibited degree.
33. **Pornography.** Subrecipient certifies that no Federal funds may be used to maintain or establish a computer network unless such network blocks the viewing, downloading, and exchanging of pornography.
34. **Travel. Travel (Prior Approval).** The Federal award waives the prior approval requirement for domestic travel as contained in 2 C.F.R. § 200.474. For domestic travel to be an allowable cost, it must be necessary, reasonable, allocable, and conform to the non-federal entity's written policies and procedures.
35. **Travel (Fly America Act).** All travel must comply with the Fly America Act (49 U.S.C. § 40118), which states in part that any air transportation, regardless of price, must be performed by, or under a code-sharing arrangement with, a US Flag air carrier if service provided by such carrier is available.
36. **Travel (Foreign).** Funds that are awarded and authorized to carry out an activity under WIOA subtitle B cannot be used for foreign travel.

37. **Travel (Mileage Reimbursement Rates).** Pursuant to 2 C.F.R. § 200.474(a), all subrecipients must have policies and procedures in place related to travel costs; however, for reimbursement on a mileage basis, this Federal award cannot be charged more than the maximum allowable mileage reimbursement rates for Federal employees for transportation by privately owned automobile and privately-owned motorcycle. Mileage rates must be checked annually on the US General Services Administration (GSA) Web site at [www.gsa.gov/mileage](http://www.gsa.gov/mileage) to ensure compliance. Additional state travel requirements may apply.
38. **Unions.** Subrecipient certifies that funds will not be used to assist, promote, or deter union organizing, as referred to in WIOA § 181 (b)(7), 29 United States Code (U.S.C.) § 3241(b)(7).
39. **Business Relocation.** Subrecipient certifies that funds will not be used to encourage or reduce the relocation of a business or part of a business if such relocation would result in a loss of employment for any employee of such business at the original location and such original location is within the United States in accordance with WIOA § (181) (d)(1), 29 U.S. C. § 3241(d)(2).
40. **Publicity and Propaganda.** Subrecipient certifies that funds shall not be used for publicity or propaganda purposes, for the preparation, distribution or use of any kit, pamphlet, booklet, publication, radio, television or film presentation designed to support or defeat legislation pending before the Congress or any state or local legislature or legislative bodies, except in presentation to the Congress or any state or local legislature itself, or designed to support or defeat any proposed or pending regulation, except in presentation to the executive branch or any state or local government itself. Nor shall grant funds be used to pay the salary or expenses of any recipient or agent acting for such recipient related to any activity designed to influence the enactment of legislation, appropriations, regulation, administrative action, or Executive Order proposed or pending before the Congress, or any state government, state legislature, or local legislative body other than for normal and recognized executive-legislative relationships or participation by an agency or officer of a state, local, or tribal government in policymaking and administrative processes within the executive branch of that government.
41. **Health Care: Benefits Coverage for Contraceptives.**  
Subrecipient may not enter into or renew a contract that includes a provision for drug coverage unless the contract includes a provision for contraceptive coverage. Exemptions to this requirement apply to contracts with 1) the religious plans of Personal Care's HMO and OSF Health Plans, Inc. and 2) any existing or future plan if the carrier for the plan objects to such coverage on the basis of religious beliefs. In implementing this section, any plan that enters into or renews a contract may not subject any individual to discrimination on the basis that the individual refuses to prescribe or otherwise provide for contraceptives because such activities would be contrary to the individual's religious beliefs or moral convictions. Nothing in this term shall be construed to require coverage of abortion or abortion-related services. Reference 1.1.25 Pursuant to Pub.L.115-141, Division E, Title VII, Section 726, federal funds.

**HIV/AIDS Workplace Guidelines.** Contractors must adopt and implement applicable provisions of the model HIV/AIDS workplace guidelines of the Texas Department of Health as required by the Texas Health and Safety Code, Ann., Sec. 85.001, et seq.

42. **Fair Labor Standards Act.** Pursuant to Pub. L. 115-0141, Division H, Title I, Section 109, Subrecipient will adhere to additional language applied to the Fair Labor Standards Act of 1938 in the Maximum Hours Worked section as it relates to occurrences of a major disaster as designated by the state or federal government. The provisions of this section [maximum hours worked] shall not apply for a period of 2 years after the occurrence of a major disaster to any employee—employed to adjust or evaluate claims resulting from or relating to such major disaster by an employer not engaged, directly or through an affiliate, in underwriting, selling, or



marketing property, casualty, or liability insurance policies or contracts; who receives from such employer an average weekly compensation of not less than \$591.00 per week or any minimum weekly amount established by the Secretary, whichever is greater, for the number of weeks such employer is engaged in any of the activities described in subparagraph (C); and whose duties include any of the following: 1. Interviewing insured individuals, individuals who suffered injuries or other damages or losses arising from or relating to a disaster, witnesses, or physicians; 2. Inspecting property damage or reviewing factual information to prepare damage estimates; 3. Evaluating and making recommendations regarding coverage or compensability of claims or determining liability or value aspects of claims; 4. Negotiating settlements; or making recommendations regarding litigation. The exception in this subsection shall not affect the exemption provided by section 13(a)(1) [of the FLSA]. For purposes of this subsection—(A) the term ‘major disaster’ means any disaster or catastrophe declared or designated by the State or Federal agency or department; (B) the term ‘employee employed to adjust or evaluate claims resulting from or relating to such major disaster means an individual who timely secured or secures a license required by applicable law to engage in and perform the activities described in clauses (i) through (v) of paragraph (1)(C) relating to a major disaster, and is employed by an employer that maintains worker compensation insurance coverage or protection for its employees, if required by applicable law, and withholds applicable Federal, State, and local income and payroll taxes from the wages, salaries and any benefits of such employees; and (C) the term ‘affiliate’ means a company that, by reason of ownership or control of 25 percent or more of the outstanding shares of any class of voting securities of one or more companies, directly or indirectly, controls, is controlled by , or is under common control with, another company.’”

43. **Reporting of Waste, Fraud and Abuse.** No entity receiving federal funds may require employees or contractors of such entity seeking to report fraud, waste or abuse to designated investigative or law enforcement representative of a federal department of agency authorized to receive such information.
44. **Salary and Bonus Limitations.** Subrecipients shall not use funds to pay the salary and bonuses of an individual, either as direct costs or as indirect costs, at a rate in excess of Executive Level II. The Executive Level II salary may change yearly and is located on the US Office of Personnel Management website at [www.opm.gov](http://www.opm.gov).

The salary and bonus limitation does not apply to contractors (vendors) providing goods and services as defined in 2 C.F.R. §200.330. Where States are recipients of such funds, States may establish a lower limit for salaries and bonuses of those receiving salaries and bonuses from subrecipients of such funds, taking into account factors including the relative cost-of-living in the State, the compensation levels for comparable State or local government employees, and the size of the organizations that administer Federal programs involved including Employment and Training Administration programs. Refer to TEGL No. 5-06 for further clarification.

Note: For additional information about the salary and bonus limitation, refer to TWC Workforce Development Letter 28-07, Change 1, and any subsequent issuances.

**45. Flood Insurance and Fire Safety.**

The Flood Disaster Protection Act of 1973, as amended, U.S.C. §§ 4001 et seq., provides that no Federal financial assistance to acquire, modernize, or construct property may be provided in communities in the United States identified as flood-prone, unless the community participates in the National Flood Insurance Program and flood insurance is purchased within one year of the identification. The flood insurance purchase requirement applies to both public and private applicants for the DOL support. Lists of flood-prone areas that are eligible for flood insurance are published in the Federal Register by the US Department of Homeland Security, Federal Emergency Management Agency (FEMA).

Hotel-Motel Fire Safety. Pursuant to 15 U.S.C. § 2225a, subrecipients must ensure that all space for conferences, and conventions or training seminars funded in whole or in part with federal funds complies with the protection and control guidelines of the Hotel and Motel Fire Safety Act (Pub. L. 101-391, as amended). Subrecipients may search the Hotel Motel National Master List at <https://apps.usfa.fema.gov/hotel/> to see if a property is in compliance, or to find other information about the Act.

Contract Administration System. When incorporated into a contract, standard assurances contained in the application package become terms or conditions for receipt of grant funds. Contractors must maintain an appropriate contract administration system to ensure that all terms, conditions, and specifications are met.

**46. Requirement to Provide Certain Information in Public Communications.** When issuing statements, press releases, requests for proposals, bid solicitations and other documents describing projects or programs funded in whole or in part with Federal money, all non- Federal entities receiving Federal funds shall clearly state:

- A. The percentage of the total costs of the program or project which will be financed with Federal money.
- B. The dollar amount of Federal funds for the project or program; and
- C. The percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.
- D. The requirements of this part are separate from those in 2 C.F.R. Part 200 and, when, appropriate, both must be complied with.

**47. Telecommunications** Title 2 C.F.R. § 200.216 Prohibition on certain telecommunications and video surveillance services or equipment. (a) Recipients and subrecipients are prohibited from obligating or expending grant funds to:

- (1) Procure or obtain.
- (2) Extend or renew a contract to procure or obtain; or
- (3) Enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in Public Law 115-232, Section 889, covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).
  - (i) For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities).
  - (ii) Telecommunications or video surveillance services provided by such entities or using such equipment. DocuSign Envelope ID: 0DA5AAE2-1AC8-4375-92B8-ACA5AEA08F47 DocuSign Envelope ID: 8C7F0A3F-DA1E-438B-A84B-0DBE19ED7506 STC\_WIOA\_v.22.3\_(12/03/21) Page 10 of 28
  - (iii) Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.
- (b) In implementing the prohibition under Public Law 115-232, Section 889, Subsection (f), paragraph (1), heads of executive agencies administering loan, grant, or subsidy programs shall prioritize available funding and technical support to assist affected businesses, institutions and organizations as is reasonably necessary for those affected entities to transition from covered communications equipment and services, to procure replacement equipment and services, and to ensure that communications service to users and customers is sustained. (
- (c) See Public Law 115-232, section 889 for additional information.
- (d) See also §200.471.

### **Executive Orders.**

- A. Subcontracting/Subgranting Opportunities to certain Entities and Individuals (EO 12928). Pursuant to EO 12928, subrecipients are strongly encouraged to provide subcontracting/subgranting opportunities to Historically Black Colleges and Universities and other Minority Institutions such as Hispanic-serving institutions and Tribal Colleges and Universities; and to Small Businesses Owned and Controlled by Socially and Economically Disadvantaged Individuals.
- B. Seat Belt Use (EO 13043). Pursuant to EO 13043, Increasing Seat Belt Use in the United States, dated April 16, 1997, subrecipients are encouraged to adopt and enforce on-the-job seat belt policies and programs for their employees when operating company-owned, rented, or personally owned vehicles.
- C. Improving Access to Services for Persons with Limited English Proficiency (EO 13166). As clarified by EO 13166, Improving Access to Services for Persons with Limited English Proficiency, dated August 11, 2000, and resulting agency guidance, national origin

discrimination includes discrimination on the basis of limited English proficiency (LEP).

- D. To ensure compliance with Title VI of the Civil Rights Act of 1964, subrecipients must take reasonable steps to ensure that LEP persons have meaningful access to programs in accordance with DOL's Policy Guidance on the Prohibition of National Origin Discrimination as it Affects Persons with Limited English Proficiency [05/29/2003] Volume 68, Number 103, Page 32389-32305.

Meaningful access may entail providing language assistance services, including oral and written translation, where necessary.

Subrecipients are encouraged to consider the need for language services for LEP persons served or encountered both in developing budgets and in conducting programs and activities. For assistance and information regarding LEP obligations, go to the Federal Government's interagency website on Limited English Proficiency at <http://www.lep.gov>.

- E. Text Messaging While Driving (EO 13513). Pursuant to EO 13513, Federal Leadership on Reducing Text Messaging While Driving, dated October 1, 2009, subrecipients are encouraged to adopt and enforce policies that ban text messaging while driving company-owned or -rented vehicles, or government-owned vehicles, or while driving personally owned vehicles when on official Government business or when performing any work for or on behalf of the Government. Subrecipients are also encouraged to conduct initiatives of the type described in section 3(a) of EO 13513.
- F. Buy American Act (EO 13788). Pursuant to EO 13788, by drawing down funds, subrecipients agree to comply with 41 U.S.C. §§ 8301-8303 (commonly known as the "Buy American Act"). Additionally, no funds may be made available to any person or entity that has been convicted of violating the Buy American Act.

For the purposes of this award, the Buy American Act requires subrecipients to use, with limited exceptions, only:

- 1) Unmanufactured items that have been mined or produced in the United States; and
- 2) Manufactured items that have been manufactured in the United States substantially all from articles, materials, or supplies that were mined, produced, or manufactured in the United States.

These requirements do not apply to:

- 1) Items for use outside of the United States.
- 2) Items that are not mined, produced, or manufactured in the United States in sufficient and reasonably available commercial quantities and are not of a satisfactory quality; and
- 3) Manufactured items procured under any contract with an award value that is less than the micro-purchase threshold.

In order to claim an exception under options 1 or 2 above, Texas Workforce Commission must get prior approval from the DOLETA Grant Officer. Subrecipients must submit such requests through the Contract Manager assigned to this contract.

Subrecipients shall not submit requests directly to DOLETA. Prior approval is not needed for purchases under the micro-purchase threshold.

Note: TWC defines the micro-purchase threshold in TWC's Financial manual for Grants and Contracts.

### **CERTIFICATIONS REGARDING LOBBYING, DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS, AND DRUG-FREE WORKPLACE REQUIREMENTS**

Lobbying: This certification is required by the Federal Regulations, implementing Section 1352 of the Program Fraud and Civil Remedies Act, Title 31 U.S. Code, for the Department of Agriculture (7 CFR Part 3018), Department of Labor (29 CFR Part 93), Department of Education (34 CFR Part 82), Department of Health and Human Services (45 CFR Part 93).

The Subrecipient executing this contract certifies that:

1. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan or cooperative agreement.
2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, and officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan or cooperative agreement, the undersigned shall complete and submit Standard Form - LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

Debarment, Suspension, and Other Responsibility Matters: This certification is required by the Federal Regulations, implementing Executive Order 12549, Government-wide Debarment and Suspension, for the Department of Agriculture (7 CFR Part 3017), Department of Labor (29 CFR Part 98), Department of Education (34 CFR Parts 85, 668 and 682), Department of Health and Human Services (45 CFR Part 76).

The Subrecipient executing this contract certifies that neither it nor its principals:

1. Are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in this transaction by any federal department or agency.
2. Have not within a three-year period preceding this contract been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or Local) transaction or contract under a public

transaction, violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

3. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity with commission of any of the offenses enumerated in Paragraph (2) of this certification; and,
4. Have not within a three-year period preceding this contract had one or more public transactions terminated for cause or default.

Where the prospective recipient of federal assistance funds is unable to certify to any of the statements in this certification, such prospective recipient shall attach an explanation to this certification.

**Drug-Free Workplace:** This certification is required by the Federal Regulations, implementing Sections 5151-5160 of the Drug-Free Workplace Act, 41 U.S.C. 701; for the Department of Agriculture (7 CFR Part 3017), Department of Labor (29 CFR Part 98), Department of Education (34 CFR Parts 85, 668 and 682), and Department of Health and Human Services (45 CFR Part 76).

The Subrecipient executing this contract certifies that it shall provide a drug-free workplace by:

- a. Publishing a policy statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the workplace and specifying the consequences of any such action by an employee.
- b. Establishing an ongoing drug-free awareness program to inform employees of the dangers of drug abuse in the workplace, the Subrecipient's policy of maintaining a drug-free workplace, the availability of counseling, rehabilitation and employee assistance programs, and the penalties that may be imposed on employees for drug abuse violations in the workplace.
- c. Providing each employee with a copy of the Subrecipient's policy statement.
- d. Notifying the employees in the Subrecipient's policy statement that as a condition of employment under this contract, employees shall abide by the terms of the policy statement and notify the Subrecipient in writing within five days after any conviction for a violation by the employee of a criminal drug statute in the workplace.
- e. Notifying the Commission within ten days of the Subrecipient's receipt of a notice of a conviction of an employee; and,
- f. Taking appropriate personnel action against an employee convicted of violating a criminal drug statute or require such employee to participate in a drug abuse assistance or rehabilitation program.

These certifications are a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction.

4. Has your organization held ever held a contract with any governmental entity that was declined a renewal or was terminated for cause or default? If so, please state the contract and reason for the termination.



## Contract Management Policies and Procedures

### TEXAS CORPORATE FRANCHISE TAX CERTIFICATION

Pursuant to Article 2.45, Texas Business Corporation Act, state agencies may not contract with for profit corporations that are delinquent in making state franchise tax payments. The following certification that the corporation making this contract is current in its franchise taxes must be signed by the individual authorized on Form 2031, Corporate Board of Directors Resolution, to sign the contract for the corporation.

The Subrecipient executing this contract certifies that the following statement is true and correct and that the Subrecipient understands making a false statement is a material breach of contract and is grounds for contract cancellation.

Indicate the certification that applies to your corporation:

\_\_\_\_\_ Not applicable. Subrecipient is not a corporation.

\_\_\_\_\_ The corporation is a for-profit corporation and certifies that it is not delinquent in its franchise tax payments to the State of Texas.

\_\_\_\_\_ The corporation is a non-profit corporation or is otherwise not subject to payment of franchise taxes to the State of Texas.

---

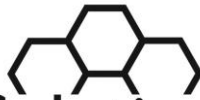
### STATE ASSESSMENT CERTIFICATION

The authorized representative of the corporation contracting herein by executing this contract certifies that the following indicated statement is true and correct and that the undersigned understands making a false statement is a material breach of contract and is grounds for contract cancellation.

The corporation certifies that:

\_\_\_\_\_ It is current in Unemployment Insurance taxes, Payday and Child Labor law monetary obligations, and Proprietary School fees and assessments payable to the State of Texas.

\_\_\_\_\_ It has no outstanding Unemployment Insurance overpayment balance payable to the State of Texas.



# Workforce Solutions

## Contract Management Policies and Procedures

Subrecipient understands that WIOA regulations limit Consultant fees to seven hundred ten dollars (\$710) per day for an eight-hour work day. Fees paid in excess of \$710 per day must be prior approved by Workforce Board staff and staff from the Texas Workforce Commission.

**By signing below, Subrecipient attests that it complies with the assurances and certifications.**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name of Organization

\_\_\_\_\_  
Typed Name & Title

\_\_\_\_\_  
Date