

# H-GAC Workforce Contracts

## 2009 Financial Reporting Policy and Procedures

### Attachment 2: 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. The funding stream acronyms used below are defined at the end of this attachment.

#### 1.0 Administration (WIA, WSA, Wagner-Peyser ES, FSA, FSE, RIO, TRA, TANF)

**This description applies to allowable administrative costs incurred by Career Office operators. For all other entities that are sub-recipients or lower-tier sub-recipients, see the section below for *Sub-recipient Operating Costs (Non-Career Office Operator)*.**

Administration costs are those necessary for the overall administration and management of a career office operator, including:

- 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. See NOTE below regarding the portion of WIA monitoring costs associated with monitoring service delivery supported by WIA funding for compliance with program requirements.
- 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 WIA.
- 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 by the one-stop operator 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 WIA only:

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

**Note:** Report monitoring costs incurred by the career office operator in *Administration (Career Office Operator Only)* unless it is for WIA program monitoring.

## 2.0 Monitoring Costs (Wagner-Peyser ES, FSA, FSE, RIO, TRA, TANF) - (Exception: WIA Program Monitoring)

Monitoring costs (other than WIA 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 on-going 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).

## 3.0 Information Systems (TANF)

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 subcontractors with TANF Choices funding that are sub-recipients (Career office operators and non-Career Office operators and any lower-tier sub-recipients).

## 4.0 Administration Costs for Non-Career Office Operator Subcontractors

Administrative costs to be reported in this line item/cost category are those administrative costs incurred by non-Career Office operator contractors that are sub-recipients under Office of Management and Budget (OMB) Circular A-133, 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.

This reporting category is to be used by all sub-recipient contractors other than the Career Office operators to report administrative costs.

The administration costs for non-Career Office operators 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 WIA.
- 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 by the non Career Office operator that is associated with administrative functions; such profit or fee should be charged among cost categories in proportion to the allocation of pre-profit costs among those cost categories.

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

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

**Note:** Report monitoring costs incurred by the contractor in this category

unless it is for WIA program monitoring.

## 5.0 Basic and Expanded Service – Direct Services (WIA, WSA, Wagner-Peyser ES, FSA, FSE, RIO, TANF)

This reporting category includes the costs of:

- Outreach;
- Intake, which may include reemployment services and orientation to the information and services available through the Texas workforce system;
- Determinations of individuals' eligibility for Commission-funded programs available through the Texas workforce system;
- Initial assessment of skill levels, aptitudes, abilities, and support service needs;
- Job search and placement assistance, and, where appropriate, career counseling;
- Provision of performance information and program cost information on eligible providers of WIA training services; WIA youth activities; adult education; postsecondary vocational education activities and vocational education activities available to school dropouts under the Carl D. Perkins Vocational and Applied Technology Education Act; and vocational rehabilitation program activities described in Title I of the Rehabilitation Act of 1973;
- Provision of information regarding how the local workforce development area (workforce area) is performing on local performance measures and any additional performance information with respect to the Texas workforce system in the workforce area;
- Provision of information regarding filing claims for Unemployment Insurance (UI);
- Provision of employment statistics information, including accurate information relating to local, regional, and national labor market areas, including job vacancy listings in such labor market areas, information on job skills necessary to obtain the jobs listed, and information related to local high-growth, high-demand jobs and the earnings and skill requirements for such jobs;
- Provision of accurate information relating to the availability of support services available in the workforce area, and referral to such services, as appropriate; and
- Follow-up 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.

## 6.0 Financial Aid Education & Training -- Direct Services (WIA, WSA, FSA, FSE, RIO, 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 WIA Youth activities that are reportable under *Direct Services – Basic and Expanded 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.

## 7.0 Financial Aid: Support Services – Transportation (WIA, WSA, FSE, RIO, 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 Job Access/Reverse Commute (JARC) project. Report such expenditures in the *Support Services – JARC Transportation* cost category.

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

**Note:** All transportation support services for TANF Choices and Food Stamp

**Employment and Training (FSE&T) recipients must be charged as appropriate first to the Texas Department of Transportation’s Transportation Services contract until the budgets for those services have been exhausted. Transportation costs in excess of the available TANF Choices or FSE&T budgets in the Texas Department of Transportation’s Transportation Services contract must then be charged to the appropriate TANF Choices or FSE&T funding streams.**

## 8.0 Financial Aid: Support Services – JARC Transportation (WIA, WSA, FSE, RIO, TANF)

All expenditures used in coordination with a JARC project must be charged to this cost category.

## 9.0 Financial Aid: Supportive Services – Work-Related Incentives (WIA, WSA, 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.

## 10.0 Financial Aid: Supportive Services – Other (WIA, WSA, FSE, RIO)

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

## 11.0 Financial Aid: Work Subsidy (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.

## 12.0 Financial Aid: 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.

## 13.0 Financial Aid: 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.

## 14.0 Financial Aid: TANF - Assistance

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.

## 15.0 Financial Aid: TANF Choices - Supplemental Cost Category

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.

## 16.0 Financial Aid: Prevention of Out of Wedlock Pregnancies (TANF)

This cost category is applicable to TANF Choices only and includes costs for prevention of

out-of-wedlock pregnancy activities that have not been reported elsewhere.

## 17.0 Financial Aid: Parent Family Formation (TANF)

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

## 18.0 Food Stamp Employment and Training (FSE&T) ABAWD

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

## 19.0 WIA Youth Summer Employment Supplemental Cost Category

Contractors expending WIA Youth funds for summer employment for youth must report expenditures for this activity in a supplemental cost category for WIA Youth. The expenditures in this line will be a subset of expenditures reported under the respective WIA grant award.

## 20.0 WIA Statewide Alternatives Supplemental Cost Category

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

## 21.0 Outplacement or Rapid Response (WIA Dislocated Worker)

This category includes the allowable costs of Outplacement (or Rapid Response) activities required under [20 CFR §665.310](#). It may also include the allowable costs of activities described under [20 CFR §665.320](#). Alternatively, expenditures incurred under 20 CFR §665.320 may be reported in other appropriate WIA Dislocated Worker categories.

**Costs of activities under 20 C.F.R. §665.310 include the costs of the following 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 WIA-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.

**Costs of Activities under 20 C.F.R. §665.320 include the costs of the following activities:**

- 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.

## 22.0 TXDOT Transportation Services

For as long as such funds are available to be obligated/expended, Career Office staff must use and the Payment Office must report accrued transportation support services expenditures for TANF Choices and FSE&T customers in the applicable line item in the TXDOT Transportation Services contract expenditure report. Only after all available funds in the respective TANF Choices or FSE&T components of the TXDOT contract have been fully expended may the regular TANF Choices and FSE&T funding streams be expended for transportation services for TANF Choices and FSE&T customers. Note that in all cases staff time, overhead and other costs related to providing transportation support services must never be included in transportation cost categories under the TXDOT contract.

### List of Acronyms Used Above

<b>WIA</b>	<b>includes Workforce Investment Act Formula Allocated Dislocated Worker (DW), Adult, In-School Youth (ISY) and Out-of-School Youth (OSY)</b>
<b>WSA</b>	<b>allocated WIA statewide funds</b>
<b>Wagner-Peyser</b>	<b>ES - Wagner-Peyser Employment Services</b>
<b>FSA</b>	<b>Food Stamp Employment and Training (FSE&amp;T), Able-Bodied Adults Without Dependents</b>
<b>FSE</b>	<b>FSE&amp;T</b>
<b>RIO</b>	<b>Project Reintegration of Offenders</b>
<b>TRA</b>	<b>Trade Act Services</b>
<b>TANF</b>	<b>Temporary Assistance for Needy Families</b>
<b>TXDOT</b>	<b>Texas Department of Transportation, Transportation Service Contracts</b>