

Cost Classification & Program Income

Chapters II-5 & II-7

Cost Classification

- Assign allowable costs to cost objectives
- Costs Assigned
 - Direct Charge
 - Allocation
- General ledger or books of account

Classification System

- Required by GAAP
- Trace Costs from Federally required reports
 - To books of account &
 - To source documentation

Cost Categories

- Only 2 Cost Categories
 - Administration
 - Program Activities
- Reporting categories
 - Vary by grant
 - Classify within books of account
 - Classify through linking spreadsheets

Reporting Categories

- Program Income
- Non-federal costs (stand-in)
- SCSEP Activities
 - Local & Hq Administration
 - Participant Wages & Fringe Benefits
 - Other Enrollee Costs (OEC)

Chart of Accounts

- Numerical Listing or Codes
- General Ledger/Books of Account
- Identify Costs in Books of Account
- Report Financial Results of Operations

Chart of Accounts #2

- Accumulate & Track Costs
- Source of Funds
- Program Activities or Cost Categories
- Interim & Final Cost Objectives

Sample Chart

- Attachment II-5-1 of the TAG
- Level 1— Funding source (2 digits)
 - 10 SCSEP
- Level 2— Participant type (1 digit)
 - 0 – Not applicable
- Level 3— Activity/cost category code (3 digits)
 - 210 OEC – Job development

Sample Chart- continued

- Level 3A— Service provider/Subgrant code (1 digit)
 - 1 Subgrant award
 - 0 In-house
- Level 4— Object/Expenditure Accounts (3 digits)
 - 100 Staff Wages
 - 120 Staff Fringe Benefits
 - 400 Telephone

SCSEP Administrative Costs

- Not to exceed 13.5 percent
- Waiver up to 15% available if justified
- Measured at conclusion of grant period
- Redefined to match WIA definition
 - Sources: OAA Sec. 502(c)(3)
 - Proposed 20 CFR 641.867, 870

SCSEP Definition

- Sources:
 - OAA Sec. 502(c)(4)
 - Proposed 20 CFR 641.856 & 859
- Based on WIA - 20 CFR 667.220(a)
- Not related to direct services
 - Either to clients or employers
- List of specific functions
 - Unlike traditional definition

Applicability

- Direct SCSEP recipients
- First tier SCSEP subrecipients
 - Those with comprehensive responsibilities
- Contracts of SCSEP recipients & subrecipients for admin functions
- Everything else – program cost

Administrative Functions

- Overall general administrative functions
 - Accounting, financial & cash management
 - Procurement
 - Property management
 - Personnel management
 - Payroll (staff & participants)

Administrative Functions

- General administrative functions (cont'd)
 - Audit functions
 - Coordinating resolution of findings
 - Audit, monitoring, investigations
 - General legal services
 - Developing systems and procedures
 - Includes information systems
 - Required for administrative functions
 - Monitoring of administrative functions

Administrative Costs

- Goods & services
 - Required for administrative functions
- Travel costs
 - Carry out administrative activities
 - Related to overall management
- Awards for administrative functions
 - Payroll service contract

Administrative Costs Information Technology

- Costs of information systems
 - Related to administrative functions
 - Accounting & payroll systems
 - Procurement & purchasing systems
 - Etc.
- Costs include
 - Purchase, development & operation

Program Costs

Information Technology

- Tracking/monitoring participant & performance information
- Employment statistics
- Performance & cost information
 - Eligible providers of training services
 - Youth & education activities

Other Guidance

- Job Title vs. Job Function
 - Costs follow job function, NOT title
 - Multiple functions must be allocated
- Subrecipient level classification
 - Use of contract proposals or invoicing
 - Function of the award

Program Income

- Additional revenues for the grant
 - Earned as a result of grant activity
 - Earned because of grant
- 29 CFR 97.25 – Governmental Grantees
- 29 CFR 95.24 – Non-governmental Grantees

More Program Income

- Addition method required
- Reported on SF 269
- Expenditure within a grant period
- ETA does not reduce grant awards
 - Addition method always applies

What's Included

- Fees for services
- User or rental fees
- Sale of products
- List included in Part 97

What's Not Included...

- Applicable credits
- Sale of property
- Royalties unless grant says they are
- Donations
- Profits of commercial organizations
- Income earned after the grant period
- Interest & matching funds

Program Income Revenues

- Two methods for revenue accounting
- Net Income Method
 - Costs of generating income deducted from revenue
- Gross Income Method
 - All revenue is program income if:
 - Costs of generating income charged to grant

Uses of Program Income

- No administrative cost limitation
- Allowable activities
- Allowable costs and proper classification
- Included in the scope of audit
- Other administrative rules apply
- Sanctions for misuse

Questions?

