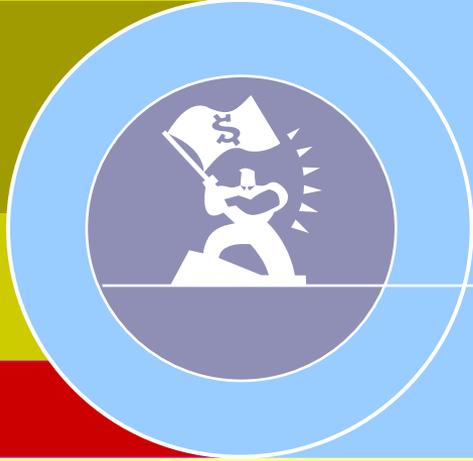


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Equipment, Facilities, Capital Improvements & Other Property



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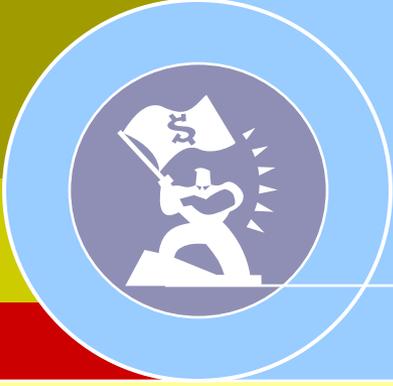
Equipment



Equipment

Federal definition

- Acquisition cost of \$5000 or more
- Tangible property with a Useful life of 1 year or more
- Prior approval requirements
- Title remains with grantee
- Grantee can define equipment at a lower \$ threshold.



Equipment Management

- Required of all grantees
- Biennial physical inventory must be done
- Maintenance procedures
- Loss prevention & control system
- Disposition process
- Tagging



Equipment Records

must contain the following:

- 1. Unit acquisition cost
- 2. Acquisition date
- 3. Description
- 4. Serial number
- 5. Funding source
- 6. Percentage of Federal interest
- 7. Title of ownership
- 8-9. Current use & location
- 10-11. Date and condition at last physical inventory
- 12. Disposition data



Prior Approval of Equipment Purchases

- Formula grants: states have been delegated approval authority for equipment
- Direct Grants – authority not delegated
 - Examples – NEGAs received from the state
 - Awards directly from DOL



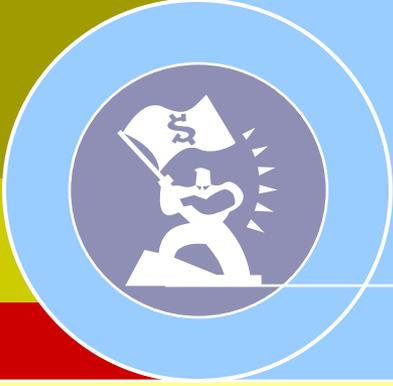
Allowable Equipment Cost

- Direct cost to grant if prior approval is obtained
- Annual depreciation charges
- Used part of the time by other programs
 - reasonable use fee = program income



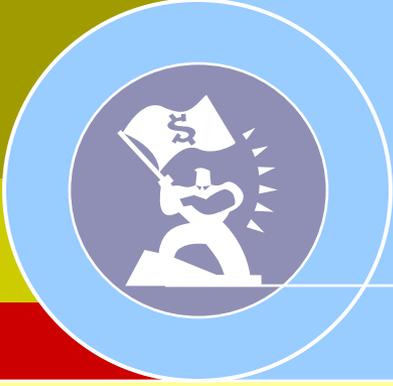
Allowable Equipment Cost – Con't

- Purchased by the grantee
 - use fee charged to all other users
 - use fee: cost recovery limited to 6 2/3 percent of total acquisition cost annually



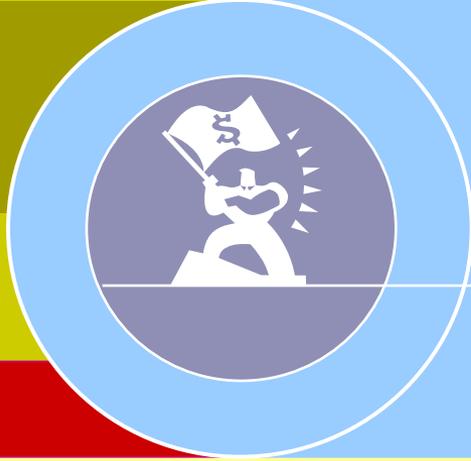
Disposition

- All entities, other than state grantees, must obtain disposition instructions from DOL (include requested use option) when no longer needed for original purposes
- If granted permission by DOL to sell, equipment proceeds must be returned to DOL



Other Property Issues

- Grantees can continue to use after project
*(funded or not)
 - Then, when no longer needed and fair market value is greater than \$5000 – DOL disposition instructions must be obtained up through the system (State to DOL)
- Must also request disposition instructions for supplies with an aggregate fair market value of \$5000 or more at the end of a program and for intangible property (ditto FMV...end of program)



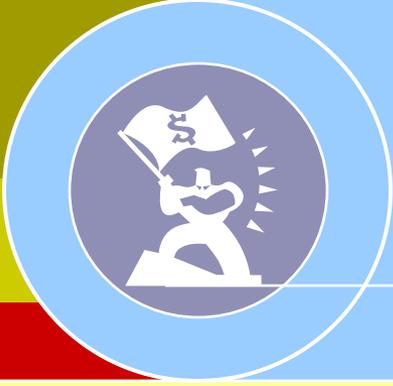
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Facilities



Allowable Premises Cost

- Operational leases
 - Commercial rate
- Capital leases
 - Use or depreciation method of cost recovery
 - (entities cannot mix methods – must use one or the other consistently)
 - Plus annualized 3rd party interest



Reasonable Rent

- Reasonable rental cost for buildings (market rate/allocated to benefiting users)
- Sale or leaseback arrangements or less-than-arms length arrangements
 - Limited to depreciation or use (it is the costs of ownership)



WIA and ARRA Prohibition

- Construction or purchase of facilities
 - (20 CFR Part 667.260)
- Exceptions:
 - Physical and programmatic accessibility and reasonable accommodation (rehab act and ADA)
 - Repairs, renovations, alterations and capital improvements of property including:
 - SESA (SWAs)
 - JTPA transferred property
 - Job corps facilities and
 - Disaster relief



Capital Improvements –Tenant Improvements

All Programs

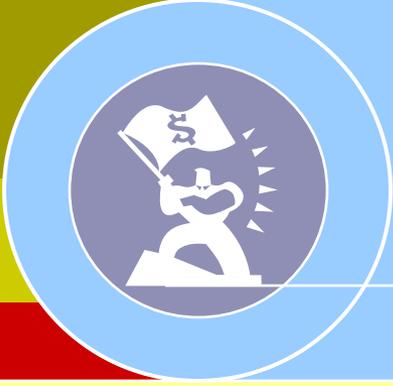
- Tenant improvements – part of the lease agreements
 - see TEGl 7-04, page 14, number 14 for DOL guidance
- Tenant improvements not included in lease agreement
 - Written Prior approval required



DOL Capital Improvement Projects Prior Approval Process

(Charges to the Grant)

- OMB Cost Principle Circulars require prior approval from awarding agency
 - WIA formula grants – authority delegated to the governor
 - All other grants – National Office Approval required



Capital Improvement Projects

Examples

- Materially increases the value or useful life of the facility
 - New roof
 - Paving sidewalks
 - Adding a floor
 - ADA upgrades to toilets
 - HVAC system



Cost Free Occupancy (*Any ETA Program*)

- DOL programs cannot pay a disproportionate share of facilities costs
- There is NO free rent for partners ...
 - RSA should contain information on shared space costs
 - Space should be allocated based upon benefit received



Operations & Maintenance Costs

Examples

- Utilities
- Security
- Grounds
- Janitorial



Payments or Equity Exceed Occupancy

- WIA, ARRA or DOL lease payments are greater than program occupancy
 - Actions must be taken to eliminate the space
 - These actions need to be documented
 - Breaking lease agreements



Idle Space/Facilities & Unneeded Space

- Idle Space/Facilities - space once needed, but no longer needed (allowable)
- Unneeded Space – acquired too much space, never needed, never used (unallowable)
- Space Plans



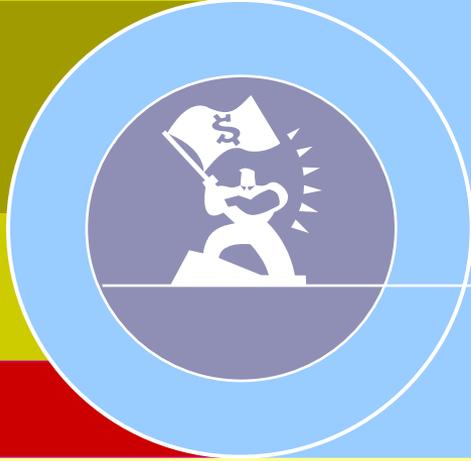
Organizational Assessment – *Idle Space/Idle Facilities/Unneeded Space*

- Books of account – examine charges versus program usage (occupancy)
- Perform physical walk through of facilities at grantee and subgrantee levels



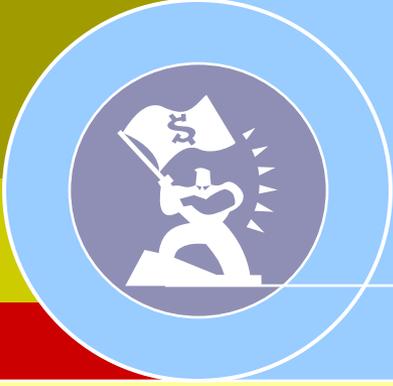
Disposition of Unused Space

- Lease agreements should have reasonable termination clauses
- Agreements for space should pass the prudent person test



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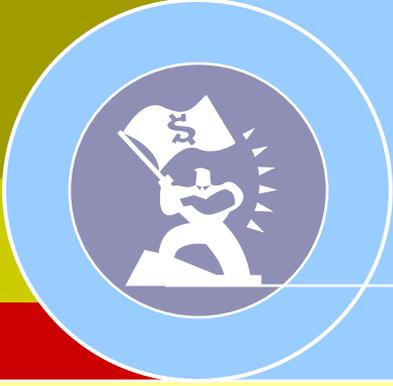
Review Questions



Question #1

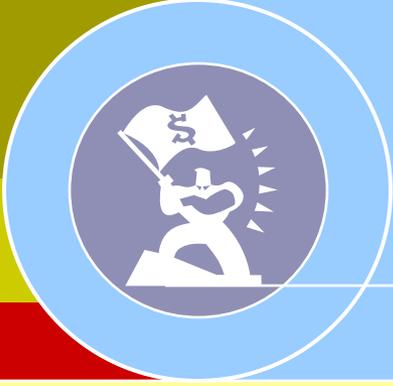
An agency may define equipment at a lower dollar threshold than the federal requirement in order to track computer laptops given out to all of its case managers.

TRUE or FALSE



Question #1: Answer

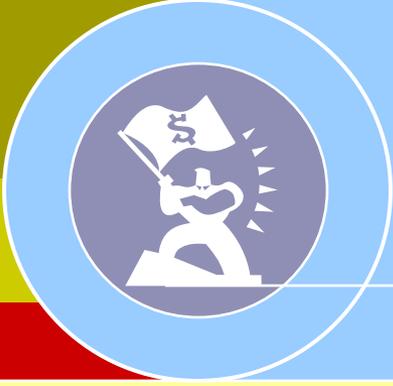
TRUE: Policies and procedures instituted by a local or state agency may be more restrictive than federal requirements as long as the policies are consistent. However, the lower limit should be specified in the agreement in order for it to be enforced. Otherwise, the grantee can say they followed the circular requirements.



Question #2

Installation of a wheelchair ramp is not allowable expense:

TRUE or FALSE



Question #2: Answer

FALSE: Repairs or renovation costs to meet ADA requirements are allowable with prior written approval.



Questions??

- Please complete the evaluation

