TEXAS WORKFORCE COMMISSION LETTER

To: Local Workforce Development Board Executive Directors
Agency Grantees
Commission Executive Offices
Integrated Service Area Managers

From: Reagan Miller, Director, Workforce Development Division

Subject: Cash Draw and Expenditure Reporting System Instructions—Update

PURPOSE:
To provide Local Workforce Development Boards (Boards) and other Texas Workforce Commission (TWC) Grantees (Agency Grantees) with updated Cash Draw and Expenditure Reporting (CDER) system instructions for grant agreements.

This WD Letter provides information regarding the following: Supplemental Nutrition Assistance Program Employment and Training (SNAP E&T) priority of use of funds.
- Two new direct cost categories for the Supplemental Nutrition Assistance Program Employment and Training (SNAP E&T) contracts to capture surplus Able-Bodied Adults Without Dependents (ABAWDs) expenditures being reported on the SNAP E&T General Population contracts after ABAWD funds have been expended
- New SNAP E&T ABAWD and SNAP E&T contracts
- New Workforce Investment Opportunity Act (WIOA) cost categories
- Reinstated cost category 395 Infant/Toddler Quality Improvement

CHANGES TO WD LETTER 04-15:
New information in this WD Letter is indicated by:
- A strikethrough of the original language, which indicates that language has been deleted; and
- Bold typeface, which indicates new or clarifying language.

BACKGROUND:
TWC requires Boards and other Agency Grantees to use the CDER system to report expenditures, draw cash, and submit financial contract closeout packages for grant agreements. TWC provides instructions for use of the CDER system through this WD Letter and the following:
• CDER system training modules, which provide instructions for system navigation;
• WD Letter 44-05, issued August 9, 2005, and entitled “Texas Workforce Commission Online Contract Closeout Process”;
• Grant agreements, which sometimes specify cost categories or instructions that are additional to or supersede the instructions in this WD Letter; and
• Other TWC issuances

PROCEDURES:

**CDER System Use**

**NLF:** Boards and other Agency Grantees must use the CDER system to perform the following in accordance with established requirements:

- Submit financial reports
- Make cash draws
- Submit financial contract closeout packages

**LF:** Boards and other Agency Grantees may obtain Catalog of Federal Domestic Assistance information using the Contract Funding Summary Report available in the CDER system.

**Cash Draws**

**NLF:** Boards and other Agency Grantees must use cash drawn through the CDER system only for expenditures that are allowable under the agreement from which the funds were drawn.

**Obligations and Accrued Expenditures**

**NLF:** Boards and other Agency Grantees must submit accurate monthly financial reports that include all obligations and accrued expenditures.

- “Obligation” means a debt established by a legally binding contract, letter of agreement, sub-grant award, or purchase order, which has been executed prior to the end of a contract period, for goods and services provided by the end of the contract period, and which will be liquidated 60 calendar days after the end of a contract period.
- “Accrued expenditure” means a charge incurred during a given period for goods and tangible property received, and services performed that cause decreases in net financial resources. Accrued expenditures include expenses incurred, but not paid.

**NLF:** Boards and other Agency Grantees must ensure that amounts reported as obligations meet all of the following conditions:

- The agreement that created the obligation is written.
- The obligating document is for allowable goods or services.
- The obligating document contains the elements of a valid contract—i.e., it is an offer, acceptance, consideration, executed by legally authorized representatives.
- The obligating document contains a commitment to purchase specific goods or services.
- The associated purchase meets a bona fide need of the grant agreement from which funds are obligated.
• The goods or services associated with the amount reported as an obligation of a particular grant agreement are received during the contract period of that grant contract, with the exception of:
  ➢ allowable pre-award costs;
  ➢ allowable advance payments; and
  ➢ allowable closeout costs

**NLF:** Boards and other Agency Grantees must not report any of the following as an obligation:
• Budgets and plans
• Travel authorization
• An agreement with no commitment to make a purchase
• A contract renewal option that has not been executed
• Any other amount that does not meet the definition of an “obligation”

**NLF:** Boards and other Agency Grantees must be aware that not all expenditures precede a previously reported obligation. Some actions simultaneously trigger both an obligation and the associated expenditure(s), in which case Boards and other Agency Grantees must ensure that only the expenditure is reported.

Examples of actions that commonly trigger an obligation and expenditure simultaneously are:
• noncontractual salaries and wages that are earned as work is performed;
• annual leave (whether charged to the contract when the leave is earned or taken);
• utilities and leases that can be terminated without a monetary penalty; and
• allowable advance payments if no legally binding debt existed prior to payment

**NLF:** Boards and other Agency Grantees must reasonably estimate accrued expenditures based on payments due, historical data, or some other reasonable methodology. Boards and other Agency Grantees must maintain adequate documentation to support accrued expenses and the methodology used. Documentation can include actual invoices not yet paid.

**NLF:** Boards and other Agency Grantees must provide an explanation in the CDER system if accrued expenditures for a contract are less than or equal to 5 percent of the respective grant budget. This applies to all expenditure reports.

**NLF:** Boards must comply with TEGL 28-10, issued May 27, 2011, and entitled, “Federal Financial Management and Reporting Definitions.”

**Administrative Cost Limits**

**NLF:** Boards and other Agency Grantees must comply with the applicable administrative cost caps for a particular grant contract, as set forth in TWC rules or contracts.

Boards and other Agency Grantees must use professional judgment—as well as program statutes, regulations, rules, and guidance—to determine whether a particular cost is administrative or nonadministrative/programmatic.
**Financial Report Due Dates**

**NLF:** Boards and other Agency Grantees must submit financial reports by the following due dates, even if the due date falls on a holiday or weekend.

<table>
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<tr>
<th>Report</th>
<th>Due By</th>
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<tr>
<td>Monthly Financial Report</td>
<td>11:59 p.m. on the 20th calendar day of the month following the month in which the costs were incurred</td>
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<tr>
<td>Final Financial Report</td>
<td>11:59 p.m. on the 60th calendar day following the end of the contract</td>
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<tr>
<td>Revised Financial Report</td>
<td>11:59 p.m. on the day the revised report is created</td>
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**NLF:** If a contract has no activity during a reporting month, Boards and other Agency Grantees must enter $0.00 amounts and certify those amounts as for any contract with expenditures.

**NLF:** Boards and other Agency Grantees must be aware that creation of a final financial report automatically makes the financial contract closeout package available for completion, as described in WD Letter 44-05, issued August 9, 2005, and entitled “Texas Workforce Commission Online Contract Closeout Process,” and any subsequent issuances.

**Late Notifications and Cash Draw Cutoff**

**NLF:** Boards and other Agency Grantees must be aware that:
- the CDER system will automatically e-mail late notifications as shown below if a financial report is not certified by the above due date;
- the CDER system will send late notification e-mails to the recipient indicated for that particular day, as well as recipients of the previous day’s e-mail;
- if a financial report is not submitted by 11:59 p.m. on the fourth day after the due date, cash draw access (including cash draw requests and receipts) will be turned off beginning at 12:00 a.m. on the fifth day;
- if cash draw access is turned off, it will remain off until the Board or Agency Grantee certifies all past due reports; and
- TWC may populate expenditure amount lines on a monthly financial report with $0.00 amounts after the fifth day that a report is past due.

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<tr>
<th>Past Due</th>
<th>Board/Agency Grantee Recipient</th>
<th>TWC Recipient</th>
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<tr>
<td>1 day</td>
<td>Individuals designated by Board/Grantee</td>
<td>Financial Systems &amp; Reporting</td>
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<td>2–4 days</td>
<td>Individuals designated by Board/Grantee</td>
<td>Chief Financial Officer</td>
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<td>5 days</td>
<td>Cash Draw Turned Off</td>
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</table>

**NLF:** Boards and other Agency Grantees must use the CDER system’s “Expenditure Report Worklist” page to identify past due reports because late notification e-mails will not identify the past due report that initiated the notice.

**NLF:** Boards and other Agency Grantees can e-mail cashdraw.ta@twc.state.tx.us to verify cash draw capabilities. Boards and other Agency Grantees must be aware that aside from this
and the above e-mail notifications, Boards and other Agency Grantees will not be notified when cash draw capabilities have been turned off as a result of past due reports, or when cash draw capabilities have been restored in response to receipt of a past due report.

**Errors and Omissions**

**NLF:** If a Board or Agency Grantee identifies an error or omission in a monthly financial report after the report due date, the Board or Agency Grantee must reflect the correction in the “current month expenditures” of the next available monthly expenditure report.

**Policies and Procedures**

**NLF:** Boards and other Agency Grantees must maintain written policies and procedures for the classification of administrative and program expenditures that include the rationale for such classifications.

**Subrecipient and Vendor Costs and Determinations**

**NLF:** Boards and other Agency Grantees must properly report costs arising from vendor and subrecipient relationships.

**NLF:** Boards and other Agency Grantees must use the following to determine whether an entity is a subrecipient or contractor:
- 2 CFR §200.330
- Chapter 1, Financial Manual for Grants and Contracts

**Boards Only: SNAP E&T Funds Priority of Use**

**NLF:** When funding expenditures to serve Able-Bodied Adults Without Dependents (ABAWDs), Boards must prioritize as follows:
- **First Priority**—unexpended balances of prior year funds
- **Second** First Priority—ABAWD-Only
- **Third** Second Priority—SNAP E&T General Population Funds

For direct program costs (611–Education and Training and 612–Career Services), the cost categories for both ABAWD and non-ABAWD expenses are available in the same contract. When ABAWD funding is added to the existing contract, a CDER System “Business Rule” in the Contract Program Budget Worksheet requires each Board to budget at least the amount of ABAWD funding in the ABAWD cost categories.

**NLF:** Boards must report General Population funds spent on ABAWDs in the ABAWD categories.

The 10 percent administration limit will continue to remain at 10 percent of the SNAP E&T allocation (ABAWD plus General Population funding) but is no longer restricted to either ABAWD or General Population funding specifically.
Boards Only: TAA

NLF: Boards must use cost category 110 Operating Grant Activities, described in Attachment 2, if the TAA contract contains an operating grant component for space, utilities, phone, office supplies, travel, and other costs incurred to support TAA-funded merit staff.

Boards Only: WIA Youth

NLF: Boards must differentiate between expenditures for in-school youth (ISY) and out-of-school youth (OSY) by reporting expenditures in the appropriate cost category that corresponds to the youth served. For example:

- 611 Direct Program – Education and Training (ISY)
- 611 Direct Program – Education and Training (OSY)

Boards Only: WIA Local Activity Funds and Formula Designations

NLF: Boards must report WIA local activity expenditures as part of the funding from which they were requested. Local activity cost categories will appear on the expenditure report in “inactive” status and become activated once a contract action is approved.

NLF: Boards that designate WIA adult funds for WIA dislocated worker activities, or vice versa, must report expenditures in the following cost categories, respectively:

- WIA Adult – DW
- WIA DW – Adult

Boards Only: WIOA Transitional Activities

NLF: Boards must use cost category 080 WIOA Transitional Activities to report costs associated with the transition from WIA to WIOA. The description of this cost category is provided in Attachment 2 to this WD Letter. Additionally, Boards must ensure that transitional costs are reported using one of the following funding streams:

- WIA youth
- WIA adult
- WIA dislocated worker

Boards Only: New WIOA

NLF: Effective for new contracts beginning July 1, 2015, Boards must begin using the following new cost categories:

- Youth
  - 612 In-School Youth (ISY) Direct Program – Career Services
  - 612 Out-of-School Youth (OSY) Direct Program – Career Services
  - 617 ISY Work Experience
  - 617 OSY Work Experience
  - 618 OSY Pay for Performance
  - 618 ISY Pay for Performance

- Adult
  - 100 TRF Administration (Direct Recipient)
  - 107 TRF Monitoring (Exception: WIOA Program Monitoring)
  - 612 Direct Program – Career Services
  - 616 Transitional Jobs
• Dislocated Worker
  ➢ 100 TRF Administration (Direct Recipient)
  ➢ 107 TRF Monitoring (Exception: WIOA Program Monitoring)
  ➢ 612 Direct Program – Career Services
  ➢ 616 TRF Transitional Jobs
  ➢ 616 Transitional Jobs
  ➢ 618 TRF Pay for Performance
  ➢ 618 Pay for Performance
  ➢ 619 TRF Incumbent Worker Training
  ➢ 619 Incumbent Worker Training
  ➢ 655 TRF Support Services – JARC Transportation
  ➢ 708 TRF Program Management & Support (Direct Recipient Only)
  ➢ 709 TRF Subrecipient Operating Costs (Non-One-Stop Operator)

**Note:** WIOA allows 100 percent transferability (TRF) between the adult and dislocated worker funding streams. Boards must notify their contract managers when transferring funds and report the costs within the applicable category with the TRF prefix.

New cost category descriptions are provided in Attachment 2.

**Boards Only: Rapid Response (for WIA contracts issued prior to July 1, 2015)**

**NLF:** Boards must transfer budget from the dislocated worker allocation to the 849 Rapid Response cost category as rapid response expenditures are incurred. (The 849 Rapid Response cost categories have initial budgets of $0.00.)

**LF:** Boards may transfer up to 25 percent of the amount of their original dislocated worker allocation to the 849 Rapid Response cost category without requesting TWC approval.

**NLF:** Boards must be aware that no more than 10 percent of the sum of the non–rapid response dislocated worker cost categories can be budgeted for dislocated worker administration at any time. In order to maintain the 10 percent administrative cost limitation when transferring funds to the 849 Rapid Response cost categories, 10 percent of the transfer amount will be taken from dislocated worker administration and converted to program dollars. The remaining 90 percent will be transferred from dislocated worker non-administrative funds.
**NLF:** Boards must categorize all cash draws for dislocated worker funds, including those for rapid response, as dislocated worker funds in the CDER system.

**NLF:** *Note:* For WIOA contracts issued after July 1, 2015, any Rapid Response activities must be reported in the WIOA Rapid Response (WOR) category.

**Boards Only: Child Care Attendance Automation**

**NLF:** Boards must use the following cost categories in Child Care Attendance Automation (CCAA) service contracts to report CCAA costs invoiced by the TWC-designated vendor for services:
- 150 CCAA Network Enhancements
- 151 CCAA Direct Care Tracking

**Boards Only: Texas Rising Star**

**NLF:** Boards must use the following cost categories to identify Texas Rising Star (TRS) provider certification system costs:
- 378 TRS Personnel Costs
- 378 TRS Promotion and Supports

These categories are available under the Child Care Quality (CCQ), Child Care Funds (CCF) and Child Care Match (CCM) grants. Their descriptions are provided in Attachment 2.

**NLF:** When funding these expenditures, Boards must prioritize as follows:
- First Priority—unexpended balances of prior-year funds
- Second Priority—CCQ funds
- Third Priority—CCF funds
- Fourth Priority—CCM funds

**Boards Only: Mentor/Assessor**

**NLF:** Boards must use the following cost categories to identify TRS provider certification system costs:
- 378 TRS Personnel Costs – Mentor/Assessor Funding
- 378 TRS Promotion and Supports – Mentor/Assessor Funding

These categories are available under the Child Care Quality (CCQ) grants. Their descriptions are provided in Attachment 2.

**NLF:** When funding TRS mentor/assessor expenditures, Boards must prioritize as follows:
- First Priority—unexpended balances of prior-year funds
- Second Priority—CCQ Mentor/Assessor Funding
- Third Priority—CCQ 2% Allocation

**Boards Only: New 395 Infant/Toddler Quality Improvement**

**NLF:** Effective immediately, Boards must use the following cost category:
- 395 Infant/Toddler Quality Improvement
**Boards Only: Supplemental Cost Categories**

**NLF:** Boards must choose one of the following two categories, and use the same category each month, to provide supplemental information to TWC:

- *Cash Disbursements*
- *Unpaid Accruals*

Descriptions are provided in Attachment 2.

**INQUIRIES:**
Direct inquiries regarding this WD Letter to Chris Nelson, Director of Financial Operations, at Fiscal.TA@twc.state.tx.us.

**ATTACHMENTS:**
- Attachment 1: Cost Category Matrices
- Attachment 2: Cost Category Descriptions
- Attachment 3: Summary of Changes

**RESCISSIONS:**
WD Letter 04-15, Change 1

**REFERENCES:**
- 2 CFR Part 200
- Office of Management and Budget Circular A-133, § 105 and § 210
- Social Security Act, Title IV, Part A, §404(b)
- Workforce Investment Act
- Workforce Innovation and Opportunity Act
- Temporary Assistance for Needy Families, Final Rule, 45 CFR §§260.31, 263.0, 263.2, and 263.13
- Temporary Assistance for Needy Families, preamble commentary, Federal Register, Vol. 64, No. 69, Monday, April 12, 1999, pages 17808–17814 and 17843–17844
- Workforce Investment Act, Final Rule, preamble commentary, Federal Register, Vol. 65, No. 156, Friday, August 11, 2000, pages 49364–49367
- Trade Adjustment Assistance, Final Rule, Merit Staffing of State Administration and Allocation of Training Funds to States, Federal Register, Vol. 75, No. 63, Friday, April 2, 2010, pages 16988–17002
- Training and Employment Guidance Letter No. 16-10, Change 2, issued February 4, 2011, and entitled “Instructions for Operating the Trade Adjustment Assistance Program after the Termination of the Trade and Globalization Adjustment Assistance Act Amendments on February 12, 2011 - Program Reverts to 2002 Amendments”
FLEXIBILITY RATINGS:

No Local Flexibility (NLF): This rating indicates that Boards and other Agency Grantees must comply with the federal and state laws, rules, policies, and required procedures set forth in this WD Letter and have no local flexibility in determining whether and/or how to comply. All information with an NLF rating is indicated by “must” or “shall.”

Local Flexibility (LF): This rating indicates that Boards and other Agency Grantees have local flexibility in determining whether and/or how to implement guidance or recommended practices set forth in this WD Letter. All information with an LF rating is indicated by “may” or “recommend.”
An asterisk (*) identifies common cost categories by funding stream. Omission of a funding stream or cost category from this matrix does not exempt the Grantee from compliance with this WD Letter. Grantees should refer to the grant agreement for programs not listed and for any additional cost categories.

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<th>Cost Categories</th>
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<th>SW (TANF)</th>
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This attachment is organized as follows:

A. Non–Child Care Cost Categories
B. Child Care Cost Categories
C. Supplemental Cost Categories (Program Specific)
D. Supplemental Cost Categories (Functional)
E. Supplemental Cost Categories (Other)

A. Non–Child Care Cost Categories

100 Administration (Direct Recipient Only) Boards Only
Administration costs are those necessary for the overall administration and program management of a program or project. Include the following costs if incurred by chief elected officials (CEOs), Local Workforce Development Board (Board) members, fiscal agents, or Board staff:

- Accounting, financial management, budgeting, cash management, property management (e.g., receiving, tracking, assigning, taking inventory, and disposing of real property, equipment, and supplies), procurement and purchasing, payroll, and personnel management functions
- 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

Note: Any facilities, utilities, and similar costs that are reported in this cost category must be limited to those associated with Board-level administrative activities. Do not include facilities, utilities, and similar costs that are associated with activities performed by another entity. If the facility, utility, or similar cost is one that is associated with space that a Board shares with one or more other entities, only include in this cost category the portion of the cost that is allocable to the Board and associated with Board-level administrative activities.

- Continuous improvement activities of administrative functions
- Development of program plans, budgets, and schedules for programs other than the Workforce Innovation and Opportunity Act (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 associated with administrative functions
- Profit or fee associated with administrative functions; i.e., charge profit or fee among cost categories in proportion to the allocation of costs among those categories, consistent with guidance provided on page II-10-14 of the U.S. Department of Labor’s One-Stop Comprehensive Financial Management Technical Assistance Guide.
Note: This category:
• requires report of the above costs under 709 Subrecipient Operating Costs when incurred by Board subrecipients; and
• applies reportable costs against the administrative cost cap set forth in the grant agreement.

**107 Monitoring (Exception: WIOA Program Monitoring) Boards Only**
Monitoring costs (other than WIOA program monitoring costs) incurred by Boards. Report WIOA program monitoring costs incurred by Boards in 708 Program Management & Support (Direct Recipient Only).

“Monitoring” refers to monitoring of programs or projects, as described by Chapter 802, Subchapter E, of TWC’s Integrity of the Texas Workforce System rules, 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.

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 WD Letter, monitoring does not include ongoing control activities that are built into daily activities, such as supervisory or ongoing 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 customers receive appropriate services and that required supporting documentation is maintained on file).

Note: This category applies reportable costs against the administrative cost cap set forth in the grant agreement.

**110 Operating Grant Activities Boards Only**
Space, utilities, phone, office supplies, travel, and other costs incurred to support merit staff funded under the Trade Adjustment Assistance (TAA) grant contract.

**150 Information Systems (Direct Recipient & Subrecipient)**
Temporary Assistance for Needy Families (TANF) or TANF/Choices costs of nonadministrative 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. Include information systems costs incurred by the Board and its subrecipients.

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,
Cost Category Descriptions

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.

080 WIOA Transitional Activities
For contracts awarded prior to July 1, 2015, report the costs of transitioning from WIA to WIOA.

Allowable costs are for the following:
- Identification of contracts, subgrants, and other agreements that will be affected and need to be modified or replaced;
- Board planning activities to carry out the new functions;
- Activities relating to Board plans;
- Activities relating to the new program requirements for the adult, dislocated worker, and youth formula programs, including provisions relating to Eligible Training Providers for the adult and dislocated worker formula programs, and the increased emphasis on career pathways, sector strategies, and work-based training opportunities;
- Training for staff in workforce areas to facilitate the implementation of the new requirements;
- Updates and upgrades to workforce information technology systems; and
- Activities relating to updating administrative or financial policies and procedures to be in compliance with new WIOA requirements.

601 Work Subsidy
Full- or part-time TANF subsidized employment in the private or public sector, as described in TWC rule at 40 TAC §811.43, including payments to employers or third parties to help cover the costs of employee wages, benefits, supervision, and training.

611 Direct Program – Education and Training
Educational 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 GED 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 bachelor’s or advanced degree
- English as a Second Language
- Adult education
- On-the-job training and customized training
- Other allowable education and training services that are not reportable under other cost categories (e.g., report occupational skills training for WIOA youth under 612 Direct Program – Career Services, consistent with that cost category description)

Report associated staff and operating costs in 612 Direct Program – Career Services.
Note:
- The list above indicates the types of activities associated with this cost category. However, not all activities listed above are allowable under all programs for which this category is available, i.e., different programs authorize different activities.
- For each grant contract or funding stream, include only expenditures for activities that are allowable under that particular grant contract or fund source.

612 Direct Program – 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. Career services under this approach provide local workforce development areas (workforce areas) and service providers with flexibility to target services to the needs of the customer.

The three categories of career services are defined as follows:

Basic Career Services:
- Determining whether the individual is eligible to receive assistance from the adult, dislocated worker, or youth programs
- 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 programs and services, including those within the one-stop delivery system and, when appropriate, other workforce development programs
- 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 by program and type of providers
Cost Category Descriptions

- 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 programs of financial aid assistance for training and education programs 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 the state’s UI program, the WIOA adult or dislocated worker programs, 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 adults and dislocated workers, 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 participant 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.
Cost Category Descriptions

- 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 participants who are placed in unsubsidized employment, for up to 12 months after the first day of employment. Counseling about the workplace is an appropriate type of follow-up service. Follow-up services do not extend the date of exit in performance reporting.

616 Transitional Jobs
Transitional jobs are a new 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. Boards may use up to 10 percent of their adult and dislocated worker funds to provide transitional jobs to individuals.

617 Work Experience
For 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.

618 Pay for Performance
Contracts for training services which specify a fixed amount that will be paid to an eligible service provider—which may include a local or national community-based organization or intermediary, community college, or other eligible training provider based on the achievement of specified levels of performance on the primary indicators of performance for target populations as identified by the Board (including individuals with barriers to employment)—within a defined timetable, and which may provide for bonus payments to such service provider to expand capacity to provide effective training.

619 Incumbent Worker Training
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. Boards can use up to 20 percent of their adult and dislocated worker funds to provide incumbent worker training. 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.

631 Purpose 3 (Prevention of Out-of-Wedlock Pregnancy)
TANF costs for activities related to the prevention of out-of-wedlock pregnancy, which have not been otherwise reported.
641 Purpose 4 (Parent Family Formation)
Costs for activities related to the promotion of two-parent family formation and maintenance, which have not been otherwise reported.

651 Support Services – Transportation
Allowable transportation (including postemployment transportation) and support services (e.g., car repairs, car and insurance payments, and bus tokens) for grant contracts for which this category is available.

Report associated staff and operating costs in 612 Direct Program – Core/Intensive Services.

655 Support Services – JARC Transportation
Program expenditures used as match for a Job Access Reverse Commute (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 651 Support Services – Transportation.

661 Individual Development Accounts
Costs incurred to operate a TANF Individual Development Account (IDA) program, including expenditures or contributions to IDAs and other nonadministrative expenditures related to the operation of an IDA program.

675 Support Services – Work-Related Incentives
Compensation in the form of nonmonetary gifts (such as vouchers, gift cards or certificates, prepaid gas cards, and prepaid credit cards with no cash-back options) provided to a customer in exchange for meeting specified goals.

Report associated staff and operating costs in 612 Direct Program – Core/Intensive Services.

708 Program Management & Support (Direct Recipient Only) Boards Only
Program expenditures incurred by Boards for the management, oversight, and support of Board policies and the delivery of workforce services, including WIOA program monitoring performed by the Board; Board costs associated with the development of WIOA program plans, budgets, and schedules; and Board costs of negotiating WIOA memorandums of understanding and other WIOA program-level agreements.

Also include programmatic facilities, utilities, and similar costs incurred by the Board in support of such activities. Do not include facilities, utilities, and similar costs that are associated with activities performed by another entity. If the facility, utility, or similar cost is one that is associated with space that a Board shares with one or more other entities, only include in this cost category the portion of the cost that is allocable to the Board and associated with Board-level programmatic activities.

This category does not authorize Boards to deliver services or determine eligibility for workforce services. TWC rule §802.43 prohibits both of these activities.
709 Subrecipient Operating Costs

**Boards**: Include the costs listed under 100 Administration (Direct Recipient Only) if incurred by or for a Board’s subrecipient. Report in this cost category, facilities, utilities, and similar costs associated with administrative-type activities of a Board’s subrecipient. Do not report such costs under 100 Administration (Direct Recipient Only), even if the Board pays the cost.

Costs in this category do not apply against the administrative cost cap set forth in a grant contract between TWC and a Board.

**Agency Grantees**: Include the costs listed under 100 Administration (Direct Recipient Only) if incurred by the Agency Grantee or its subrecipients. Costs in this category apply against the administrative cost cap set forth in the grant agreement.

819 Support Services – Other

Allowable support services other than transportation and work-related incentives necessary to enable an individual to participate in the respective programs for which this category is available (e.g., allowable dependent care, housing, utility payments, clothing allowances, emergency food aid, and back-to-school and other needs-related payments).

Report associated staff and operating costs in 612 Direct Program – Career Services.

**Note**:  
- SNAP E&T funds cannot be used to provide child care.  
- Child care for SNAP E&T General Population participants can be funded by the Child Care and Development Fund (CCDF) grant contract.

849 Rapid Response Boards Only

Rapid response activities:

- Immediate and on-site contact with the employer, representatives of affected workers, and the local community, which 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 TAA and North American Free Trade Agreement-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 comprising 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:
  - the provision of training and technical assistance to members of the committee;
Cost Category Descriptions

- 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. Typically, such support will last no longer than six months; and
- 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:
  - develop 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.

- In collaboration with the appropriate state agency or agencies, collect and analyze 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 rapid response and layoff aversion efforts in the state.

- Participate in capacity-building activities, including providing information about innovative and successful strategies for serving dislocated workers, with local areas serving smaller layoffs.

- Assist in devising and overseeing strategies for:
  - layoff aversion, such as prefeasibility 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;
  - incumbent worker training, including employer loan programs for employee skill upgrading; and
  - linkages with economic development activities at the federal, state, and local levels, including U.S. Department of Commerce programs and available state and local business retention and recruitment activities.
B. Child Care Cost Categories

100 Administration
If incurred under the grant contract for child care funded through the Texas Department of Family and Protective Services (DFPS) (contract acronym “CCP”), include in this category all allocable costs—other than those reportable in 150 Information Systems, 868 Operational Costs, and 869 Direct Care—that are reasonably necessary to provide child care services to DFPS-referred children.

If incurred under the grant contract for Child Care Match or Child Care Funds (contract acronyms “CCM” and “CCF,” respectively), report administrative costs incurred by entities responsible for administering the program, such as Boards, 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 subrecipient 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 Child Care and Development Fund (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 CFR §98.32; and
- indirect costs in which the pooled costs are costs of administrative functions.

Consistent with discussion in the preamble to 45 CFR Parts 98 and 99, all costs of contracts for providing direct services, including costs of establishing and operating a certificate program, are non-administrative costs. All contractor services and costs associated with providing direct services are considered direct services and are not administrative costs. (“Contractor” includes
subrecipients responsible for carrying out child care programs for Boards.) 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 nonadministrative costs.

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

This category must not include non-systems costs. Therefore, do not include costs that are
indirectly associated with such systems; i.e., 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.

**150 CCAA Network Enhancements**
Costs of TWC-approved value added enhancements, if any, to the Child Care Attendance
Automation (CCAA) service.

**151 CCAA Direct Care Tracking**
CCAA service costs for initial system set-up, maintenance, equipment, software, attendance
recording and reporting, websites, and overall service provision.

**378 Quality Improvement (Non-Direct)**
Quality improvement activities as described in WD Letter 12-13, Change 1, and any subsequent
issuances (excluding Texas Rising Star (TRS) provider certification system costs).

Such activities include, but are not limited to, personnel; promotion (e.g., banners, flyers, and
media); incentives (e.g., books, materials, toys, training, professional development and
scholarships, wage supplements, awards, and national accreditation fees); and supports (e.g.,
postage, printed materials, supplies, facility rental space, and information technology material).

**378 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
contractor.

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

378 TRS Personnel Costs – Mentor/Assessor Funding
Salaries and benefits for staff involved in TRS technical assistance, mentoring, and assessments. “Staff” refers to staff of both the Boards and child care contractors.

378 TRS Promotion and Supports – Mentor/Assessor Funding
Promotion includes costs for banners, flyers, and media (e.g., commercials) for the TRS provider certification system. Supports include staff training and travel, postage, communications (e.g., printed materials), supplies, facility rental space, and information technology materials and support for the TRS provider certification system for staff involved in TRS technical assistance, mentoring, and assessments. “Staff” refers to staff of both the Boards and child care contractors.

395 Infant/Toddler Quality Improvement (Non-Direct)
Quality activities as described in TWC rule §809.16 that are additional to those reported under 378 Quality Improvement (Non-Direct), but that are specifically designed to improve the quality of child care for children 0–36 months.

868 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.

869 Direct Care
Direct care refers to the costs of actual services provided to customers (i.e., the cost of child care slots purchased from providers).
C. Supplemental Cost Categories (Program Specific)

These are supplemental cost categories for specific grant contracts with Boards and are not available for grant contracts with Agency Grantees.

**TAN – Former Recipient (Services for Employed)**
The cumulative costs of providing transitional services to former Choices recipients who cease to receive Choices because of employment. The expenditures in this supplemental cost category will be a subset of the expenditures reported under all cost categories available to the Choices grant contract.

This means that this category must be used to report expenditures for transitional services to an adult or teen head of household who no longer receives TANF assistance because of employment. Include transportation support services and postemployment transportation services provided to this population if the expenditures that were reported in 651 Support Services – Transportation, 655 Support Services – JARC Transportation, or 681 TAN – Assistance.

**WIY – Summer Employment**
Costs for summer employment opportunities, excluding associated staff and operating costs.

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.

This category also may include, for example, meals and workshop training provided in conjunction with summer employment activities; however, it must not include support services, such as work-related expenses or incentives.

Summer employment opportunities must be directly linked to academic and occupational learning, regardless of whether such activities occur as part of a stand-alone summer employment program or as a component of the year-round program. TWC interprets “summer” to mean the five-month period from May 1 through September 30, as reflected in the description for TWIST service code 74 – Summer Employment Work Experience.

Expenditures in this supplemental cost category will be a subset of expenditures reported under the respective WIOA youth grant contract.
D. Supplemental Cost Categories (Functional)

**Administration (or Administration/Operating Costs)**
The sum of all costs that were included in the cost category or categories that apply against the administrative cap set forth in the grant contract between TWC, and the Board or Agency Grantee, except that if the *Administration – Equipment* supplemental cost category is available for the grant contract, exclude such costs from this category.

**Administration – Equipment**
Include the cost of equipment, as defined by Appendix A to the *Financial Manual for Grants and Contracts*—i.e., an article of nonexpendable, tangible, personal property having a useful life of more than one year, and an acquisition cost of $5,000 or more—that is used to carry out administrative activities under the grant contract. Approval must be obtained through the contract’s designated contract manager prior to purchasing equipment.

Also include the cost of articles of tangible, personal property having a useful life of more than one year, and an acquisition cost of $500 or more that is used to carry out administrative activities under the grant contract.

**Personnel (or Personnel Costs – Salaries and Wages)**
Salaries and wages for the Board’s or Agency Grantee’s full- and part-time employees’ non-administrative activities on the grant contract.

**Fringe Benefits (or Personnel Benefits)**
Fringe benefits for Board’s or Agency Grantee’s employees’ nonadministrative activities on the grant contract; e.g., employer contributions or expenses such as Social Security, employee insurance, workers’ compensation insurance, and pension plan costs.

**Travel**
Travel expenses incurred for Board’s or Agency Grantee’s employees to carry out official nonadministrative business of the grant contract.

**Equipment**
Include the cost of equipment, defined by Appendix A to the *Financial Manual for Grants and Contracts*—i.e., an article of nonexpendable, tangible, personal property having a useful life of more than one year, and an acquisition cost of $5,000 or more that is used to carry out nonadministrative activities under the grant contract. Approval must be obtained through the contract’s designated contract manager prior to purchasing equipment.

For SDF grant contracts, also include the cost of articles of tangible, personal property having a useful life of more than one year, and an acquisition cost of $500 or more that is used to carry out nonadministrative activities under the grant contract.
Cost Category Descriptions

**Supplies**
Tangible personal property, other than that included in the *Equipment* cost category, used to carry out nonadministrative activities under the grant contract.

**Contractual**
Contractual services—including, but not limited to subcontracts, and contracts for temporary employment services, utilities, telephone, printing/duplication services, maintenance and repair services, janitorial services, and space rental—that are used to carry out nonadministrative activities under the grant contract.

**Other Operating Expenses**
Other nonadministrative costs to carry out the grant contract.
E. Supplemental Cost Categories (Other)

Consistent use of either the “Cash Disbursements” or “Unpaid Accruals” supplemental cost category is mandatory. Data will be reported on a contract-by-contract basis.

Cash Disbursements Boards Only
Amounts reported in this category must reflect all cash disbursements for allowable grant contract expenditures that were made by a Board during the monthly reporting period. Include payments to both vendors and subrecipients, whether made in relation to operation of the Board, or on behalf of a subrecipient of the Board. Do not include cash disbursements of program income or amounts used as stand-in costs.

Unpaid Accruals Boards Only
Use this supplemental category to report the net unpaid accruals for allowable expenditures that were incurred under the grant contract. Include costs accrued by subrecipients. Do not include accrued program income or amounts used as stand-in costs.

For example, assume that a Board reported $100 of unpaid accruals in Month 1 of the grant contract. During Month 2, $90 of the amount accrued for Month 1 was paid. The Board expects to pay the remaining $10 at a future date. During Month 2, the Board also incurred an additional $100 of unpaid accruals. The net unpaid accruals reported in Month 2 would be $10 ($100 unpaid accruals in Month 2 minus $90 of paid accruals from Month 1 that were liquidated during Month 2).

Note: “Unpaid Accrual” refers to an “accrued expenditure” as the term is described in this WD Letter; i.e., “a charge incurred during a given period for goods and tangible property received, and services performed that cause decreases in net financial resources. Accrued expenditures include expenses incurred, but not paid.”
<table>
<thead>
<tr>
<th>Topic</th>
<th>Description of Change</th>
<th>Explanation for Change</th>
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<tr>
<td>SNAP E&amp;T</td>
<td>Removes unexpended balances of prior year funds as first priority for spending.</td>
<td>Current and prior year’s contracts do not overlap.</td>
</tr>
<tr>
<td>SNAP E&amp;T</td>
<td>Clarifies that when 2016 ABAWD funding is added to the contract, Boards are required to budget not less than the amount of ABAWD funding in CDER.</td>
<td>Reporting changes due to combining ABAWD and non-ABAWD funds into one contract.</td>
</tr>
<tr>
<td>SNAP E&amp;T</td>
<td>Clarifies that after ABAWD funds are expended, Boards are required to report General Population funds spent on ABAWDs in the ABAWD category.</td>
<td>Reporting changes due to combining ABAWD and non-ABAWD funds into one contract.</td>
</tr>
<tr>
<td>SNAP E&amp;T</td>
<td>Clarifies that the 10 percent administration limit applies to the combined amount of funding.</td>
<td>Reporting changes due to combining ABAWD and non-ABAWD funds into one contract.</td>
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