

APPENDIX C

Guidelines, Definitions and Allowable Expenditures

Determining if a Cost is Allowable

All allowable costs, must meet three primary criteria: 1) Substantiate that the cost was necessary and reasonable for proper and effective administration of the allocations; 2) The cost must be allocable to the funding source activities; and 3) The cost must not be a general expense required to carry out the fiscal agent's overall responsibilities (not supplanting). However, even if the costs meet the prior three criteria, the costs must be approved within the application annual workplan/budget summary of the individual fiscal agent otherwise they are not allowable within that year without annual workplan/budget summary changes. Also the State has the discretion to impose special conditions above and beyond the funding source which would also determine allowability of cost.

While the proposed cost is allowable under the funding source is it also reasonable?

Reasonable is defined by the dictionary as: agreeable to sound judgment, not exceeding the limit prescribed by reason (not excessive), moderate in price, and a rational decision.

Systems that can guide this definition are: necessary for the performance of the grant; following sound business practices (procurement processes, follow state and local laws, follow the terms of the grant); use of fair market prices; acting with prudence under the circumstances; and having no significant deviation from established prices.

What are the guidelines of Allocable?

Allocable is defined by the dictionary as: capable of being allocated or assigned. A cost is considered allocable to a particular funding source/program to the extent it actually benefits the objectives of that program. You can only charge in proportion to the value received by the funding source/program. An example would be that a Sector Navigator works 80% on the funded program (only 80% of the salary and benefits can be charged in the grant application). Above and beyond this definition allocable also means that the cost must be related to the annual workplan/activities that have been approved by the fiscal agent's Project Monitor.

What is supplanting?

Economic and Workforce Development Program (EWDP) funding may not result in a decrease in state or local funding that would have been available to conduct the activity had these funds not been received. EWDP funds may not free up state or local dollars for other purposes but should create or augment programs to an extent not possible without EWDP funding. You must be able to demonstrate that EWDP funds are added to the amount of state and local funds that would, in absence of EWDP funds, be made available for uses specified in your plan.

Permissive Activities

88631. Economic and workforce development program centers and California Community Colleges participation in industry-driven regional collaboratives may provide any or all of the following services and perform the following functions as participants of networks, including, but not necessarily limited to, all of the following:

- (a) Convening skill panels to produce deliverables, such as curriculum models, that contribute to workforce skill development common to competitive and emerging industry sectors and industry clusters within a region.
- (b) Development of instructional packages focusing on the technical skill specific to emerging or changing occupations in targeted industry sectors and industry clusters.
- (c) Support student or worker evaluation of, and fit for, career paths by articulating how a curriculum model fits within a career pathway or career lattice or system of stackable credentials, relevant career readiness battery scores, and career guidance tools.
- (d) Faculty mentorships, faculty and staff development, in-service training, and worksite experience supporting the new curriculum and instructional modes responding to identified regional needs.
- (e) Institutional support, professional development, and transformational activities focused on removing systemic barriers to the development of new methods, transition to a flexible and more responsive administration of programs, and the timely and cost-effective delivery of services.
- (f) The deployment of new methodologies, modes, and technologies that enhance performance and outcomes and improve cost-effectiveness of service delivery or create new college programs.

- (g) One-on-one counseling, seminars, workshops, and conferences that contribute to the achievement of the success of existing businesses and foster the growth of new businesses and jobs in emerging industry clusters.
- (h) The delivery of performance-improvement training, which shall be provided on a matching basis to employers to benefit workforce participants. This will promote continuous workforce improvement in identified strategic priority areas, identified industry clusters, or areas targeted in the regional business resource assistance and innovation network plans.
- (i) Credit, not-for-credit, and noncredit programs and courses that contribute to workforce skill development for competitive and emerging industry sectors and industry clusters within a region or that focus on addressing a workforce skills gap or occupational shortage.
- (j) Subsidized student internships or work-based learning on a cash or in-kind matching basis for program participants in occupational categories identified in competitive and emerging industry sectors and industry clusters.
- (k) Acquisition of equipment to support the eligible activities and the limited renovation of facilities to accommodate the delivery of eligible services.
- (l) Submission of performance data for aggregation by the chancellor's office.

Matching Costs

A primary factor in considering the award of funds is the level and commitment of business and industry partners. Projects are required to show a dollar-for-dollar match (with the exception of HUB funding). The level and commitment of business and industry shown by cash or in-kind matching basis is required for subsidized internships and performance-improvement training activities. For all other activities, matching resources may come from various sources and may be cash or in-kind. In-kind resources include, but are not limited to, staff time (i.e., industry partner attending advisory committee meetings), facilities, and use of equipment. Cash match may include monetary or equipment donations.

Examples of match include, but are not limited to:

- District commitment such as supervision, rent, utilities, etc.;
- Federal grants;

- Other state grants (with the exception of other Economic and Workforce Development Program SB1402 grants);
- Equipment donations;
- Professional time donated to the project by individuals (outsider the colleges);
- Donations of office space or meeting locations (at market rental value);
- In-kind services by outside organizations, e.g. mailings, advertisements in existing flyers, labor hours paid for during training; and
- Donation of booth space or conference attendance.

The Chancellor's Office is using the *Office of Management and Budget Circular A-110 section 23 Cost Sharing or Matching* as a guideline for referencing cash and third part in-kind contributions, unrecovered indirect costs, how to evaluate contributions, volunteer services, donated supplies, etc., in regards to matching funds.

OMB Circular A-110

23 Cost sharing or matching.

- (a) All contributions, including cash and third party in-kind, shall be accepted as part of the recipient's cost sharing or matching when such contributions meet all of the following criteria.
 - (1) Are verifiable from the recipient's records.
 - (2) Are not included as contributions for any other federally-assisted project or program.
 - (3) Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
 - (4) Are allowable under the applicable cost principles.
 - (5) Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching.
 - (6) Are provided for in the approved budget when required by the Federal awarding agency.

- (7) Conform to other provisions of this Circular, as applicable.
- (b) Unrecovered indirect costs may be included as part of cost sharing or matching only with the prior approval of the Federal awarding agency.
- (c) Values for recipient contributions of services and property shall be established in accordance with the applicable cost principles. If a Federal awarding agency authorizes recipients to donate buildings or land for construction/facilities acquisition projects or long-term use, the value of the donated property for cost sharing or matching shall be the lesser of (1) or (2).
 - (1) The certified value of the remaining life of the property recorded in the recipient's accounting records at the time of donation.
 - (2) The current fair market value. However, when there is sufficient justification, the Federal awarding agency may approve the use of the current fair market value of the donated property, even if it exceeds the certified value at the time of donation to the project.
- (d) Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching if the service is an integral and necessary part of an approved project or program. Rates for volunteer services shall be consistent with those paid for similar work in the recipient's organization. In those instances in which the required skills are not found in the recipient organization, rates shall be consistent with those paid for similar work in the labor market in which the recipient competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.
- (e) When an employer other than the recipient furnishes the services of an employee, these services shall be valued at the employee's regular rate of pay (plus an amount of fringe benefits that are reasonable, allowable, and allocable, but exclusive of overhead costs), provided these services are in the same skill for which the employee is normally paid.
- (f) Donated supplies may include such items as expendable equipment, office supplies, laboratory supplies or workshop and classroom supplies. Value assessed to donated supplies included in the cost sharing or matching share shall be reasonable and shall not exceed the fair market value of the property at the time of the donation.

- (g) The method used for determining cost sharing or matching for donated equipment, buildings and land for which title passes to the recipient may differ according to the purpose of the award, if (1) or (2) apply.
 - (1) If the purpose of the award is to assist the recipient in the acquisition of equipment, buildings or land, the total value of the donated property may be claimed as cost sharing or matching.
 - (2) If the purpose of the award is to support activities that require the use of equipment, buildings or land, normally only depreciation or use charges for equipment and buildings may be made. However, the full value of equipment or other capital assets and fair rental charges for land may be allowed, provided that the Federal awarding agency has approved the charges.

- (h) The value of donated property shall be determined in accordance with the usual accounting policies of the recipient, with the following qualifications.
 - (1) The value of donated land and buildings shall not exceed its fair market value at the time of donation to the recipient as established by an independent appraiser (e.g., certified real property appraiser or General Services Administration representative) and certified by a responsible official of the recipient.
 - (2) The value of donated equipment shall not exceed the fair market value of equipment of the same age and condition at the time of donation.
 - (3) The value of donated space shall not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.
 - (4) The value of loaned equipment shall not exceed its fair rental value.
 - (5) The following requirements pertain to the recipient's supporting records for in-kind contributions from third parties.
 - i. Volunteer services shall be documented and, to the extent feasible, supported by the same methods used by the recipient for its own employees.
 - ii. The basis for determining the valuation for personal service, material, equipment, buildings and land shall be documented.



Consolidation of Regional Submissions

	Health	Advanced Manufacturing	Agriculture, Water, & Environmental Tech	Life Sciences/ Biotech	ICT/ Digital Media	Retail/ Hospitality/ Tourism 'Learn and Earn'	Advanced Transportation & Renewables	Energy (Efficiency) & Utilities	Small Business	Global Trade & Logistics
North/Far North										
Greater Sacramento	P	E	P		E				P	
Northern Coastal	P	E	P		E				P	
Northern Inland	P	E	P		E				P	
Bay/Interior Bay										
San Francisco/San Mateo	P			E	P			P	E	
East Bay	P	P		P	E		E			
Silicon Valley	P	P			P		E	E		
North Bay		E	P		E	P			P	
Santa Cruz/Monterey	P		P		P	E			E	
Central										
Central Valley	P	P	P					E		E
Mother Lode	E	E			P	P			P	
Los Angeles/Orange County										
LA County	P				E	P	P	E		
Orange	P	P			E	P		E		
San Diego/Imperial										
Desert/Inland Empire	P	P			E		E			P
South Central										
	P	P	E		E				P	

Key:
P = Priority sector
E = Emergent sector