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Title 22@ Social Security

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Division 1@ Employment Development Department

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Subdivision 1@ Director of Employment Development

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Division 3@ Employment Services Programs

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Part 1@ Employment and Employability Services

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Chapter 1.5@ Employment Training Panel

**4412 Reasonable Training and Administrative Costs for**

Article 2@ Proposal Process

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Section 4412@ Reasonable Training and Administrative Costs for Budgets

Allowable ETP costs are those reasonable training and administrative costs in budget based agreements which include salaries, fringe benefits, and operating expenses and equipment necessary to provide training to eligible participants and to administer the training program. These costs shall bear a direct relation to the number of trainees to be retained in the program and the amount of training time specified in the agreement. ETP will only allow the portion of each eligible cost that can be properly allocated to the ETP training project. All costs must be incurred during the term of the agreement, and none of these costs may, in any way, be attributable to any other funding sources, except for employer contributions.

**(a)**

Training costs: (1) Salaries of those individuals (instructors, instructional aides, trainers, supervisors) providing classroom, laboratory, technology-based distance training, and structured, on-site training to the participants, for hours of actual delivery of instruction, and hours preparatory to instruction. Salaries of those individuals providing training support functions such as curriculum modification and preparation of training materials for the instructors and/or participants. (2) Payroll taxes, including FICA, FUTA, State Unemployment Insurance, and Employment Training Tax, that are considered by the Department of Labor to be mandatory taxes incurred as business expenses. All payroll taxes should be

individually identified. (3) Fringe benefits are perquisites paid by an employer to employees, either voluntarily or by collective bargaining agreement, in addition to the employees' basic hourly or monthly compensation or remuneration. (A) Fringe benefits may include one or more of the following: 1. vacation pay; 2. holiday pay; 3. sick leave; 4. health insurance plans; 5. hospitalization coverage; 6. retirement or pension plan; 7. life insurance (if the employer is not the beneficiary); and/or 8. military leave. (B) The fringe benefit should be automatically and uniformly available to all those covered by the benefit package in comparable employment with the same employer. (C) Any elective benefits selected on an individual basis, that are not available to all employees of an individual employer, should not be included in the list of fringe benefits. (4) Operating expenses and equipment costs including consumable supplies, communications, equipment, software and licenses, premises, utilities, housekeeping services, travel, printing, transmission (computer time), system maintenance, and subcontractor and vendor fees directly related to the delivery of training. (A) Equipment: The cost of equipment used for classroom, laboratory, and technology-based distance training may be claimed for the actual amount of time in use during those training components. The cost of equipment used for structured, on-site training is not allowable. The cost of purchased equipment, less salvage value, shall be prorated based on its useful life. Useful life shall be determined using the class life established in the most recent version of IRS Publication 946. Useful life for training-related computer hardware and software used in classroom/lab settings shall be three (3) years and one (1) year, respectively. Once the useful life has expired, the equipment or software cannot continue to be claimed as an expense; only service and maintenance costs are allowable. The contractor's/subcontractor's total cost incurred to lease and/or

rent equipment shall not exceed the cost to purchase the same equipment, less salvage value. The contractor/subcontractor must obtain three (3) written bids for leased equipment. Allowable lease/rental costs will be that portion of the total lease/rental cost (or purchase cost less salvage value, whichever is less) allocable to ETP training. (B) Premises: 1. Premises, other than the facilities or work site of the contractor (i.e., off-site facilities), may be claimed as a training expense if sufficient justification is shown for the need to train at a location other than the contractor's facility or work site. 2. Multiple-employer contractors (MECs) may be reimbursed for a proportional share of actual on-site premise cost if the costs are incurred during classroom, laboratory, or technology-based distance training. Premises cost may include rent, depreciation of building cost, property/liability insurance, property tax, security, parking fees paid by contractor, and facility repair deemed necessary to the project. Each of these costs must be separately identified. 3. If all training takes place at the employer contractor's work site, the contractor's premises costs can only be allowed as an in-kind contribution. (C) Utilities and Housekeeping: may be claimed for on-site training only if they are additional expenses incurred because of the training program or if the contractor is a MEC. (D) Subcontractors: shall prepare individual, line-item budgets and are subject to the same limitations and restrictions as the primary contractor. Individual budgets are not required for contract laborers. (E) Miscellaneous: Miscellaneous costs shall not exceed ten percent of all other operating equipment and expenses associated with the delivery and administration of the training project. The contractor need not document the breakdown of the items included in this category. (F) Profits are permitted only for private, for-profit MECs or for subcontractors and shall not exceed five (5) percent of the total training and administrative costs without justification and prior approval. (5) For costs

associated with new hire trainees, the following will be permitted as a training cost: (A) Staff salaries, fringe benefits, consumable supplies, printing, communications, equipment and software, premises, utilities, housekeeping services, travel, and advertising/promotion of the ETP program that are incurred as a result of the following new hire activities: 1. Recruitment of training participants 2. Trainee intake assessment to determine eligibility 3. Job development, and 4. Job search assistance, and placement in specific jobs. (6) For costs associated with multiple-employer contract retraining the following may be included as training costs: (A) Recruitment of participating employers (B) Assessment of employer-specific job requirements. (7) In no event shall the training costs allowed in (5) or (6) exceed 8% of the other training costs, except that up to an additional 4% will be allowed subject to Panel approval if the contractor makes a showing that the 8% is not sufficient to provide the contractor with the funds to do necessary recruitment of potential new hire trainees and/or employers.

**(1)**

Salaries of those individuals (instructors, instructional aides, trainers, supervisors) providing classroom, laboratory, technology-based distance training, and structured, on-site training to the participants, for hours of actual delivery of instruction, and hours preparatory to instruction. Salaries of those individuals providing training support functions such as curriculum modification and preparation of training materials for the instructors and/or participants.

**(2)**

Payroll taxes, including FICA, FUTA, State Unemployment Insurance, and Employment Training Tax, that are considered by the Department of Labor to be mandatory taxes incurred as business expenses. All payroll taxes should be individually identified.

**(3)**

Fringe benefits are perquisites paid by an employer to employees, either voluntarily or by collective bargaining agreement, in addition to the employees' basic hourly or monthly compensation or remuneration. (A) Fringe benefits may include one or more of the following: 1. vacation pay; 2. holiday pay; 3. sick leave; 4. health insurance plans; 5. hospitalization coverage; 6. retirement or pension plan; 7. life insurance (if the employer is not the beneficiary); and/or 8. military leave. (B) The fringe benefit should be automatically and uniformly available to all those covered by the benefit package in comparable employment with the same employer. (C) Any elective benefits selected on an individual basis, that are not available to all employees of an individual employer, should not be included in the list of fringe benefits.

**(A)**

Fringe benefits may include one or more of the following: 1. vacation pay; 2. holiday pay; 3. sick leave; 4. health insurance plans; 5. hospitalization coverage; 6. retirement or pension plan; 7. life insurance (if the employer is not the beneficiary); and/or 8. military leave.

**1.**

vacation pay;

**2.**

holiday pay;

**3.**

sick leave;

**4.**

health insurance plans;

**5.**

hospitalization coverage;

**6.**

retirement or pension plan;

**7.**

life insurance (if the employer is not the beneficiary); and/or

**8.**

military leave.

**(B)**

The fringe benefit should be automatically and uniformly available to all those covered by the benefit package in comparable employment with the same employer.

**(C)**

Any elective benefits selected on an individual basis, that are not available to all employees of an individual employer, should not be included in the list of fringe benefits.

**(4)**

Operating expenses and equipment costs including consumable supplies, communications, equipment, software and licenses, premises, utilities, housekeeping services, travel, printing, transmission (computer time), system maintenance, and subcontractor and vendor fees directly related to the delivery of training. (A)

Equipment: The cost of equipment used for classroom, laboratory, and technology-based distance training may be claimed for the actual amount of time in use during those training components. The cost of equipment used for structured, on-site training is not allowable. The cost of purchased equipment, less salvage value, shall be prorated based on its useful life. Useful life shall be determined using the class life established in the most recent version of IRS Publication 946. Useful life for training-related computer hardware and software used in classroom/lab settings shall be three (3) years and one (1) year, respectively. Once the useful life has expired, the equipment or software cannot continue to be claimed as an expense; only service and maintenance costs are allowable. The contractor's/subcontractor's total cost incurred

to lease and/or rent equipment shall not exceed the cost to purchase the same equipment, less salvage value. The contractor/subcontractor must obtain three (3) written bids for leased equipment. Allowable lease/rental costs will be that portion of the total lease/rental cost (or purchase cost less salvage value, whichever is less) allocable to ETP training. (B) Premises: 1. Premises, other than the facilities or work site of the contractor (i.e., off-site facilities), may be claimed as a training expense if sufficient justification is shown for the need to train at a location other than the contractor's facility or work site. 2. Multiple-employer contractors (MECs) may be reimbursed for a proportional share of actual on-site premise cost if the costs are incurred during classroom, laboratory, or technology-based distance training. Premises cost may include rent, depreciation of building cost, property/liability insurance, property tax, security, parking fees paid by contractor, and facility repair deemed necessary to the project. Each of these costs must be separately identified. 3. If all training takes place at the employer contractor's work site, the contractor's premises costs can only be allowed as an in-kind contribution. (C) Utilities and Housekeeping: may be claimed for on-site training only if they are additional expenses incurred because of the training program or if the contractor is a MEC. (D) Subcontractors: shall prepare individual, line-item budgets and are subject to the same limitations and restrictions as the primary contractor. Individual budgets are not required for contract laborers. (E) Miscellaneous: Miscellaneous costs shall not exceed ten percent of all other operating equipment and expenses associated with the delivery and administration of the training project. The contractor need not document the breakdown of the items included in this category. (F) Profits are permitted only for private, for-profit MECs or for subcontractors and shall not exceed five (5) percent of the total training and administrative costs without justification and prior approval.

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**(B)**

Premises: 1. Premises, other than the facilities or work site of the contractor (i.e., off-site facilities), may be claimed as a training expense if sufficient justification is shown for the need to train at a location other than the contractor's facility or work site. 2.

Multiple-employer contractors (MECs) may be reimbursed for a proportional share of actual on-site premise cost if the costs are incurred during classroom, laboratory, or technology-based distance training. Premises cost may include rent, depreciation of building cost, property/liability insurance, property tax, security, parking fees paid by contractor, and facility repair deemed necessary to the project. Each of these costs must be separately identified. 3. If all training takes place at the employer contractor's work site, the contractor's premises costs can only be allowed as an in-kind contribution.

**1.**



Premises, other than the facilities or work site of the contractor (i.e., off-site facilities), may be claimed as a training expense if sufficient justification is shown for the need to train at a location other than the contractor's facility or work site.

**2.**

Multiple-employer contractors (MECs) may be reimbursed for a proportional share of actual on-site premise cost if the costs are incurred during classroom, laboratory, or technology-based distance training. Premises cost may include rent, depreciation of building cost, property/liability insurance, property tax, security, parking fees paid by contractor, and facility repair deemed necessary to the project. Each of these costs must be separately identified.

**3.**

If all training takes place at the employer contractor's work site, the contractor's premises costs can only be allowed as an in-kind contribution.

**(C)**

Utilities and Housekeeping: may be claimed for on-site training only if they are additional expenses incurred because of the training program or if the contractor is a MEC.

**(D)**

Subcontractors: shall prepare individual, line-item budgets and are subject to the same limitations and restrictions as the primary contractor. Individual budgets are not required for contract laborers.

**(E)**

Miscellaneous: Miscellaneous costs shall not exceed ten percent of all other operating equipment and expenses associated with the delivery and administration of the training project. The contractor need not document the breakdown of the items included in this category.

**(F)**

Profits are permitted only for private, for-profit MECs or for subcontractors and shall not

exceed five (5) percent of the total training and administrative costs without justification and prior approval.

**(5)**

For costs associated with new hire trainees, the following will be permitted as a training cost: (A) Staff salaries, fringe benefits, consumable supplies, printing, communications, equipment and software, premises, utilities, housekeeping services, travel, and advertising/promotion of the ETP program that are incurred as a result of the following new hire activities: 1. Recruitment of training participants 2. Trainee intake assessment to determine eligibility 3. Job development, and 4. Job search assistance, and placement in specific jobs.

**(A)**

Staff salaries, fringe benefits, consumable supplies, printing, communications, equipment and software, premises, utilities, housekeeping services, travel, and advertising/promotion of the ETP program that are incurred as a result of the following new hire activities: 1. Recruitment of training participants 2. Trainee intake assessment to determine eligibility 3. Job development, and 4. Job search assistance, and placement in specific jobs.

**1.**

Recruitment of training participants

**2.**

Trainee intake assessment to determine eligibility

**3.**

Job development, and

**4.**

Job search assistance, and placement in specific jobs.

**(6)**

For costs associated with multiple-employer contract retraining the following may be

included as training costs: (A) Recruitment of participating employers (B) Assessment of employer-specific job requirements.

**(A)**

Recruitment of participating employers

**(B)**

Assessment of employer-specific job requirements.

**(7)**

In no event shall the training costs allowed in (5) or (6) exceed 8% of the other training costs, except that up to an additional 4% will be allowed subject to Panel approval if the contractor makes a showing that the 8% is not sufficient to provide the contractor with the funds to do necessary recruitment of potential new hire trainees and/or employers.

**(b)**

Administrative costs: (1) Salaries of those individuals (managers, administrators, coordinators) for time directly spent in the implementation and operation of the training program, evaluation and modification of the program, scheduling and tracking of trainees, maintaining training records, and coordinating with ETP staff.

(2) Payroll taxes and fringe benefits related to program administration. (3)

Operating expenses and equipment costs related to program administration, similar to those allowed as training costs. For MECs, the overhead costs of doing business may be prorated between the ETP project and other activities. The portion of each allowable overhead cost applicable to the ETP project may be claimed; however, no portion of unallowable costs may be claimed. Examples of unallowable costs include: bad debts, fines/penalties, entertainment, lobbying, alcoholic beverages, contributions/donations, and state/federal income taxes. (4)

The salaries and fringe benefits of project directors, program managers,

supervisors and other administrative positions who both instruct and supervise other instructors or otherwise perform both training and administrative duties as prescribed in an official duty statement shall be prorated among the training and administrative cost categories based on time records or other verifiable means.

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**(2)**

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**(3)**

Operating expenses and equipment costs related to program administration, similar to those allowed as training costs. For MECs, the overhead costs of doing business may be prorated between the ETP project and other activities. The portion of each allowable overhead cost applicable to the ETP project may be claimed; however, no portion of unallowable costs may be claimed. Examples of unallowable costs include: bad debts, fines/penalties, entertainment, lobbying, alcoholic beverages, contributions/donations, and state/federal income taxes.

**(4)**

The salaries and fringe benefits of project directors, program managers, supervisors and other administrative positions who both instruct and supervise other instructors or otherwise perform both training and administrative duties as prescribed in an official duty statement shall be prorated among the training and administrative cost categories based on time records or other verifiable means.