

## A. Non-Child Care Cost Categories

Part B describes child care cost categories. Parts C and D describe supplemental categories.

### **100 Administration (Direct Recipient Only)**

**This category may be activated for grant award contracts (contracts) between the Texas Workforce Commission (TWC) and Local Workforce Development Boards (Boards). It is not available for contracts between TWC and Agency Grantees.**

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), Board members, local grant recipients, 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
- Continuous improvement activities of administrative functions
- Development of program plans, budgets, and schedules for programs other than the Workforce Investment Act (WIA)
- 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](#).

**Costs reportable in this category apply against the administrative cost cap set forth in a contract between TWC and a Board.**

*Note:* When incurred by Agency Grantees, and subrecipients of Boards and Agency Grantees, report the above costs in *709 Subrecipient Operating Costs (Non-One-Stop Operator)*. If incurred by the administrative entity for the local workforce development area (workforce area), and that entity is an entity other than the Board, report the above costs in *101 Administration (One-Stop Operator Only)*. If the Board is the administrative entity for the workforce area, include the above costs in *100 Administration (Direct Recipient Only)*.

### **101 Administration (One-Stop Operator Only)**

**This category will be activated only for contracts between TWC and a particular Board if the partnership agreement entered into between the Board and its CEOs under [Texas Government Code §2308.253\(g\)\(1\)](#) designates an entity other than the Board as the administrative entity for the workforce area. It is not available for other contracts, including those between TWC and Agency Grantees.**

Include the costs listed in *100 Administration (Direct Recipient Only)* that were incurred by the entity that the partnership agreement entered into between the Board and its CEOs under [Texas Government Code §2308.253\(g\)\(1\)](#) names as the administrative entity for the workforce area. If the entity names the Board as the administrative entity for the workforce area, this category will not be available for use; use *100 Administration (Direct Recipient Only)*. In either case, the entity that the partnership agreement names as the administrative entity for the workforce area is the one-stop operator for that area, as defined in WD Letter 02-09.

Costs in this category apply against the administrative cost cap set forth in a contract between TWC and a Board.

### **107 Monitoring (Exception: WIA Program Monitoring)**

**This category may be activated only for contracts between TWC and Boards. It is not available for contracts between TWC and Agency Grantees.**

Monitoring costs (other than WIA program monitoring costs) incurred by Boards. Report WIA 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 in to 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).

**Costs in this category apply against the administrative cost cap set forth in a contract between TWC and a Board.**

### **110 Operating Grant Activities**

**This category may be activated only for Trade Adjustment Assistance (TAA) contracts between TWC and Boards. It is not available for contracts between TWC and Agency Grantees.**

Space, utilities, phone, office supplies, travel, and other costs incurred to support merit staff funded under the TAA 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 or Agency Grantee, and its subrecipients.

### **708 Program Management & Support (Direct Recipient only)**

**This category may be activated only for contracts between TWC and Boards. It is not available for contracts between TWC and Agency Grantees.**

Program expenditures incurred by Boards for the management, oversight, and support of Board policies and the delivery of workforce services, including WIA program monitoring performed by the Board; Board costs associated with the development of WIA program plans, budgets, and schedules; and Board costs of negotiating WIA memorandums of understanding and other WIA program-level agreements.

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 (Non-One-Stop Operator)**

**This category may be activated for contracts between TWC and Boards, and for those between TWC and Agency Grantees. However, it affects the administrative cost caps for Boards differently from those for Agency Grantees.**

**For Boards:** Include the costs listed under *100 Administration (Direct Recipient Only)* if incurred by a Board's subrecipient. Costs in this category do not apply against the administrative cost cap set forth in a contract between TWC and a Board.

**Other Grantees:** Include the costs listed under *100 Administration (Direct Recipient Only)* if incurred by the Grantee or its subrecipients. Costs in this category apply against the administrative cost cap set forth in a contract between TWC and Grantee.

### **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 baccalaureate or advanced degree
- English as a Second Language
- Adult education
- On-the-job training and customized training
- Other allowable education and training services not listed above that are not reportable under other cost categories (i.e., report occupational skill training for WIA Youth under *612 Direct Program – Core/Intensive Services*, consistent with that cost category description)

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

The listing 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 contract or funding stream, include only expenditures for activities that are allowable under that particular fund source.

### **612 Direct Program - Core/Intensive Services**

Include core services described at [20 CFR §662.240](#) and [§662.260](#) and intensive services described at [20 CFR §663.200](#), as allowable under grants for which this category is available; WIA youth services described at [20 CFR §664.410](#) (excluding support services); and staff and operating costs associated with expenditures reported in direct program and support services cost categories.

#### **Core services under 20 CFR §662.240:**

- Outreach
- Intake, which may include Reemployment Services and orientation to the information and services available through the Texas workforce system
- Determinations of individuals' eligibility for TWC-funded programs available through the Texas workforce system
- Initial assessment of skill levels, aptitudes, abilities, and support service needs
- Job search and placement assistance and, where appropriate, career counseling
- Provision of performance information and program cost information on eligible providers of WIA training services; WIA youth activities; adult education; postsecondary vocational education activities and vocational education activities available to school dropouts under the Carl D. Perkins Vocational and Applied Technology Education Act; and vocational rehabilitation program activities described in Title I of the Rehabilitation Act of 1973
- Provision of information regarding how the workforce area is performing on local performance measures and any additional performance information with respect to the Texas workforce system in the workforce area
- Provision of information regarding filing claims for unemployment insurance (UI)
- Provision of employment statistics information, including accurate information relating to local, regional, and national labor market areas, including job vacancy listings in such labor market areas, information on job skills necessary to obtain the jobs listed, and information related to

- local high-growth, high-demand jobs and the earnings and skill requirements for such jobs
- Provision of accurate information relating to the availability of support services in the workforce area, and referral to such services, as appropriate
- Follow-up services

**Core services under 20 CFR §662.260:**

- Cost of providing access to other activities
- Programs carried out under the authorizing laws of Texas workforce system partners

**Intensive services under 20 CFR §663.200:**

- Comprehensive and specialized assessments of the skill levels and service needs of job seekers, such as diagnostic testing and use of other assessment tools, in-depth interviewing, and evaluation to identify employment barriers and employment goals
- Development of an Individual Employment Plan and service strategy to identify the employment goals, appropriate achievement objectives, and appropriate combination of services for the participant to achieve employment goals and objectives
- Group counseling
- Individual counseling and career planning
- Centralized and continuous case management
- Short-term prevocational services, including learning skills, communication skills, interviewing skills, punctuality, personal maintenance skills, and professional conduct to prepare individuals for unsubsidized employment or training
- Out-of-area job search assistance
- Literacy activities related to basic work readiness
- Relocation assistance
- Internships
- Work experience

Intensive services include unsubsidized employment, work experience, and community service for Choices customers as described in TWC rules at [40 TAC §811.42](#), [§811.45](#), and [§811.46](#), respectively. Intensive services also include work experience, unsubsidized employment, and workfare for Supplemental Nutrition Assistance Program Employment and Training (SNAP E&T) customers, as described at [40 TAC §813.31\(4\)](#), [§813.31\(5\)](#) and [§813.32](#), respectively.

**Youth services under 20 CFR §664.410:**

- Tutoring, study skills training, and instruction leading to secondary school completion, including dropout prevention strategies
- Alternative secondary school offerings
- Summer employment activities directly linked to academic and occupational learning
- Paid and unpaid work experiences, including internships and job shadowing, as provided at [20 CFR §664.460](#) and [§664.470](#)
- Occupational skills training
- Leadership development opportunities, which include community service and peer-centered activities encouraging responsibility and other positive social behaviors
- Adult mentoring for a duration of at least 12 months, which may occur both during and after program participation

- Follow-up services, as provided at [20 CFR §664.450](#)
- Comprehensive guidance and counseling, including drug and alcohol abuse counseling, as well as referrals to counseling, as appropriate to the needs of the individual youth

The listings above indicate 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 contract or funding stream, include only expenditures for activities that are allowable under that particular fund source.

### **651 Support Services – Transportation**

Allowable transportation support services for grants for which this category is available, including transportation expenses for Choices customers that are otherwise reportable as *Non-Recurrent Short-Term Services* (e.g., car repairs or transportation provided for four months or less).

Exclude transportation expenditures that are used as match for a Job Access and Reverse Commute (JARC) project. Report such expenditures in the *Support Services – JARC Transportation* cost category. Also exclude any transportation that is considered *Assistance* under the TANF program (e.g., provided to unemployed persons for five months or more).

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 JARC project.

### **675 Support Services – Work-Related Incentives**

Compensation in the form of cash, checks, gift cards, and nonmonetary gifts or vouchers provided to a customer in exchange for meeting specified goals. Work-related incentives do not include support services, such as child care, transportation, or reimbursement of work-related expenses.

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

### **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, and needs-related payments).

Report associated staff and operating costs in *612 Direct Program – Core/Intensive 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) contract.

### **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.

### **631 Purpose 3 (Prev. Out of Wedlock Preg.)**

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.

### **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.

### **670 Nonrecurrent Short-Term Services**

Non-transportation support services (including housing and utilities) provided under grants for which this category is available, that are:

- designed to deal with a specific crisis situation or episode of need;
- provided for less than four months; and
- not intended to meet recurrent or ongoing needs.

Includes work-related expenses such as those for tools, uniforms, etc.

*Note:* Report nonrecurrent short-term services for transportation under *Support Services – Transportation* or *Support Services – JARC Transportation*, as appropriate.

### **681 TANF–Assistance**

Choices support services (excluding nonrecurrent short-term services) provided to unemployed families. Include transportation that is classified as TANF assistance (e.g., provided to an unemployed person for five months or more). A detailed description of what assistance includes and excludes is provided in [45 CFR §260.31](#) of the TANF regulations.

### **849 Rapid Response**

**This category can be activated for contracts between TWC and Boards. It is not available for contracts between TWC and Agency Grantees.**

Rapid response activities required under [20 CFR §665.310](#), and activities described under [20 CFR §665.320](#) if provided as rapid response. Include associated staff and operating costs.

#### **Activities under 20 CFR §665.310:**

- 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;
  - 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 WIA-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

**Activities under 20 CFR §665.320:**

- 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
  - 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
  - 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 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 Child Care Match contract, Child Care Additional Match contract, or Child Care Funds contract (contract acronyms “CCM,” “CAM,” 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 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 nonadministrative 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 nonadministrative information technology systems (including costs directly associated with development, maintenance, support, and operations).

### **150 CCAA Network Enhancements**

Costs of Commission-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 [TWC rule §809.16](#), e.g., collaborative reading initiatives\*; school readiness, early learning and literacy activities; or local-level support to promote child care consumer education provided by 2-1-1 Texas. Such activities may be designed to meet the needs of children in any age group eligible for Commission-funded child care, as well as children with disabilities.

Examples of activities that support collaborative reading initiatives, school readiness, early learning, and literacy include professional development and training for child care providers or purchase of curriculum and curriculum-related support resources for child care providers, as described in WD Letter 36-06, and any subsequent issuances.

The activities provided in WD Letter 36-06 and its one attachment include:

- professional development relating to early learning workshops;
- early literacy and language development training aligned with the state’s prekindergarten guidelines;
- mentoring of early literacy and language development based on scientifically based research practices and strategies for improving child performance in language and literacy;
- evaluating child performance in language and literacy in the classroom;
- basic class structure that encourages development of language and literacy;
- Center for Improving the Readiness of Children for Learning and Education train-the-trainer training;
- literacy kits for child care providers;
- school readiness, early learning, and literacy awareness campaigns;
- scholarships for college courses relating to early learning, literacy, and school readiness;
- training using research-based curriculum approved by the State Board of Education or the Texas Education Agency, or research-based curricula from the State Center’s adopted list;
- early literacy packets for mothers of newborns;
- early literacy resources for child care lending libraries that are directed at parents and teachers to help them extend a child’s literacy experience; and
- personal digital assistant tools.

\* “Collaborative reading initiative” means a Board and at least one other entity work together to promote early language, literacy, and prereading development, to promote and provide language and

literacy activities based on scientific research that supports age-appropriate development of language skills, vocabulary, phonological awareness, letter knowledge, and letter sounds.

#### **395 Infant/Toddler Earmark (Non-Direct)**

Quality activities as described in [Commission rule §809.16](#) that are additional to those reported under *Quality Improvement (Non-Direct)*, but that are specifically designed to improve the quality of child care for children 0–36 months.

#### **397 School Age R&R Earmark (Non-Direct)**

Quality activities as described in [TWC rule §809.16](#) that are additional to those reported under *Quality Improvement (Non-Direct)*, but that are specifically designed for child care resource and referral and school-aged child care activities.

#### **399 Quality Expansion Earmark (Non-Direct)**

Quality activities as described in [TWC rule §809.16](#) that are additional to those reported under *Quality Improvement (Non-Direct)*. Such activities may be designed to meet the needs of children in any age group eligible for Commission-funded child care, as well as children with disabilities.

#### **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 (e.g., the cost of child care slots purchased from providers).

### C. Supplemental Cost Categories (Program Specific)

#### **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 award.

**This is a supplemental cost category for TANF/Choices formula fund contracts with Boards.**

#### **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.

The expenditures in this line will be a subset of expenditures reported under the respective WIA youth grant award.

**This is a supplemental cost category for WIA youth formula fund contracts with Boards.**

## 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 contract between TWC, and the Board or Agency Grantee, except that if the *Administration – Equipment* supplemental cost category is available for the contract, exclude such costs from this category.

### **Administration – Equipment**

**This category will be activated for Skills Development Fund (SDF) contracts that begin after March 1, 2011. For administrative equipment costs in SDF contracts that began prior to March 1, 2011, see *Equipment*.**

Include the cost of equipment, as defined by Appendix A to the [Financial Manual for Grants and Contracts](#)—i.e., an article of non-expendable, 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 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 contract.

### **Personnel (or Personnel Costs – Salaries and Wages)**

Salaries and wages for the Board’s or Agency Grantee’s full- and part-time employees’ nonadministrative activities on the contract.

### **Fringe Benefits (or Personnel Benefits)**

Fringe benefits for Board’s or Agency Grantee’s employees’ nonadministrative activities on the contract; e.g. employer contributions or expenses such as social security, employee insurance, workmen's 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 contract.

### **Equipment**

Include the cost of equipment, as defined by Appendix A to the [Financial Manual for Grants and Contracts](#)—i.e., an article of non-expendable, 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 contract. Approval must be obtained through the contract’s designated contract manager prior to purchasing equipment.

For SDF 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 contract.

For SDF contracts that began prior to March 1, 2011, also include the above such costs if used to carry out administrative activities under the contract; i.e., equipment—as defined above—and articles of tangible, personal property having a useful life of more than one year, and an acquisition cost of \$500 or more.

### **Supplies**

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

### **Other Operating Expense**

Other nonadministrative costs to carry out the contract.