

+-----+  
| LOCAL COMMISSIONERS MEMORANDUM |  
+-----+

DSS-4037EL (Rev. 9/89)

Transmittal No: 99 LCM-39

Date: December 03, 1999

Division: Budget, Finance, and  
Data Management

TO: Local District Commissioners

SUBJECT: TANF Funded Employment Program Contracts

ATTACHMENTS: None

The purpose of this memorandum is to advise Local District Commissioners, Employment Directors, Directors of Income Maintenance and Accounting Supervisors of the process to be used to determine if the costs of a TANF federally funded employment contract are program or administrative in nature.

Under Federal TANF regulations, there is a limitation of 15% of costs that may be for administrative activities. Under the same regulations, certain activities that are normally considered to be administrative are classified as program costs under Federal rules and not subject to the 15% cap. TANF funded contracts could potentially be solely administrative in nature, programmatic in nature or a combination of both. Therefore, for Federal reporting, we need to have both the program and administrative costs identified for claiming purposes.

Local social services districts (LSSD) may enter into contracts with local providers using WORK NOW, New York Works Block Grant (NYWBG), Employment Administration or any other TANF funded program administered by the NYS Department of Labor. To the extent that districts develop contracts utilizing these funds, the rules regarding administration outlined in this LCM would apply. Costs related to these programs are claimed for reimbursement on the Schedule D-17, "Distribution of Allocated Costs to Other Reimbursable Programs" (LDSS-3274) which supports a LDSS-3922 "Financial Summary For Special Projects."

Activities that are considered to be program under the Federal TANF regulations are involved with planning, counseling and monitoring/evaluating the client's and/or family's position in achieving self-sufficiency. Examples of these activities are:

- provision of diversion assistance;
- provision of program information to clients;
- screening activities and assessments;
- development of employability plans;
- work activities, post employment services, work supports, and case management;
- contracts devoted to such activities; and
- staff salaries and benefits and direct administrative costs associated with providing such services such as supplies, equipment, travel, postage, utilities, office space.

All other activities remain as administrative. The local districts should determine, on the basis of the foregoing, whether the function or nature of their contracts is program, administrative, or a mix thereof. If the function or nature of a contract is program, the whole contract cost must be reported as program regardless of incidental administrative expenditures incurred. Conversely, the costs of a contract whose function or nature is administrative must report costs as administrative. For those contracts in which the nature or function is a combination of both, administrative as well as program, the district must allocate between program and administrative cost categories based on a reasonable allocation methodology.

The costs of the contracts that have been identified as program should be reported on the LDSS-3922 by including program in the project name box, e.g., NYWBG-Prog. Costs that are administrative should be reported on the LDSS-3922 by including administration in the project name box, e.g., NYWBG-Admin.

These claims must also be further broken down into one of the following three types:

1. Work Subsidies; which include payments to employers or third parties to help cover the costs of employee wages, benefits, supervision or training.
2. Educational Activities; which include secondary education (including alternative programs); adult education, GED, and ESL classes; education directly related to employment; education provided as vocational educational training and post-secondary education.

3. Other Work Activities/Expenses include work activities that have not been reported as education or work subsidies (including staff costs related to providing work experience and community services activities, on-the-job training, job search and job readiness, job skills training, and training providing as vocational educational training); related services (such as employment counseling, coaching, job development, information and referral, and outreach to business and non-profit community groups); other work related expenses (such as costs for work clothes and equipment).

Please indicate in the project name box which program type the contract is for by using one of the numbers above, e.g., NYWBG-Prg-2.

This procedure is effective for the original claim submission for October 1, 1999.

Any questions of a fiscal nature may be directed to Mr. Roland Levie (Region I-IV) at 1-800-343-5589, extension 4-7549 (USER ID fms001) or Mr. Marvin Gold (Region V) at (212) 383-1733 (USER ID ofm270).

---

Philip Maher  
Assistant Commissioner  
Office of Budget, Finance,  
and Data Management