



David A. Paterson, Governor

M. Patricia Smith, Commissioner

## NEW YORK STATE WORKFORCE DEVELOPMENT SYSTEM TECHNICAL ADVISORY

### Workforce Development System Technical Advisory #09-5

**TO:** Workforce Development Community

**DATE:** February 27, 2009

**SUBJECT:** New York State Department of Labor (NYSDOL) Policy  
Renovation Costs Allowable Against Workforce Investment  
Act (WIA) funds

#### *Purpose*

To establish NYSDOL policy regarding allowable building renovation costs that can be charged by Local Workforce Investment Areas (LWIAs) to WIA funds.

#### *Background*

- Office of Management and Budget (OMB) Circular A-87 (Cost Principles for State, Local and Indian Tribal Governments) states in Section 36: Rearrangements and alterations- “Costs incurred for ordinary and normal rearrangement and alteration of facilities are allowable. Special arrangement and alterations costs incurred specifically for a Federal award are allowable with the prior approval of the Federal awarding agency.”
  - OMB Circular A-87, Section 19 states: Equipment and other capital expenditures-“Capital expenditures for equipment, including replacement equipment, other capital assets, and improvements which materially increase the value or useful life of equipment or other capital assets are allowable as a direct cost when approved by the awarding agency.” “Other capital assets” are defined by OMB Circular A-87 as buildings, land, and improvements to buildings or land that materially increase their value or useful life.
  - OMB Circular A-122 (Cost Principles for Non-Profit Organizations) states in Section 15: “Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior approval of the awarding agency.”
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## ***Action***

In response to several local workforce investment areas using funds to renovate existing buildings, and with the absence of a defined dollar amount in the above-quoted OMB Circulars, NYSDOL is establishing policy, effective immediately, that renovation costs of \$5,000 or more require prior approval of NYSDOL to be charged to WIA. Failure to receive prior approval for renovation costs of \$5,000 or more could result in such costs being disallowed and not chargeable against WIA funds.

For renovation jobs costing under \$5,000, LWIAs should follow their own local procedures.

Requests to use \$5,000 or more of WIA funds for renovation costs must be submitted to your Financial Oversight and Technical Assistance (FOTA) representative. Such requests must include a detailed description of the renovation work to be done and a detailed listing of the proposed costs. In the case of leased property, the LWIA must indicate the expiration date of the current lease on the premises to be renovated. Renovation requests will require the approval of the Director of the Division of Employment and Workforce Solutions (DEWS).

In addition, local workforce investment areas must ensure that proper approval is obtained at the local level from such entities as the Chief Local Elected Official and the Workforce Investment Board, as well as any other approvals required under local policies and procedures.

Questions regarding this Technical Advisory should be directed to your FOTA representative.

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