

FLORIDA WORKFORCE DEVELOPMENT ASSOCIATION

Proposed Policy

ALLOWABLE FOOD & BEVERAGE EXPENDITURES

February, 2010

I. BACKGROUND

This paper was developed by a work group of the Florida Workforce Development Association (FWDA) as recommendations for guiding principles and formal policies governing expenditures for food and beverages by Regional Workforce Development Boards (RWBs) that are charged to federal and state grants. This work is in direct response to media reports, official investigations and reactions of members of the Florida Legislature concerning such expenditures in the Florida workforce development system, wherein such expenditures have been harshly criticized as being unreasonable, unnecessary and “extravagant.”

Our recommendations are based on three principal sources of restrictions and/or guidance that bear on the food and beverage issue:

A. OMB Cost Principles and Restrictions on Food and Beverage Costs

Florida’s regional workforce development boards, as subrecipients of federal and state financial assistance (“grants”), are governed by a myriad of federal and state statutes and regulations specific to each grant program. An overarching set of regulations is the OMB Cost Principles, which, among other things, govern the general allowability of costs charged federal grants and provides more specific guidance on the allowability (or unallowability) of typical items of costs which may be incurred by grantee.

B. The Concepts of “Reasonable” and “Necessary” Costs

Throughout federal grant management rules and regulations (including OMB Cost Principles) the two most important tests in determining the allowability of costs charged to federal grants are the tests of reasonableness and necessity.

A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. *In other words, would you spend your own money the same way?*

A cost is necessary if it directly and demonstrably supports the goals and objectives of the organization and, by its incurrence, clearly benefits one or more of the grants to which it is charged.

C. Public Perception

Currently applicable rules contain no specific prohibition of food and beverage at meetings and conferences; however, FWDA also recognizes that public confidence in the integrity of those who spend the taxpayers' money is essential. Accordingly, RWBs must ensure that cost items – however allowable or legitimate they may in fact be in a specific context – may appear frivolous or wasteful to the general public and should, if they are to be charged to public funds, be able to pass a rigorous “public perception” test.

II. **Recommended Policies**

These policy recommendations are intended to govern the purchase of food and beverage items within the events, activities and circumstances specified; they do not address the issue of meals and other reimbursements to employees or directors during authorized travel. The events, activities and circumstances specified in paragraphs A, B and C below are the only conditions under which allowable costs for food and beverage items may be incurred and charged to federal and state grants. Further, the maximum allowable cost per individual per meal is \$6.00 for breakfast, \$11.00 for lunch and \$19.00 for dinner.

A. Meetings and Conferences *These include board and committee meetings; partner meetings (involving board members, RWB staff and outside agencies designated as “partners”); job matching events that involve a gathering of job seekers, program participants and employers (e.g., job fairs and work experience programs); and meetings or conferences sponsored by agencies other than the RWB, attended by board members and/or staff at which a meal is served and for which a registration fee is charged.*

1. Board and Committee meetings: When Board and/or Committee meetings are scheduled over the traditional breakfast, lunch or dinner time periods for the purpose of maximizing attendance, meals including beverages may be purchased for official attendees (board members, invited presenters and staff designated as support) provided the total cost per person, including gratuities and fees, does not exceed the rates established herein for the specific meal.
 - a. Some form of cost or price analysis must be performed in connection with the food/beverage purchase to ensure costs are competitive and reasonable;
 - b. Documentation supporting the necessity and benefit(s) to the grant programs bearing the cost must be included in the purchase records.
 - c. When Board and/or Committee meetings are held outside traditional meal periods, non-alcoholic beverages may be purchased for the meetings; the

requirements for cost or price analyses and supporting documentation also apply to these purchases.

2. Partner meetings: (*RWB-sponsored meetings held for the purpose of disseminating technical, programmatic or administrative information to which designated RWB partners – One Stop operators, service providers, training providers, local elected officials, etc.—have been invited*). When Partner meetings are scheduled over the traditional breakfast, lunch or dinner time periods for the purpose of maximizing attendance, meals including beverages may be purchased for official attendees provided the total cost per person, including gratuities and fees, does not exceed the rates established herein for the specific meal.
 - a. Some form of cost or price analysis must be performed in connection with the food/beverage purchase to ensure costs are competitive and reasonable;
 - b. Documentation supporting the necessity and benefit(s) to the grant programs bearing the cost must be included in the purchase records.
 - c. When Partner meetings are held outside traditional meal periods, non-alcoholic beverages may be purchased for the meetings; the requirements for cost or price analyses and supporting documentation also apply to these purchases.
3. Job Seeker and Employer Events: (*RWB-sponsored “job fairs” wherein employers are provided space to display and disseminate information about their businesses and job seekers are invited to apply and interview for available jobs*). When such events are scheduled for a time period encompassing the traditional lunch period, RWBs may provide meals including beverages for participating employers, provided the total cost per person, including gratuities and fees, does not exceed the rates established herein for the specific meal. In circumstances where job seekers must wait in line to gain access to the facility, bottled water may be made available to them while waiting.
 - a. Some form of cost or price analysis must be performed in connection with the food/beverage purchase to ensure costs are competitive and reasonable;
 - b. Documentation supporting the necessity and benefit(s) to the grant programs bearing the cost must be included in the purchase records.
 - c. When Job Fairs are held outside traditional meal periods, non-alcoholic beverages may be purchased for the meetings; the requirements for cost or price analyses and supporting documentation also apply to these purchases.
4. Program Participant Events: (*RWB-sponsored events held specifically for program participants and designed to provide work experience and/or training opportunities for eligible individuals*). When such events are scheduled for a time period encompassing the traditional meal period, RWBs may provide meals including beverages for participants, provided the total cost per person, including

gratuities and fees, does not exceed the rates established herein for the specific meal.

- a. Some form of cost or price analysis must be performed in connection with the food/beverage purchase to ensure costs are competitive and reasonable;
- b. Documentation supporting the necessity and benefit(s) to the grant programs bearing the cost must be included in the purchase records.
- c. When program participant events are held outside traditional meal periods, non-alcoholic beverages may be purchased for the meetings; the requirements for cost or price analyses and supporting documentation also apply to these purchases.

5. Outside Agency Sponsored Meetings and Conferences: (*meetings or conferences sponsored by agencies other than the RWB, attended by board members and/or staff at which a meal is served and for which a registration fee is charged.* In circumstance where an agency other than the RWB sponsors a meeting or conference, a meal is served and a registration fee is charged, the RWB may pay the registration fee on behalf of the attendee(s) provided the following requirements are met:

- a. Attendance at the meeting benefits the RWB's mission and benefits the grant(s) to which it is charged;
- b. If the cost of the provided meal is itemized within the registration fee, the RWB may only charge the rates established herein for the specific meal to the benefitting grants;
- c. If travel and per diem is authorized for attendance at the meeting or conference, attendee(s) may not be reimbursed for the meal included in the registration.

B. Organizational Meetings: To the extent that an RWB has an established policy that provides annual or semi-annual events that are designed to recognize the achievements of individuals or improve performance, food and beverages may be purchased for these types of events, provided the following requirements are met:

- a. Achievement(s) being recognized are directly related to and benefit the grant(s) to which the food and beverage costs are charged;
- b. Food and beverage cost per attendee does not exceed the rates established herein for the specific meal;
- c. Some form of cost or price analysis must be performed in connection with the food/beverage purchase to ensure costs are competitive and reasonable;

- d. Documentation supporting the necessity and benefit(s) to the grant programs bearing the cost must be included in the purchase records.

C. Emergency Situations:

- a. In the event of a federally, state or locally declared emergency, food and beverage may be provided to staff and/or volunteers working at locations designated as a part of the state or local workforce board's emergency response effort, provided the following requirements are met:
 - i. The average cost per person shall not exceed the rates established herein for the specific meal
 - ii. Recognizing that in an emergency situation not all staff may be available to respond or perform required duties, approval for such expenditures shall be given by either an officer of the Board or the senior ranking staff member available within the region.
 - iii. Some form of cost or price analysis must be performed in connection with the food/beverage purchase to ensure costs are competitive and reasonable;
 - iv. Documentation supporting the necessity and benefit(s) to the grant programs bearing the cost must be included in the purchase records.
- b. In the event of a federally, state or locally declared emergency, food and beverage may be provided to residents seeking assistance at a location designated as a part of the state or local workforce board's emergency response effort provided the following requirements are met:
 - i. The average cost per person shall not exceed the rates established herein for the specific meal;
 - ii. Recognizing that in an emergency situation not all staff may be available to respond or perform required duties, approval for such expenditures shall be given by either an officer of the Board or the senior ranking staff member available within the region.
 - iii. Some form of cost or price analysis must be performed in connection with the food/beverage purchase to ensure costs are competitive and reasonable;
 - iv. Documentation supporting the necessity and benefit(s) to the grant programs bearing the cost must be included in the purchase records.

- D. Annual Review: These food and beverage policies shall be reviewed annually by the Florida Workforce Development Association and revised as necessary to

accommodate changes in economic conditions and/or authorizing legislation, program regulations and applicable policy.