**SNAP2WORK THIRD PARTY REIMBURSEMENT PROGRAM**

**COST ALLOCATION /BILLING INSTRUCTIONS**

The following instructions are being provided to assist in the accurate submission and timely reimbursement of costs incurred by SNAP2WORK Agencies. This guidance provides an explanation of allowable SNAP2WORK costs and the methodology that should be used to determine the appropriate costs that should be charged to the SNAP Program. In order for the State Agency to provide timely reimbursement of costs, agencies must ensure the current State Agency Invoice form is being used to request payment.

**Direct Costs Identification**

Agencies participating in the SNAP2WORK may incur costs that are specific to operating the SNAP2Work Program such as salaries & fringe benefits, participant tuition, cost of books and supplies, individual fees, child care and transportation costs incurred by the participant, etc. These costs are considered **“Direct Costs”** as they are specific to operating the SNAP2WORK Program and should be easily identified as such.

**Note:** Direct costs for salaries of staff involved in the operation of the SNAP2WORK Program must be supported by “Time and Effort” documentation. (See invoice instructions for documenting direct salary costs.

**Indirect Costs**

Other “common” costs agencies may incur are considered **“Indirect Costs”.** Indirect costs are those costs that cannot be attributed to any specific program operated by the agency. This category of cost includes, but is not limited to, items such as lease or rental fees, maintenance and repairs, utilities (electricity, phone, internet, etc.), general administrative supplies required for the overall operation of all agency activities, etc.

Agencies that wish to receive reimbursement for indirect costs incurred to operate the program may do so by allocating costs to the SNAP Program by using their federally approved indirect cost rate percentage. Agencies that have a federally approved indirect cost rate must use their approved indirect cost rate to receive reimbursement for SNAP2WORK indirect costs.

Agencies that do not have a federally approved indirect cost rate may negotiate an indirect cost rate to be used in billing the SNAP2WORK Program by taking the following actions:

* Utilize the services of a Public Accounting firm that is already used by the agency to complete annual audits to determine the agency’s indirect cost rate.
* Provide the State Agency with documentation from the accounting firm that identifies the calculated indirect cost rate. The State Agency is not required to accept the indirect cost rate as calculated if it appears the rate was not calculated in accordance with acceptable financial management standards. The State Agency may negotiate the final approved indirect cost rate as appropriate.
* Once the indirect cost rate is established, the agency must use the established rate to request reimbursement for allowable costs that are not considered “direct” costs to operate the SNAP2WORK Program.

Agencies that do not have an approved federal indirect cost rate and are unable to establish a negotiated indirect cost rate by utilizing a Public Accounting firm may do the following:

* Utilize a “De Minimus” Modified Total Direct Costs indirect cost rate of 10%. The De Minimus indirect cost calculation includes:

1. All direct Salaries, Wages $ Fringe Benefits
2. Materials and Supplies
3. Services
4. Travel

After determining the appropriate indirect cost rate to be used (Federally Approved Rate, Negotiated Indirect Cost Rate or De Minimus Indirect Cost Rate) SNAP2WORK Agencies must calculate the indirect costs to be charged to the program by doing the following:

1. Identify all direct costs to be charged to the SNAP2WORK Program

2. Multiply the “Total Direct Costs” by the appropriate indirect cost rate percentage;

3. Enter the result of this calculation (Indirect Costs) on Line 17 of the SNAP2WORK Invoice.

**Invoice/Billing Instructions**

| **Line** | **Cost Category** | **Comments** |
| --- | --- | --- |
| 1. | N/A | (A.) Enter the total number of individuals provided services by the agency during the billing period, and (B) Enter the number of SNAP2WORK Participants provided services during the billing period. |
| 2. | Salaries | The specific cost for salaries of Agency staff involved in the operation of the SNAP2WORK Program is an allowable cost. Agencies must ensure these costs are allocated appropriately to the SNAP2WORK Program and maintain documentation to support the costs being reported. In order to determine the specific costs to be charged to the Program the following methodology must be utilized:  **(1.)** Salary costs of staff spending 100% of their work time on SNAP2WORK activities may be charged entirely to the program. The Agency must maintain “**Time and Effort**” documentation (time sheets) to support the costs charged to the program. The agency must also complete a certification statement that is signed by the employee acknowledging that the employee is dedicated 100% to the SNAP2WORK Program.  **(2.)** Salary costs of staff spending less than 100% of their work time on SNAP2WORK activities must be allocated to the program based on the actual amount of time spent working on Program activities. The Agency must maintain “**Time and Effort**” documentation (time sheets) to support the costs being charged to the program.  **Note: If staff members are providing services to both SNAP and non-SNAP participants simultaneously, Agencies may use the ratio of SNAP vs non-SNAP participants to determine the percentage of staff work time to be charged to the SNAP Program. An example of this scenario would be a staff member providing group training to SNAP and non-SNAP participants. This option would not available for staff such as case managers that work one-on-one with participants as these staff members can track the actual time spent providing services to SNAP recipients.** |
| 3. | Supplies | Direct costs should be entered on this line only if the specific costs for SNAP related activities can be determined. |
| 4. | Postage | Direct costs should be entered on this line only if the specific costs for SNAP related activities can be determined... |
| 5. | Printing | Direct costs should be entered on this line only if the specific costs for SNAP related activities can be determined. |
| **6.** | **Lease/Space Rental** | This cost may be charged as a direct cost to the program when the agency utilizes the leased/rented space solely to provide SNAP2WORK Program services (all participants engaged in the activity must be SNAP participants and the leased/rented space is not used to provide any other services or programs). If the Agency does not operate a “SNAP Only” program, no costs should be entered on this line. |
| **7.** | **Utilities** | This cost may be charged as a direct cost to the program when utility cost are incurred solely to provide SNAP2WORK Program services (all participants engaged in the activity must be SNAP participants and the utilities are not used to support any other services or programs). If the Agency does not operate a “SNAP Only” program, no costs should be entered on this line. |
| 8. | SNAP Specific Program Marketing | Direct costs should be entered on this line only if the specific costs for SNAP related activities can be determined. |
| 9. | SNAP Training | Direct costs should be entered on this line only if the specific costs for SNAP related activities can be determined. |
| **10.** | **Accounting/Audit Services** | This cost may be charged as a direct cost to the program when Accounting/Audit Services cost are incurred solely for SNAP2WORK Program financial management activities (all participants engaged in the activity must be SNAP participants and the accounting activity does not involve any other services or programs). If the Agency does not operate a “SNAP Only” program, no costs should be entered on this line. |
| 11. | Support Services (Child care, transportation, Other) | The actual costs of support services provided to SNAP participants costs should be entered on this line. |
| 12. | Tuition/Fees | The actual costs of tuition/fees waived for SNAP participants should be entered on this line. |
| 13. | Books | The actual costs of books provided to SNAP participants should be entered on this line. |
| **14.** | **Maintenance/Repairs** | This cost may be charged as a direct cost to the program when maintenance/repair costs are incurred solely to provide SNAP2WORK Program services (all participants engaged in the activity must be SNAP participants and the maintenance/repair service is not used to support any other agency program). If the Agency does not operate a “SNAP Only” program, no costs should be entered on this line. |
| 15. | SNAP Related Travel | Direct costs should be entered on this line only If the specific costs for SNAP related activities can be determined. |
| 16. | Total Direct Costs | Calculated Field – No Entry Required |
| 17. | Indirect Cost Rate | Enter the appropriate indirect cost rate percentage in the field provided. Multiply the **“Total Direct Costs”** amount by the **“Indirect Cost Rate Percentage”** and enter the result in the **“Total Indirect Costs”** field. |

**NOTE: SNAP2WORK Agencies are required to maintain records to document all costs charged to the program. These records may include time and effort documentation, receipts, etc. These financial records must be available and provided upon request to State Agency Program management staff, Federal Officials, Reviewers, Auditors, etc.**