

training project(s) designed to provide second career training and the placement of eligible individuals in employment opportunities with private business concerns. [Section 502(e) of the OAA.]

(b) Experimental project agreements for training may be with States, public agencies, non-profit private organizations, and private business concerns.

(c) The geographic location of these projects shall be determined by the Department to insure an equitable distribution of such projects.

(d) To the extent feasible, experimental projects shall emphasize second-career training, and innovative work modes, including those with reduced physical exertion, and placement into growth industries and jobs reflecting new technologies.

(e) The Department shall establish by administrative guidelines the application schedule, content, format, allocation levels and reporting requirements for experimental projects.

(f) Current title V eligibility standards shall be used for experimental projects unless the Department permits, in writing, the use of another approved income index.

(g) Projects funded under section 502(e) of the OAA shall seek to be coordinated with projects carried out under title II-A of the JTPA to the extent feasible.

(h) National grantees shall distribute funds for experimental projects in accordance with the State allocation in their title V grant.

(i) A grantee may exclude a project, permitted under section 502(e) of the OAA, from meeting the non-federal share requirement set forth in § 641.407; however, this exclusion does not relieve the grantee from the matching requirement, under § 641.407, which applies to the entire grant.

Subpart D—Administrative Standards and Procedures for Grantees and Limitations on Federal Funds

§ 641.401 General.

This subpart establishes limitations on title V funds to be used for community service activities and describes, or incorporates by reference, require-

ments for the administration of grants by the SCSEP grantee.

§ 641.402 Administrative requirements.

(a) Except as otherwise provided in this part, title V funds shall be administered in accordance with, and subject to, the Department's regulations at 29 CFR parts 31, 32, 34, 93, 96, and 98. In addition, projects and activities administered by State, local or Indian tribal governments are also subject to the Department's administrative requirements regulations at 29 CFR part 97; projects and activities administered by institutions of higher education, hospitals, or other non-profit organizations are subject to the Department's administrative requirements regulations at 29 CFR part 95. Grantees of title V funds shall be subject to any revisions of any implementing regulations cited in this paragraph (a) on the effective date of such revisions.

(b) The administration of inter-agency agreements set forth in subpart E of this part is not subject to paragraph (a) of this section.

§ 641.403 Allowable costs.

(a) *General.* The allowability of costs shall be determined in accordance with the cost principles indicated in paragraph (b) of this section, except as otherwise provided in this part.

(b) *Applicable Cost Principles.* (1) The cost principles set forth in paragraphs (b)(1) through (4) of this section apply to the organization incurring the costs:

(i) OMB Circular A-87—State, local or Indian tribal government;

(ii) OMB Circular A-122—Private, non-profit organization other than:

(A) Institutions of higher education;

(B) Hospitals; or

(C) Other organizations named in OMB Circular A-122 (see sections 4.a. (Definitions) and 5 (Exclusions) of OMB Circular A-122);

(iii) OMB Circular A-21—Educational institution; or

(iv) 48 CFR part 31, subpart 31.2—Commercial organization (for-profit organization, other than a hospital or other organizations named in OMB Circular A-122).

(2) The OMB Circulars are available by writing to the Office of Management and Budget, Office of Administration,

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Publications Unit, Room G-236, New Executive Office Building, Washington, DC 20503, or by calling 202-395-7332.

(c) *Lobbying costs.* In addition to the prohibition contained in 29 CFR part 93 and in accordance with limitations on the use of appropriated funds in Department of Labor Appropriation Acts, title V funds shall not be used to pay any salaries or expenses related to any activity designed to influence legislation or appropriations pending before the Congress of the United States.

(d) *Building repairs and acquisition costs.* No federal grant funds provided to a grantee or subgrantee under title V of the OAA or this part may be expended directly or indirectly for the purchase, erection, or repair of any building except for the labor involved in:

(1) Minor remodeling of a public building necessary to make it suitable for use by project administrators;

(2) Minor repair and rehabilitation of publicly used facilities for the general benefit of the community; and

(3) Minor repair and rehabilitation by enrollees of housing occupied by persons with low incomes who are declared eligible for such services by authorized local agencies.

(4) *Accessibility and Reasonable Accommodation.* Funds may be used to meet a grantee or subgrantee's obligations to provide physical and programmatic accessibility and reasonable accommodation as required by section 504 of the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act of 1990.

(e) *Allowable fringe benefit costs.* The cost of the following fringe benefits are allowable: initial and annual physical assessments, annual leave, sick leave, holidays, health insurance, social security, worker's compensation and any other fringe benefits approved in the grant agreement and permitted by the appropriate Federal cost principles found in OMB Circulars A-87 and A-122, except as limited for retirement costs by § 641.311(c).

§ 641.404 Classification of costs.

All costs must be charged to one of the following three cost categories:

(a) *Administration.* The cost category of Administration shall include, but

need not be limited to, the direct and indirect costs of providing:

(1) Administration, management, and direction of a program or project;

(2) Reports on evaluation, management, community benefits, and other aspects of project activity;

(3) Assistance of an advisory council, if any;

(4) Accounting and management information systems;

(5) Training and technical assistance for grantee or subgrantee staff;

(6) Bonding; and

(7) Audits.

(b) *Enrollee wages and fringe benefits.*

The cost category of Enrollee Wages and Fringe Benefits shall include wages paid to enrollees for hours of community service assignments, as described in § 641.311, including hours of training related to a community service assignment, and the costs of fringe benefits provided in accordance with § 641.311.

(c) *Other enrollee costs.* The cost category of Other enrollee costs shall include all costs of functions, services, and benefits not categorized as administration or enrollee wages and fringe benefits. Other enrollee costs shall include, but shall not be limited to, the direct and indirect costs of providing:

(1) Recruitment and selection of eligible enrollees as provided in §§ 641.304 and 641.305;

(2) Orientation of enrollees and host agencies as provided in § 641.308;

(3) Assessment of enrollees for participation in community service assignments and evaluation of enrollees for continued participation or transition to unsubsidized employment as provided in § 641.309;

(4) Development of appropriate community service assignments as provided in § 641.310;

(5) Supportive services for enrollees, including transportation, as provided in § 641.312;

(6) Training for enrollees, including tuition; and

(7) Development of unsubsidized employment opportunities for enrollees as provided in § 641.314.

(d) *Cost reductions.* Grantees may lower administration costs or other enrollee costs by assigning enrollees to activities which normally would be