

ALABAMA WORKFORCE INVESTMENT SYSTEM

**Department of Commerce
Workforce Development Division
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GOVERNOR'S WORKFORCE INNOVATION DIRECTIVE NO. PY2019-07, Change 01

SUBJECT: Indirect (F&A) Costs Charged to Subrecipient Grant Agreements

- 1. Purpose.** To rescind the State's policy regarding the maximum rate allowed for indirect (Facilities & Administration (F&A)) costs charged to subrecipient grant agreements and contracts.
- 2. Discussion.** The policy issued in Governor's Workforce Innovation Directive No. PY2019-07 on May 28, 2020, does not comply with the Office of Management and Budget Circular Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards Part 200 and guidance provided at www.dol.gov/sites/dolgov/files/OASAM/legacy/files/July2017-UniformGuidanceFrequentlyAskedQuestions.pdf. Therefore, it is rescinded.
- 3. Action.** Local Workforce Development Areas must abide by the guidance referenced above, which stipulates that pass-through entities awarding federal funds must honor the federally approved indirect (F&A) rates of subrecipients. However, please note that indirect cost rates not approved by a federal agency as well as other costs in the subrecipient award may be negotiated.
- 4. Contact.** Questions regarding this Directive should be referred to Kivondra Rivers, State Programs and Divisional Budget Management Unit, Workforce Development Division at (334) 242-5428 or Kivondra.Rivers@commerce.alabama.gov.

Tammy Wilkinson

**Tammy Wilkinson, Division Director
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