



Wage Rate Guidance: Community Compass Technical Assistance Cooperative Agreements

The CPD Technical Assistance Division (TAD) provides this guidance that governs staff, contractor and consultant rates for Community Compass Technical Assistance (TA) cooperative agreements. This is revised from the guidance and procedures of July 2017 and supersedes previous issuances of guidance for all TA award years and funding sources. TAD's Wage Approval Group (WAG) will determine the reasonableness of all rates in accordance with 2 CFR 200.404 - Reasonable Costs. All wage rates should be consistent with rates ordinarily paid for similar work in the recipient's organization and by other prudent employers for similar work in the same labor market. Community Compass Cooperative Agreement Officer (CAO) reserves the right to deny approval of the rate for any staff, contractor, or consultant that it determines does not meet the requirements of this guidance. Recipients will only be reimbursed for approved wage rates.

I. Definitions

STAFF: An employee that works directly for the TA recipient who dictate the terms and specifics of how the employee works. Their wages are fully loaded hourly rates.

CONTRACTOR: A person or company who perform direct technical assistance work under a contract with the principal TA recipient. They perform a service for the TA recipient but makes autonomous decisions about how to perform that service.

CONSULTANT: A person who provides expert advice professionally but does not perform direct technical assistance work. They perform a service by making autonomous decisions about how to perform that service. By hiring a consultant, TA recipients have access to deeper levels of expertise than would be financially feasible for them to retain in-house on a long-term basis. Moreover, TA recipients can control their expenditures on consulting services by only purchasing as much services from the outside consultant as desired. Consultants provide their advice in a variety of deliverable forms to include reports and presentations. However, in some specialized fields, the consultant may develop customized software or other products.

BASE RATE:

- For **staff** is the initial rate of compensation an employee receives in exchange for service.
- For **contractors/consultants** is the fully loaded hourly rate. This does not include the TA recipient's G&A rate; Base Rate for a contractor/consultant working with multiple Community Compass TA recipients must be the same.

FULLY LOADED HOURLY RATE: This includes Base, Fringe, Overhead and General & Administrative expenses.

II. General Wage Request Terms & Conditions

Community Compass TA recipients cannot charge more than Level IV of the Federal Executive Schedule annually for an individual's compensation even if the individual earns more than the capped amount. The compensation cap does not require TA recipients to limit the amount paid to individuals funded on Community Compass grants; an individual's remaining compensation over the cap must be paid from an alternate source of organizational funds. The requirement applies to all Community Compass TA recipients' staff, consultants, and contractors. If the salary cap amount for Level IV of the Federal Executive Schedule, authorized by law, increases, if adequate funds are available in active awards, and if the salary cap increase is consistent with the TA recipients compensation policy, TA recipients are permitted to use Community Compass funds to cover the increased salary amount. However, additional funds will not be provided to cover these costs.

PREAWARD PROCEDURES:

Recipient's Procurement and Compensation Policy will be certified and kept on file with the WAG after it is submitted at award start-up. Any substantive changes thereafter will require a recertification. All contractor/consultant services/products acquired must meet Federal, State and Local requirements as applicable.

New recipients must request wage approval for staff, contractors, or consultants in the Disaster Recovery Grant Reporting (DRGR) system. Visit the DRGR homepage for links to additional resources on how to submit wages.

POST-AWARD PROCEDURES:

CAO approval of all labor rates must occur before an awardee can claim reimbursement of labor costs for staff, contractors or consultants, unless otherwise authorized. Recipients should attain CAO approval prior to incurring labor costs as a Community Compass preferred practice. Please note: The Recipient assumes risk of nonpayment if costs are incurred prior to the WAG's determination of reasonableness and CAO approval.

Recipient should identify the name, rate type (i.e. staff, contractor, or consultant), staff type (i.e. labor category in provider's financial management system), and occupational type (TAD-designated labor category) for each wage request.

Base Rates less than \$200 per hour may be approved within 7 business days for all recipients with certified Wage Compensation and Procurement Policies on file.

Changes to any existing Community Compass-approved rates shall be based on the organization's certified compensation policy. The date the organization issues the new rate is the effective date of the increase. All changes to rates should be submitted within 30 days of the first voucher submission that includes the new rate.

Recipients with variable pay periods must account for fluctuations in total staff rate per hour and submit the highest possible rate for review.

Work Plans & Vouchers:

Work plans should utilize the approved rates in effect when the work plan is initially approved. Existing work plan budgets do not require amendment for an approved increase in wage rates. If the cost of the increase is less than 10% of the work plan budget, then only notification to the GTR is required. If the latest approved wage rate results in a work plan budget increase of 10% or more, an amendment and approval of the work plan is required. Vouchers should reflect the approved rate in effect when the service was rendered.

Contract Agreements:

Recipients could be required to furnish documentation and justification for the need of any contractor/consultant services/products when requesting approval of the respective wage rate. See section of Provisions that requires submitting contractor agreements.

HIGH WAGE REQUEST PROCEDURES:

Any base rate that is \$200.00 or greater per hour is considered a high wage and requires completion and submission of the High Wage Worksheet in DRGR. Recipients must complete the High Wage Worksheet, which identifies the work plans where the individual's subject matter expertise is needed. If no work plan is applicable, identify the HUD program and/or projected tasks for which the individual's expertise is required.

III. Determining Reasonableness of Wage Rates

Per 2 CFR 200.404, a cost is reasonable if, in its nature or amount, it does not exceed costs that would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded. WAG will determine the reasonableness of base rates (as defined below) in accordance with 2 CFR 200.404 - Reasonable costs. The WAG will consider:

1. Information provided in High Wage Worksheet submitted by recipient.
2. Availability and/or unique nature/need of the service to be provided.
3. If the staff/consultant/contractor proposed reflects a significant deviation from the established practices of the organization which may unjustifiably increase the award costs.
4. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the organization or the performance of the work requested.

5. Past pattern of consultant and contractor costs, particularly in the years prior to the award of sponsored agreements.
6. The annual cost and number of hours for the proposed engagement.
7. The value of the proposed staff/consultant/contractor to the recipient's technical assistance capability.
8. Compliance with recipient's certified compensation and procurement policies.
9. Magnitude of increase from previously approved wage rate.
10. Consistency with rates ordinarily paid for similar work in the recipient's organization and by other employers for similar work in the same labor market.
11. The current rate of inflation. Rate increases of more than 5% annually are deemed significant and require an explanation at submission of request.