



Wage Rate Guide: Community Compass Technical Assistance Cooperative Agreements

The CPD Technical Assistance Division (TAD) provides this guide that governs staff, contractor, and consultant rates for Community Compass Technical Assistance (TA) cooperative agreements. This guide 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. The Community Compass Cooperative Agreement Officer (CAO) reserves the right to deny approval of the rate for any staff, contractor, or consultant that does not meet the requirements of this guide. Recipients will only be reimbursed for approved wage rates.

I. Definitions

STAFF: An employee that works directly for the Recipient, which dictates the terms and specifics of how the employee works.

CONTRACTOR: A person or company who performs work under a contract with the principal Recipient. Contractors perform a service for the Recipient but make independent decisions about how to perform that service.

CONSULTANT: A person who provides expert advice professionally but does not perform work. Consultants perform a service by offering independent advice about how to achieve a desired outcome.

Staff, Contractors, and Consultants are paid a **Base Rate**. For staff only, Recipients may also include Fringe, Overhead, and General & Administrative expenses as separate amounts. For contractors and consultants, however, their Base Rate should be the **Fully Loaded Hourly Rate**, i.e., no additional expenses. Contractors and consultants must charge the same base rate to all Community Compass Recipients.

II. General Wage Request Terms & Conditions

Community Compass Recipients cannot charge HUD 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 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. This requirement applies to all Community Compass 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 Recipient's compensation policy, Community Compass funds may cover the increased salary amount. However, additional funds will not be provided to cover these costs.

PRE-AWARD PROCEDURES:

Recipients must maintain written Procurement and Compensation policies that are compliant with 2 CFR 200 and meet the terms of the cooperative agreement. Recipients are expected to follow these policies and adhere to Federal, State, and local requirements, as applicable, when acquiring services or performing work under the TA award. Recipients are expected to immediately provide to HUD any changes or updates to written Procurement and Compensation Policies. Updated policies must be emailed to communitycompass@hud.gov. At any time, Recipients must make available, upon HUD request, any and all procurement-related actions, documents, and agreements for TA services billed to the TA award.

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 obtain 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.

Recipients should identify the name, rate type (i.e., staff, contractor, or consultant), labor category, 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 Recipient's certified compensation policy. The date the Recipient issues the new rate is the effective date of the increase, but the Recipient may not charge HUD the new rate until the WAG has approved. All changes to rates should be submitted at least 30 days before 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 original work plan budget, then only written notification of 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 may 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:

- Information provided in High Wage Worksheet submitted by Recipient.
- Availability and/or unique nature/need of the service to be provided.
- If the staff/consultant/contractor proposed reflects a significant deviation from the established practices of the Recipient which may unjustifiably increase the award costs.
- Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the Recipient or the performance of the work requested.
- Past pattern of consultant and contractor costs, particularly in the years prior to the award of sponsored agreements.
- The annual cost and number of hours for the proposed engagement.
- The value of the proposed staff/consultant/contractor to the Recipient's TA capability.
- Compliance with Recipient's certified compensation and procurement policies.
- Magnitude of increase from previously approved wage rate.

- 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.
- The current rate of inflation. Rate increases of more than 5% annually are deemed significant and require an explanation at submission of request.