



PROGRAM NOTICE

Idaho Regional Travel and Convention Grant Program

Notice Date: March 30, 2018
Title: ITC Grant Administration & Fulfillment
Effective Date: March 2, 2018

On February 21, 2018, the Idaho Travel Council (Council) met to update and define the allowable costs for Administration and Fulfillment under the ITC Grant. As a result of the Council's unanimous vote, the Department of Commerce has adopted a temporary rule change to the Idaho Administrative Procedures Act 28.02.03 effective March 2, 2018. The rule change allows for the following:

Wages and Benefits related to administration of the grant are an allowable Administration expense as defined below.

Overhead costs are an allowable Administration expense as defined, to the extent that costs are equitably apportioned in relation to the grantee's execution of the ITC grant in relation to overall organizational operations. Applicants must submit a request for Annual Apportionment Rate (AAR) as part of each grant application.

Fulfillment is re-categorized as a Marketing expense; and no longer limited to 10% of the award up to \$25,000.

*Reference: IDAPA Rules Bulletin Docket #28-0203-1801 (published [here](#) on May 2, 2018)
IDAPA 28.02.03 Temporary Rule (attached)*

The following guidance is effective March 2, 2018 and supersedes the ITC Grant Handbook sections relating to Administration and Fulfillment. The handbook will be updated in the coming weeks. A separate program memo will be issued regarding the definition of fulfillment.

Allowable Costs

1. **Administration.** Administration costs are the wages and/or benefits of one (1) grant administrator employed by the Grantee organization and tasked with the administration of the ITC grant. Grant administration includes, but may not be limited to, the tracking of invoices and payments and the allocation of such costs to the grant, the preparation and submission of request for funds and narrative reports, preparation for, and participation in, program audits, meetings, phone calls, and correspondence with the regional travel council member and Idaho Commerce, and other tasks directly related to grant administration. Grant administration does not include any components related to execution of the Grantee's marketing plan.

a. Wages & Benefits

General. Wages & Benefits include remuneration paid under IRS forms W-2 or Form 1099 and are defined by the IRS as hourly or salaried wage, withholdings for federal and state

taxes, including but not limited to income tax, social security and Medicare taxes. Employee life, health, unemployment, and worker's compensation insurance and other similar benefits are allowable, provided such benefits are granted under policies of the grantee organization. Such benefits, must be allocated to the request for reimbursement in a percentage consistent with the time worked.

Reasonableness. Reimbursement for one grant administrator will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the grantee competes for the kind of employees involved.

Unallowable. Only the costs described herein are allowable. The following costs, while not inclusive of unallowable costs are provided for clarity:

- Other Personnel Costs (OPE) for the execution of the marketing plan, even if those duties are performed by the designated grant administrator. Documented OPE may be used as cash match.
- Any costs for grant writing and grant presentations are unallowable.
- Supplemental wages. Examples of supplemental wages are sick and vacation pay, bonuses, commissions, non-cash fringe benefits, stock options or severance pay.
- Pension plans, automobile or housing allowance, education assistance, severance pay, meals, childcare, employee discounts, etc.

Documentation. All wages and benefits must be documented through time tracking detailing the day, hours worked and a description of the duties performed, as well as a supporting payroll statement or invoice from the contractor. Personally identifiable information such as SSN should be redacted from the documentation.

Overlap. On occasion a Grantee may have 2 grants open concurrently. In that case, time must be tracked for work performed under each grant and drawn down from the grant under which the work was performed.

b. Overhead.

General. Overhead costs are the indirect costs or fixed expenses of the grantee organization that are necessary to accomplish the administration and marketing of the ITC grant. Overhead includes, but is not limited to, rent, utilities (gas, electricity, internet, non 1-800# telephone lines, water, sewage, trash, etc.), insurance, accounting and legal fees, building maintenance and repairs, office equipment and supplies, etc.

Reasonableness. Reimbursement of overhead costs will be considered reasonable to the extent that it is apportioned in an equitable manner in relation to the grantee organization's execution of the ITC grant and the grantee organization's other duties.

Documentation. Costs for overhead must be documented through invoices and proof of payment such as credit card receipt or cancelled check.

Annual Apportionment. A request for an Annual Apportionment Rate (AAR) for Overhead costs must be submitted with each annual grant application for funding. The approved AAR will only apply to allowable Overhead. The request for an AAR will be reviewed by the Council and Department for allowability and reasonableness. The Council may approve, reduce or

increase the requested AAR. Once approved by the Council the AAR will be locked in for the entire term of the grant agreement.

Overlap. On occasion a Grantee may have 2 grants open concurrently. Overhead costs may only be drawn from one or the other grant, not both. The AAR of the grant from which funds are being drawn, shall be the applicable AAR.

2. Apportionment Methods.

The Council and Department reserve the right to refuse or modify all proposed AARs. The grant applicant is solely responsible for researching, selecting and applying for the apportionment method that best meets their needs. The Council and Department recommend the following four apportionment methods be utilized to determine the organization’s AAR. The Council and Department may consider and approve alternate apportionment methods upon written justification at the time of grant application.

- a. **Full Time Employees (FTE).** A percentage determined by dividing the organization’s number of full time tourism marketing FTEs by the total number of the organization’s FTEs.

Example: The Grantee has four FTEs, with one FTE dedicated to tourism marketing.

$$1 / 4 = 25$$

The annual apportionment rate is 25%.

- b. **Payroll.** A percentage determined by dividing the amount of the payroll expenses of each tourism marketing employee by the payroll expenses of all the organization’s activities.

Example: The Grantee has three full time employees that work part of the time on tourism marketing and one full time employee that works 100% of the time on tourism marketing:

Grantee Employee	Annualized Salary	% of time dedicated to tourism marketing	Salary allocable to the tourism marketing program
<i>Director</i>	<i>\$65,000</i>	<i>30%</i>	<i>\$19,500</i>
<i>Marketing Manager</i>	<i>\$52,000</i>	<i>50%</i>	<i>\$26,000</i>
<i>Graphic Designer</i>	<i>\$42,000</i>	<i>25%</i>	<i>\$10,500</i>
<i>Social Media Coord.</i>	<i>\$35,700</i>	<i>100%</i>	<i>\$35,700</i>
	<i>\$194,700</i>		<i>\$91,700</i>

The total wages of each full time employee is \$194,700.

The wages incurred as a result of tourism marketing is \$91,700.

$$91,700 / 194,700 = 47$$

The annual apportionment rate is 47%.

- c. Square Footage.** A percentage determined by dividing the square footage utilized by tourism marketing employees by the organization's total square footage.

Example: The organization's entire office space is 2,000 sq. ft. There is one employee who works on tourism marketing full time and their office is 200 square feet. The social media coordinator and accountant both work 50% of the time on the tourism marketing program and each has a desk area that is approximately 120 sq. ft. The receptionist's time on tourism marketing is estimated to take about 10% and their desk area is approximately 75 sq. ft. There is also a storage closet that is used solely to store tourism marketing collateral and other tourism supplies that is 50 sq. ft.

Grantee Employee	Square Feet Occupied	% of time dedicated to tourism marketing	Square footage allocable to the tourism marketing program
Marketing	200	100%	200
Social Media Coord.	120	50%	60
Accountant	120	50%	60
Receptionist	75	10%	7.5
Storage Closet	50	100%	50
			377.5

$$377.5 / 2000 = 19$$

The annual apportionment rate is 19%.

- d. Revenue.** A percentage determined by dividing the amount of ITC Grant funds received by the total revenue listed on Line 12 of the organization's most recent IRS Form 990.

Example: The organization reported \$150,000 revenue on Line 12 of IRS Form 990 and of the total grants received and reported, \$78,000 were from the ITC Grant.

$$78,000 / 150,000 = 52$$

The apportionment rate is 52%.