



GREAT GRANT PROGRAM (FEDERALLY FUNDED)

Labor Cost – In-House Employees Reference Document

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Purpose: This document describes the guidelines for documenting, evaluating, and calculating labor costs associated with an internet service provider (ISP) grantee using a direct employee's (personnel) time spent on the Growing Rural Economies with Access to Technology (GREAT) grant program.

Scope: This document details how to document, evaluate, and calculate internal staff pay associated with completed work on a GREAT grant program broadband deployment project. This document applies to program participants (internet service providers), to grant managers, fiscal managers, managerial staff overseeing the grant and fiscal managers, and to all others that are responsible for submitting, reviewing, or approving reimbursement requests.

Introduction: The GREAT grant program was initially developed and launched in 2018, to facilitate the deployment of broadband to unserved areas of the state. Per legislation, GREAT funds shall be used by the recipient to pay for infrastructure costs associated with an eligible project. Executed grant agreements state that grant and match funds must be used for eligible activities. The grant amount and required match can only be used for expenditures related to eligible activities. Upon the submittal of a reimbursement request, the office reserves the right to determine the eligibility of any costs submitted for reimbursement and must provide a timely written response to the grantee if a proposed cost is not eligible for the program.

Labor Costs "In-House" Employees

These costs encompass labor costs for personnel working directly on these eligible activities are allowable and include but not limited to staff working directly on engineering (or design), physical construction and installation activities, or project administration and oversight of the construction activities. "In-House" Employees are defined as staff directly employed by the ISP grantee. All costs must be allowable, allocable, and reasonable per 2 CFR 200.

Labor rates for staff may include hourly/salary rates, fringe benefits, mileage or vehicle expenses, and other compensation components. Overhead and administration are ineligible costs in the program's authorizing legislation; however, the office recognizes that utilization of in-house staff is an essential part of deploying broadband and this policy statement will provide guidance on calculating an employee's time spent on direct costs related to the project. It is also important to note that an ISP that chooses to use their own employees to complete eligible activities for the project cannot use their contractor labor rates as if they were responding to a procurement of services to construct the state of North Carolina's infrastructure. The purpose of the program is to provide grants to incent or incentivize private ISPs by reducing their capital expenditure costs to deploy their broadband infrastructure and provide broadband access to unserved areas. The state of North Carolina did not issue these grants to assist with the deployment of state-owned broadband infrastructure.

1. Calculating an employee's time spent on direct costs related to the project. The grantee must complete the following:
 - 1.0.1.1 Determine the Total Compensation: Calculate the total compensation for the employee during the effective period of the grant agreement and determine the hourly rate for the employee's time. This includes base salary, fringe benefits, and any other applicable compensation components.

- 1.0.1.2 Other applicable compensation components may include per diem for personnel and bonus pay that can attribute this as a direct cost related to the construction of the project.
- 1.0.1.2.1 If a per diem is attributed towards a project and the grantee is seeking reimbursement, the grantee must submit a copy of their company's per diem policy and all supporting documentation to support the reimbursement of a per diem.
- 1.0.1.2.2 For the purpose of this grant, per diem funds will only be used to cover reasonable expenses incurred during official travel by employees. The grantee per diem policy must be consistent with the per diem rates established by the General Services Administration (GSA) for lodging, meals, and incidental expenses for travel within the continental United States (CONUS). Reimbursement will be limited to the federally recommended CONUS per diem rate; for additional detail on per diem rates per locale, please refer to <https://www.gsa.gov/perdiem>.
- 1.0.1.2.3 Per diem for this section is defined as subsistence reimbursements for travel-expenses for breakfast, lunch, dinner, and lodging. All expenditure of per diem funds must be supported by appropriate receipts and documentation. Any portion of the per diem not supportable with documentation may not be requested for reimbursement and must be credited back to NCDIT if improperly requested. For example, a grantee may not request per diem for the full day if only a portion of the day was incurred as part of the grant reimbursement request.
- 1.0.1.2.4 Incentive compensation (bonus pay) may be permissible for reimbursement to the extent that the overall incentive compensation request is reasonable. If bonus pay is attributed towards a project and the grantee is seeking reimbursement, the grantee must submit a copy of the company's bonus pay structure and policy. All bonus or incentive reimbursement requests must be associated with a bonus pay structure and policy that was established before entering the NCDIT funded broadband deployment project. The Bonus pay cannot be a result of a company's end-of-year profit earnings but only because of an employee's effort towards the project. Bonus pay must be included in the calculation of direct cost as described in Section 1.0.1.4
- 1.0.1.3 An exception to this section that will make mileage or vehicle expenses ineligible is when a grantee seeks reimbursement for mileage as detailed in section 3.2.4 travel and mileage reimbursement of the Eligible and Ineligible Cost Reference Document.
- 1.0.1.4 Calculate the Direct Cost – Establish the employee's effort to determine the employee's time spent on the project by the percentage of their total work that is dedicated to the grant. Multiply total compensation by the percentage of the

employee's total work dedicated to the grant. This is the amount that can be charged to the project as an eligible cost for the match and grant.

- 1.0.1.5 When submitting a claim for reimbursement the grantee must submit the following:
 - 1.0.1.5.1 Name, position, and position description for each employee charged to the grant.
 - 1.0.1.5.2 Methodology and calculation for total compensation for each employee charged to the grant.
 - 1.0.1.5.3 Grantee must submit supporting documentation such as but not limited to a W-2 or pay-stubs for each employee charged to the grant or a payroll expense report from payroll system. This must correlate to the time period in which the employee completed work on the grant funded project.
 - 1.0.1.5.4 Timesheet indicating the amount of time each employee spent on the project. The office is willing to accept documentation from the ISP's time-tracking program or time management system as long as the office can distinguish the employee's time spent on the project. Grantee employees are responsible for accurate timesheet submissions. Employees are responsible for:
 - 1.0.1.5.4.1 Recording (entering) time on a daily basis;
 - 1.0.1.5.4.2 Recording their time on their timesheet;
 - 1.0.1.5.4.3 Accurate distribution of time by a project identifier (e.g., project number, contract number or name, or any other identifier);
 - 1.0.1.5.4.4 Grantees should maintain an electronic resource for all federal award project numbers for employee reference to ensure accuracy of timesheet preparation.
 - 1.0.1.5.4.5 Documenting any changes to an already submitted timesheet. This includes:
 - 1.0.1.5.4.5.1** The reasoning for the change in timesheet;
 - 1.0.1.5.4.5.2** The original time charge;
 - 1.0.1.5.4.5.3** The corrected time charge; and
 - 1.0.1.5.4.5.4** The affected employee's documentation /signature indicating concurrence with the change in timesheet.

1.0.1.5.4.6 Recording all hours worked, regardless of if they are paid or not, including uncompensated overtime; and

1.0.1.5.4.7 Certifying the hours recorded on the timesheet accurately reflect the total hours worked and the correct cost objective (e.g., signature). Employee supervisors are responsible for approving and signing off on a grantee's employee timesheet. Supervisors should not be able to complete or change an employee's timesheet on their behalf unless there is a mitigating circumstance. This typically includes prolonged absence for authorized leave.

1.0.1.5.5 Calculation of the direct cost of each employee charged to the grant, alternatively, the office is willing to accept documentation from the ISP's financial accounting/payroll system as long the office can correlate or match the information requested in this section.

2. Time studies or an allocation of time study based on the percentage work spent on a project is not permissible in this section.
3. The office reserves the right to reject documentation or request additional documentation regarding reimbursement sought for the time spent on the grant funded project by in-house staff employed by the grantee.