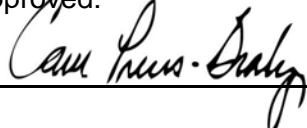


Department of Community Colleges and Workforce Development	Number: 589-10.13
	Revised Date: 04/18/07
	Page 1 of 3
SUBJECT: Workforce Investment Act Title I Real Property	Approved: 

Purpose: This policy describes requirements for the acquisition, management and inventory of real property. PL 105-220 Sec.184 (a)(2)(A) requires each state, Local Workforce Investment Area (LWIA) and service provider receiving funds under the Workforce Investment Act (WIA) of 1998 to comply with applicable uniform cost principles including appropriate circulars of the Office of Management and Budget (OMB).

This policy applies to land, including land improvements, structures and appurtenances, but excludes movable machinery, equipment and supplies. Real property includes, but is not limited to, real property acquired under the Job Training Partnership Act (JTPA) and transferred from prior years.

References: PL 105-220 Sec.184 (a)(2)(A)
20 CFR Part 667.260
29 CFR Part 97.31
29 CFR Part 95.32
OMB Circular A-21
OMB Circular A-87
OMB Circular A-122
48 CFR Part 31
One-Stop Comprehensive Financial Management Technical Assistance Guide (Chapter II – Property Management)

Definitions: Capitalized Fixed Assets: Includes all land and fixed assets with a unit cost of \$5,000 or greater.

Depreciation: The portion of the cost of a capital asset, excluding land cost, representing the expiration in the service life of the asset attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and/or obsolescence which is charged systematically over the useful life of the capital asset.

Real Property: Land, including land improvements, structures, and appurtenances thereto, acquired through capital lease or construction. Includes real property purchased with and transferred from the Job Training Partnership Act (JTPA).

Salvage Value: The estimated value of an asset at the end of its useful life.

Useful Life: The estimated useful life of the capital asset in years.

Policy: The costs of real property are **NOT** allowable, except as listed below:

- Requirements for physical and programmatic accessibility and reasonable accommodation as required by the Americans with Disabilities Act (ADA) of 1990 and the Rehabilitation Act of 1973, as amended;
- To fund repairs, alterations, and capital improvements of State Employment Service Agency (SESA)-owned real property or JTPA-owned property transferred to the WIA Title I program;

SUBJECT: Workforce Investment Act Title I Real Property	Number: 589-10.13
	Page 2 of 3

- Job Corps facilities;
- To fund disaster relief employment projects.

These requirements also apply to real property costs for One-Stop facilities.

Prior Approval

If incurred for one of the four reasons listed above the costs of capital assets, such as acquisition of real property and renovations/rearrangements, must receive prior approval from the Department of Community Colleges and Workforce Development (CCWD). Subrecipients must be familiar with the OMB circulars and WIA regulations that address these requirements. All costs of real property and/or renovation costs that will result in or increase equity requires prior approval from CCWD.

Requests for approval must include all information pertinent to the transaction such as description of the cost item, solicitation methodology, cost justification, equity distribution, etc.

Use and Management of Real Property

The rules for the title, use and disposition of real property are established at 29 CFR 97.31 and 29 CFR 95.32. State-owned real property is addressed at ORS 276 and 279. Under the Federal provisions, title to the property is vested in the grantee acquiring the property and may not be encumbered without the express permission of CCWD. Grantees may also request written permission from CCWD to use the property for another Federally funded program (equity remains with the Department of Labor) when it is no longer needed for the specific grant purpose of acquisition. Grantees must request disposition instructions from CCWD when these conditions no longer apply.

Procedures: The guidance in this section is appropriate only in those instances where the costs of real property are allowable and have received appropriate approvals.

Depreciation

LIWAs may use either the following guidelines or policies established by their local government or organization.

1. To calculate depreciation using the straight-line method:

$$\text{Annual Depreciation} = \frac{\text{Structure Cost} - \text{Salvage Value}}{\text{Asset Useful Life}}$$

2. The composite method is based on weighted average estimated lives or an estimate of the useful life of the grouping of assets, such as library resources. The assessment could be based on condition assessments or experience with the useful lives of the groupings of assets. A consistent composite depreciation rate should generally be used throughout the life of the grouping of assets, but the rate should be recalculated if the composition of the assets or estimate of the useful lives changes significantly.

SUBJECT: Workforce Investment Act Title I Real Property	Number: 589-10.13
	Page 3 of 3

Useful Life for Capital Assets

Subrecipients may determine the useful life for capital assets. Such life shall depend on factual circumstances, replacement policies, or industry practices. Subgrantees are responsible for establishing and utilizing an appropriate useful life for assets acquired in less than new condition.

<u>Responsibility</u>	<u>Action</u>
Subrecipient	<ol style="list-style-type: none"> 1. Requests approval from CCWD for all real property and fixed assets acquisitions and/or renovations. 2. Obtains loss and destruction insurance that covers at least the fair market value of all WIA real property and fixed assets. Subrecipients may insure property at replacement value. 3. Requests disposition instructions for all real property and fixed assets funded by WIA from CCWD. The disposition request should include all information pertinent to the item to be disposed of such as: a description of the item, acquisition date, acquisition cost, current fair market value, equity share for all federal funds, present condition, etc.
CCWD	<ol style="list-style-type: none"> 1. Provides approval as appropriate for all real property acquisitions, renovations and dispositions. 2. Processes disposition requests with the Department of Labor. 3. Monitors for compliance with this policy.