



FEDERAL TRANSIT ADMINISTRATION

# Calculating, Documenting, and Charging Operating Expenses Webinar

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U.S. Department of Transportation  
Federal Transit Administration

# Purpose of This Webinar

- Discuss eligible operating expenses
- Explain how to calculate FTA operating assistance
- Examine appropriate documentation of operating expenses and Electronic Clearing House (ECHO) draws
- Describe recommended actions if an error is made in calculating operating assistance

# All Large Urban Systems Now Eligible for Operating Assistance

- Previously, large urban systems (over 200,000 population urbanized area) with more than 100 buses in peak demand service were ineligible for operating assistance
- All recipients eligible to draw down FTA operating assistance at 100% through COVID-19 relief programs:
  - Emergency Relief Program
  - Coronavirus Aid, Relief, and Economic Security (CARES) Act
  - Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)
  - American Rescue Plan Act of 2021 (ARPA)

# Who is an FTA Recipient?

- Any entity that is receiving funds from FTA directly
  - Municipal and County Governments
  - Transit Authorities
  - Indian Tribes and Alaska Native tribal governments
  - States
  - Metropolitan Planning Organizations (MPOs)
- A subrecipient is an entity that receives FTA funds through a direct FTA recipient
  - Section 5311 funds are awarded by States to subrecipients
  - Many Section 5307 and 5310 funds are awarded by States or other FTA recipients to subrecipients

# What Are Eligible Operating Expenses?

Examples include (but are not limited to):

- Wages and benefits
- Fuel
- Materials and supplies
- Contracted services
- Overhead costs
- Special transportation services for persons with disabilities
- Indirect costs (must have an approved cost allocation plan or be eligible for the *de minimis* rate)

# **Eligible Expenses**

## **COVID-19 Relief Programs**

- Expenses incurred on or after January 20, 2020
- Preventive maintenance (which may be considered an operating expense)
- Existing operations and maintenance service contracts awarded prior to January 20, 2020, even if those contracts were not procured according to federal procurement requirements
- Administrative leave for operations and maintenance employees

# Eligible Expenses **COVID-19 Relief Programs**

- Operating costs of essential delivery services, including meal delivery, from January 20, 2020 through January 20, 2022
- Non-refundable costs incurred for events, travel, or other activities approved in an FTA award that was cancelled due to COVID-19
- Operating portion of the capital cost of contracting for all expenses incurred after January 20, 2020

# Eligible Expenses **COVID-19 Relief Programs**

- Purchases necessary to continue operations in the present emergency [such as laptops, remote secure access (RSA), printers, etc.]
- Bonus or incentive compensation when the overall compensation is reasonable and paid or accrued based on an agreement entered into before the services were rendered
- Questions regarding the incidental use flexibilities should be directed to your FTA Program Manager



# What Are Ineligible Costs?

Examples include (but are not limited to):

- School bus operations
- Charter bus operations (exception under the Emergency Relief Program)
- Entertainment expenses
- Fines, penalties, or charitable donations

# What Are Ineligible Costs?

Examples include (but are not limited to):

- Expenses for contingencies such as contributions to a capital reserve fund
- Depreciation accrued on facilities and equipment acquired with federal, state, or local funds
- Interest expense on long-term borrowing and debt retirements

# Ineligible Expenses COVID-19 Relief Program

Program funds cannot be used to:

- Reimburse lost revenue except through claiming eligible operating expenses

	March 1-31, 2019	March 1-31, 2020
Eligible Operating Expenses	\$100,000	\$100,000
Farebox Revenue	(\$20,000)	(\$5,000)
Net Project Cost	\$80,000	\$95,000
FTA Share	\$40,000 (50%)	\$95,000 (100%)
	<i>Pre-COVID Award</i>	<i>CARES Act Award</i>

# Ineligible Expenses COVID-19 Relief Program

Program funds cannot be used to:

- Reimburse operating expenses already reimbursed by a federal award

***... and a reminder...***

At least one percent of COVID-19 relief funds apportioned through the Section 5307 program must be used for public transportation security projects, or the recipient must certify that the expenditures are unnecessary

# Sample Operating Expense Worksheet

Let's look at Appendix C to FTA C. 9030.IE – Urbanized Area Formula Program

For the Period: March 1, 2021 – March 31, 2021

Public Transportation Operator(s): Metropolitan Transit Authority

Applicant: Metropolitan Transit Authority

Designated Recipient: Metropolitan Planning Organization

## (A) Total Operating Expenses (Itemize)

<u>Wages &amp; Benefits</u>	<u>\$ 60,000</u>
<u>Fuel</u>	<u>\$ 12,000</u>
<u>Parts &amp; Supplies</u>	<u>\$ 10,000</u>
<u>Overhead Costs</u>	<u>\$ 18,000</u>

TOTAL OPERATING EXPENSES

\$ 100,000 (1)



# Sample Operating Expense Worksheet

(C) Eligible Operating Expenses \$ 75,000 (3)(Line 1 – Line 2)

(D) Less Farebox Revenues \$ 5,000 (4)

(E) NET PROJECT COST \$ 70,000 (5)  
(Line 3 – Line 4)

(F) Local Share (Itemize)

<u>NA – CARES Act Award</u>	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

\$ \_\_\_\_\_ (6)

(G) Net Expenses Before Applying FTA Funds \$ 70,000 (7)  
(Line 5 – Line 6)

(H) Maximum FTA Share \$ 70,000 (8)

(I) FTA Funds Requested \$ 70,000 (9)  
(This amount must not exceed line 6)

# Sample Operating Expense Worksheet

## What Are Contra-Expenses?

Contra-expenses are revenue items that directly offset transit expenses and therefore, must be removed – examples include:

- Earned interest
- Proceeds from the sale of equipment in excess of the depreciated value
- Cash discounts and refunds
- Insurance claims
- Reimbursements that directly offset accrued liabilities



# Documenting ECHO Draws for Operating Assistance

At a minimum, the ECHO draw documentation must contain:

- Evidence that the recipient's designated ECHO approving official (or their written designee) approved the draw ***before*** it was made in the ECHO system
- Evidence that the person that **prepared** the ECHO draw was ***not*** the recipient's ECHO approving official or designee
- Evidence that the person who **made** the ECHO draw was ***not*** the recipient's ECHO approving official or designee

# Documenting ECHO Draws for Operating Assistance

At a minimum, the ECHO draw documentation must contain:

- The underlying transaction amount
- Expenses that are reasonable, allowable, and charged to the correct Activity Line Item (ALI)
- Evidence that contra-expenses, farebox revenue, and local share were deducted from eligible expenses
  - Local share deduction not required for COVID-19 relief program awards

# Documenting ECHO Draws for Operating Assistance

At a minimum, the ECHO draw documentation must contain:

- The correct indirect cost rate, when applicable
- Evidence that the correct federal share was drawn, although with the COVID-19 relief programs, federal share is 100%
- Evidence that expenses were incurred prior to the ECHO draw unless the federal funds will be disbursed in 3 business days

# Documenting ECHO Draws for Operating Assistance

For operating expenses, common types of underlying transaction documentation are:

- Payroll reports
- Time and attendance reports
- Detailed General Ledger reports
- In-kind charges

Although more likely to be used for capital expenses, other types of underlying transaction documentation are:

- Paid invoices
- Copies of checks

# Documenting ECHO Draws for Operating Assistance

Let's look at a real FTA recipient's ECHO draw documentation

ECN: [REDACTED] Message No: 1248153784 Req. No: 2

Recipient Name: [REDACTED]

Requestor: [REDACTED] Phone No: [REDACTED]

Approving Official: [REDACTED]

Request Date/Time 02/02/2021 14:56:24

Request Total: \$1,746,717.00

TrAMS Grant: [REDACTED] Project Number: [REDACTED]

PO Number	Scope	Suffix	Request Amount	Return Amount
[REDACTED]	300	A1	\$1,746,717.00	\$0.00

To: [REDACTED], General Manager  
From: [REDACTED], Finance Manager  
Date: February 01, 2021  
Subject: ECHO Draw Down of Funds

Attached is a form that requires your signature, the form authorizes me to request reimbursement from the Federal Transit Administration (FTA) via their ECHO system. I am requesting reimbursement of \$1,746,717 of federal operating assistance ([REDACTED]) for fiscal year 2020-21 quarter 1. This drawdown will partially utilize funds on the FTA [REDACTED] Section 5307 CARES Act Operating Assistance grant.

FTA ECHO PAYMENT REQUEST FORM					
ECHO CONTROL NUMBER:	[REDACTED]	DATE:	02/01/21		
REQUEST NO:	2	B.O.H.:	\$ 15,568,402		
RECIPIENT'S NAME:	[REDACTED]	TEL. NO.:	[REDACTED]		
APPROVING OFFICIAL:	[REDACTED]	CONTACT:	[REDACTED]		
TOTAL AMOUNT CLAIMED:	\$ 1,746,717				
PROJECT NO.	AMOUNT	MARK (X) IF CREDIT	PROJECT NO.	AMOUNT	MARK (X) IF CREDIT
[REDACTED]	\$ 1,746,717				

[REDACTED]  
Signature of Authorizing Official

2/1/21  
Date

CFDA	Federal Award ID Number	Beginning Grant Total	Drawdowns to Date	Remaining Balance	Current Drawdown	New Grant Balance	Year
	GL-2018-321-00	\$6,084,394	\$3,876,542	\$2,207,852	\$0	\$2,207,852	2018
	GL-2020-123-00	\$16,390,496	\$1,283,229	\$15,107,267	\$1,746,717	\$13,360,550	2020
Totals:		33,915,384	\$16,600,265	\$17,315,119	1,746,717	15,568,402	
						Cross Check	\$0
<p>1. Enter current drawdown figure</p> <p>2. Enter blue figure on ECHO Form in "Balance on Hand (BOH)" spac</p> <p>3. Enter green figure on ECHO Form in "TOTAL AMOUNT CLAIMED" spac</p>							

Cross Checks Should Equal: \$0

(Available - (Unobligated + Unliquidated))  
\$0

Drawdowns to Date + Current Drawdown  
\$0

Updated & Reconciled to TEAM and/or ECHO:

Grant #	Project Description	Awarded	Drawdowns (All)	Available	Unobligated	Unliquidated	Project Status	ALI #	Comments
GL-2018-321-00	(13) Replacement 40ft Buses - 9 Diesel, 4 Electric	\$5,652,500	\$3,461,053	\$2,191,447	\$0	\$2,191,447	Active	11.12.01	Section 5339(b)
	Mechanic technical training for the replacement buses	\$28,405	\$12,000	\$16,405	\$0	\$16,405	Active	11.71.11	Section 5339(b)
	(1) Replacement 40ft Buses - Diesel	\$403,489	\$403,489	\$0	\$0	\$0	Complete	11.12.01	Section 5339(a)
	Sub Total (GL-2018-321-00)	\$6,084,394	\$3,876,542	\$2,207,852	\$0	\$2,207,852			
GL-2020-123-00	Section 5307 CARES Act Operating Assistance	\$16,390,496	\$3,029,946	\$13,360,550	\$0	\$13,360,550	Active	30.09.08	Section 5307 Current Drawdown
Grand Total:		\$33,915,384	\$18,346,982	\$15,568,402	\$0	\$15,568,402			

# Income Statement - First Quarter 2020-21

## July 1, 2020 – September 30, 2020

### REVENUES

#### Operating Revenue

Cash Fares	5.00
Day Passes	12.00
10-Day Ride Passes	1,863.00
Monthly Passes	52.00

<b>Total Operating Revenue</b>	<b>\$ 1,932.00</b>
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#### Non-Operating Revenue

Advertising on Buses	68,420.70
Interest on Investments	19,299.68
Miscellaneous Revenue	733.34
Overpass Property Revenue	546.14

<b>Total Non-Operating Revenue</b>	<b>\$ 88,999.86</b>
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#### State and Local Assistance

Local Operating Assistance	2,249,626.25
State Operating Assistance	—
Property Tax Assistance	596,781.92

<b>Total State and Local Assistance</b>	<b>\$ 2,846,408.17</b>
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#### Federal Assistance

FTA – Operating Assistance	1,479,177.00
FTA CMAQ Operating Assistance	—

<b>Total Federal Assistance</b>	<b>\$ 1,479,177.00</b>
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<b>TOTAL REVENUES</b>	<b>\$ 4,416,517.03</b>
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## EXPENSES

### Labor Expenses

Scheduled Labor	1,491,096.97
Scheduled OT	80,102.71
Unscheduled OT	31,536.12
Supervisors	352,483.77
Mechanics	174,171.60
Less Mechanic Capital Labor	(14,537.89)
General Staff	348,865.91
Administration	299,451.72

<b>Total Labor Expenses</b>	<b>\$</b>	<b>2,763,170.91</b>
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### Fringe Benefits

FICA	234,074.90
Pension	321,524.09
Health Insurance	758,574.31
Sick Pay	61,137.21
Vacation	195,927.99
Holiday Pay	79,979.09
Other Pay	12,735.36
Unemployment Insurance	401.84
Uniform Allowance	10,045.25
Tool Allowance	1,100.00

<b>Total Fringe Benefits</b>	<b>\$</b>	<b>1,675,500.04</b>
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**Services**

Medical & Driving Exams	9,317.80
Professional Services	184,904.43
Insurance	170,265.72
Liability & Incident Payouts	133,247.07
Less Accident Reimbursements	(1,657.78)
Maintenance & Repairs	143,975.45
Advertising & Marketing	24,116.83
Paratransit Services	250,389.99
Training, Travel & Meetings	580.00
Miscellaneous Services	14,686.51
Mandated Fees & Permits	5,562.67

<b>Total Services</b>	<b>\$ 935,388.69</b>
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**Materials**

Fuel & Lubes	403,810.14
Electric Bus Power	6,550.92
Tire Lease	22,039.62
Parts & Supplies	197,067.31
Office Supplies & Computers	5,924.87
Dues & Subscriptions	9,725.02
Miscellaneous Expenses	7,141.91
COVID-19 Expenses	65,409.12

<b>Total Materials</b>	<b>\$ 717,668.91</b>
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<b>Utilities</b>	<b>\$ 71,668.91</b>
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<b>TOTAL EXPENSES</b>	<b>\$ 6,163,234.88</b>
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<b>LESS REVENUES</b>	<b>\$ (4,416,517.03)</b>
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<b>NET PROJECT COSTS</b>	<b>\$ 1,746,717.85</b>
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FTA Share 100% (CARES Act Award)

<b>TOTAL ECHO DRAW</b>	<b>\$ 1,746,717.85</b>
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# ECHO Draw Best Practices

- Include the Operating Expense Worksheet (or a similar form) with each ECHO draw for operating assistance
- Include a cover sheet, memo, or simple form that summarizes the draw
- Include the ECHO system confirmation so the FTA reviewer can identify the ECHO approving official
- Include detailed General Ledger reports, not a copy of an approved budget

# ECHO Draw Best Practices

- Include documentation that demonstrates the exact dates the expenses were incurred
- Ensure the correct people within your agency are assisting with the calculation of operating expenses
- Make draws for operating expenses regularly (i.e., monthly) to reduce the amount of documentation that must be included with each draw

## ECHO Draws – DO NOT

- Have the ECHO approving official sign and date the ECHO draw documentation ***after*** the draw is completed
- Draw down funds before expenses have been incurred unless you are absolutely certain those expenses will be incurred within 3 business days
- Complete one draw for the entire award amount since the level of documentation required may be overwhelming, and there is a greater likelihood of missing eligible expenses

# Oh No! I Made a Mistake – What Now?

- Don't panic!
- If it has been more than 3 business days since you made the ECHO draw, do not make adjustments in the ECHO system or return funds; instead, contact your FTA Program Manager
- Your FTA Program Manager will work with you to determine the correct course of action
- Once adjustments have been made in the ECHO system, remember to report the adjustments in your next Federal Financial Report (FFR)

# Additional Resources

[Frequently Asked Questions from FTA Grantees Regarding COVID-19 | FTA](#)

[Frequently Asked Questions for FTA Tribal Transit Recipients on COVID-19](#)

[FTA Circular 9030.IE - Urbanized Area Formula Program](#)

[FTA Circular 9040.IG Formula Grants for Rural Areas](#)

[FTA C. 9070.IE - Enhanced Mobility of Seniors and Individuals with Disabilities](#)

[2 CFR 200.405 - Uniform Guidance \(Allowable Costs\)](#)

# Questions and Answers



# Thank you!

This session has been recorded and will be posted on  
FTA's website