



Bay Consortium Workforce Development Board

Policy Number: 23-02

Effective Date: May 1, 2024

Title: Food and Beverage Policy for Subrecipient and Cooperative Agreements

PURPOSE

This Policy establishes rules for Bay Consortium Workforce Development Board (BCWDB) Subrecipients* and Cooperative Agreement Recipients* in connection with the use of appropriated funds to provide food and/or beverages (also referred to as meals and refreshments) at an event. Except as provided in this Policy, federal funds are not to be used to provide food and/or beverages.

This Policy does not require that federal funds be expended to provide food and/or beverages at federally funded meetings, conferences, and events. This Policy merely sets out the circumstances under which food and/or beverages may be provided, and the cost limitations that apply to those expenditures. Budgetary considerations should be borne prominently in mind when planning such events to determine the feasibility and prudence of expending federal funds to pay for food and/or beverages. Food and beverage costs can be significant at an event – pay careful attention to these costs and whether they are truly necessary for a successful event.

This Food and Beverage Policy is designed to complement other federal rules, and BCWDB guidelines, that govern various aspects of conferences, meetings, and similar events, held or funded by the BCWDB.

Finally, the examples contained in this Policy statement are not to be viewed as definitive, but rather as helpful illustrations to assist decision making in the context of event planning.

*Note: This Policy also applies to the use of federal funds by subrecipients, whose compliance is monitored directly by the BCWDB to ensure compliance with the Policy.

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Section 1 Use of Funds to Provide Food and/or Beverages

Contact Information

- If you have any questions regarding how to interpret this Policy or apply it to costs incurred under a grant or cooperative agreement, please contact the Jackie Davis, Executive Director jdavis@baywib.org or Kristina Allen, Fiscal Specialist kallen@baywib.org of the BCWDB.

Except as provided in this Policy, appropriations administered by the BCWDB are not to be used to provide food and/or beverages.

- The rules for when a Subrecipient or Cooperative Agreement Recipient of the BCWDB may provide food and/or beverages are provided in Section 2.
- Where this Policy permits the provision of food and/or beverages, the cost of such food and beverages must 1) be reasonable, and 2) not exceed the applicable BCWDB-established cost thresholds provided in Section 3.
- Moreover, the circumstances under which food and/or beverages are provided (to whom, when, and in what manner) must be reasonable, so as to avoid even the appearance of wasteful spending on food and/or beverages. Requirements and considerations for mitigating such concerns are provided in Section 4.

Section 2 Rules for Subrecipient and Cooperative Agreement Recipient Provided Food and/or Beverages

A subrecipient or cooperative agreement recipient may use its BCWDB funding to provide food and/or beverages when all of the following criteria are satisfied —

1. The provision of food and/or beverages is consistent with the award conditions and program guidelines, and the event at which they are provided is an allowable activity under the award.
 2. The food and/or beverages provided are necessary to the event in that attendees would not be able to fully participate without food and/or beverage.
- Food and beverages are necessary when there is a need to cover essential material in a limited time-period, and due to the overall length of the event, it is impractical for attendees to seek refreshments or meals elsewhere without missing important event information (e.g., discussions, lectures, speeches).
 - There should be several hours of substantive/instructional material presented before and after a refreshment or meal. When providing a full meal, substantive/instructional material related to the event topic must be presented during the meal for it to be considered necessary.

- Food and/or beverages are not necessary when they are provided merely for the pleasure or convenience of the attendees.
3. The food and/or beverages are provided at the event under appropriate circumstances that minimize costs and prevent the appearance of waste and abuse of resources (see Section 4, below, for more information).
 4. The cost of the food and/or beverages provided is reasonable, and does not exceed the following cost thresholds (see Section 3, below, for more information):
 - a. Refreshments: The cost of refreshments plus any service costs (e.g., labor costs for room setup, taxes, tips) plus the effect of your indirect cost rate (if applicable), cannot exceed 23% of the locality Meals and Incidental Expenses (M&IE) rate per attendee per day; and
 - b. Meals: The cost of any meal provided, plus any hotel service costs, cannot exceed 150% of the locality Meals and Incidental Expenses (M&IE) rate per meal.
 5. The food and/or beverages provided are not related directly to amusement and/or social events. Any event where alcohol is being served is considered a social event and, consequently, no costs associated with that event are allowable.

Section 3 Food and/or Beverage Cost Thresholds

In providing food and/or beverages at an event, the BCWDB, and its subrecipients, cooperative agreement recipients, and contractors, must all follow the following limits on the costs of refreshments and meals:

A. Refreshments

The cost of refreshments, plus any event service costs (e.g., labor cost for room setup, taxes, tips) plus the effect of your indirect cost rate (if applicable), cannot exceed 23 percent of the locality meals and incidental expenses (M&IE) rate per attendee per day. These rates can be found at <https://www.gsa.gov/travel/plan-book/per-diem-rates?gsaredirect=portalcategory>.

- Refreshments include light food and drink served during break time, such as coffee, tea, milk, juice, soft drinks, donuts, bagels, fruit, pretzels, cookies, chips, or muffins.
- For example, if the M&IE rate for a particular location is \$54 per person per day, then the total refreshment costs cannot exceed \$12.42 (\$54 x 23%) per attendee per day. However, in the calculation below, you can see that a Event Food & Beverage rate of \$10 per person is actually a rate of \$15.25 per person after the effect of taxes, gratuity, and the indirect cost rate:

Example

Hotel Food & Beverage Rate	\$10.00
Tax Percentage	7%
Gratuity Percentage	18%

Indirect Cost Rate Percentage	22%
Effective Food & Beverage Rate	\$15.25

[Tool you may use to calculate the Effective Food & Beverage Rate](#)

B. Meals

The cost of any meal provided, plus any service costs (e.g., labor cost for room setup, taxes, tips), cannot exceed 150 percent of the locality M&IE rate per meal per attendee.

<https://www.gsa.gov/travel/plan-book/per-diem-rates?gsaredirect=portalcategory>

- For example, if lunch will be provided in a locality with a \$49/day M&IE rate, and the lunch rate is \$13, then the cost of the lunch provided at the conference cannot exceed \$19.50 (\$13 x 150%) per attendee per day.

Note: While the BCWDB does not necessarily agree that indirect rates should generally be applied to food costs, to the extent that an organization has an indirect cost rate which does include such food costs as a permissible item for inclusion with the indirect rate, then those indirect costs must be included as part of the calculation to see if you meet the cost thresholds, as indicated above. Of course, it is always permissible for an existing subrecipient or recipient of a cooperative agreement to opt out of applying any indirect rates to food costs, by notifying the BCWDB of that decision in writing.

Section 4 Considerations When Providing Food and/or Beverages

The BCWDB, subrecipients and cooperative agreement recipients, must take into account the following considerations in planning any events where food and/or beverages will be served:

- Formal agenda.* The event where food and/or beverages will be served must be supported with a formal agenda.
- Mandatory attendance.* The event where food and/or beverages will be served must be mandatory for, and open to, all participants.
- Timing of food and/or beverages.* Provide several hours of substantive/instructional material both before and after food and/or beverages are served. (Please note that viewing exhibits is not considered to be substantive/instructional material.)
- All full meals should be “working” meals.* When providing a full meal, ensure that there is substantive/instructional material that will accompany that meal – for example, a speaker or video presentation on the substantive event topic.
- Appropriate break foods.* Where break foods are provided, ensure that these are appropriate and adhere to the cost thresholds.
- Alcohol is prohibited.* Do not pay for bar (i.e., alcohol) charges using federal funds, or registration fees (i.e., program income), as this will be considered an unallowable cost. Do not make alcohol available at the event (doing so may make the entire event unallowable). Cash bars are not permitted at federally-funded events.
- Per diem.* Advise participants to reduce per diem appropriately. Attendees (including subrecipient and cooperative agreement recipient staff traveling using federal funding) may not receive a full per diem reimbursement for a day where they were provided a full

- meal at a federally-funded event, and are responsible for reducing their per-diem request by the cost of the meal.
- h. *Concessions.* In planning a meeting or conference, hotels and vendors often offer concessions (free or discounted items/services) that reduce the BCWDB's conference costs. Recipients are encouraged to accept non-perishable concessions from hotels or vendors that would reduce costs instead of concessions on perishable items such as reception, food, etc. Examples of such non-perishable concessions include discounts on audiovisual services or equipment, meeting space, and parking costs.
 - i. *Receptions.* Receptions are expressly prohibited and are considered to be an unallowable cost with federal funds.
 - j. *Appearance issues.* Food and beverage costs are often subjected to close-scrutiny, and all entities using BCWDB funding to provide food and/or beverages must take care to minimize costs and ensure that the spending on food and beverages does not appear to be lavish or wasteful.
 - k. *Conference.* A conference is defined in §200.432 as a meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information beyond the non-Federal entity and is necessary and reasonable for successful performance under the Federal award. Allowable conference costs paid by the non-Federal entity as a sponsor or host of the conference may include rental of facilities, speakers' fees, costs of meals and refreshments, local transportation, and other items incidental to such conferences unless further restricted by the terms and conditions of the Federal award. As needed, the costs of identifying, but not providing, locally available dependent-care resources are allowable. Conference hosts/sponsors must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary and managed in a manner that minimizes costs to the Federal award. The Federal awarding agency may authorize exceptions where appropriate for programs including Indian tribes, children, and the elderly.

Section 5 Appendix Definitions

The following definitions apply to this Policy:

"BCWDB" means the Bay Consortium Workforce Development Board, and includes each and all of its components.

"Conference" or "Meeting" is a pre-arranged formal event involving topical matters of general interest, (e.g., matters that will contribute to improved conduct, supervision, or management of the BCWDB's functions or activities), to Federal and non-Federal participants, rather than a routine business meeting primarily involving day-to-day BCWDB operations and concerns. It has designated participants and/or registration, a published substantive agenda, and scheduled speakers or discussion panels on a particular topic. "Meeting" includes other designations, such as a conference, convention, seminar, symposium, training for subrecipients or contractors, and workshop.

"Subrecipient" means a State, local, or federally-recognized Indian tribal government, educational institution, hospital, or a for-profit or non-profit organization which is responsible for the

performance or administration of all or some part of a federal award. See 2 C.F.R. Part 225, Appendix A; 2 C.F.R. Part 215, Appendix A. This definition includes cooperative agreement recipients.

"Food" and/or "beverages" retain their common meanings. Food and/or beverages are commonly served (and referred to) in two contexts: 1) Meals (such as a continental-breakfasts, working lunches, or dinners) and 2) Refreshments/breaks. (**Note: Alcoholic beverages are not allowable costs using federal funds.**)

"Meals and incidental expenses" or "M&IE" rates are set by the U.S. General Services Administration (GSA) and show maximum daily reimbursement (per diem) rates for meals and incidental expenses. These rates vary depending on geographical area. See: www.gsa.gov/mie.

"Reasonable" as it applies to cost of food and/or beverages means those costs which a prudent person would have incurred under the circumstances prevailing at the time the decision to incur the cost was made. Costs to consider include the cost of food and/or beverage including service fees, cost per attendee, total cost of the event, and costs incurred relative to costs in the geographical area; as well as the BCWDB-established cost thresholds.

"Working lunch/dinner" as it relates to this Policy means a formal and mandatory lunch/dinner necessary for all participants to have full participation in the conference or event. A working lunch/dinner must include a formal agenda including a program or speakers that will impart necessary information important for full understanding of the subject matter of the conference. There should be several hours of informative sessions providing substantive information both before and after a working lunch/dinner (exhibits are not included). Indicators of a working lunch/dinner include seating for all participants. **A cash bar is expressly prohibited.**