


<b>EMPLOYMENT AND TRAINING ADMINISTRATION</b> <b>ADVISORY SYSTEM</b> <b>U.S. DEPARTMENT OF LABOR</b> <b>Washington, D.C. 20210</b>	<b>CLASSIFICATION</b> SCSEP
	<b>CORRESPONDENCE SYMBOL</b> ONP
	<b>DATE</b> April 18, 2005

**ADVISORY:** TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 29-04

**TO:** ALL SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM GRANTEEES

**FROM:** EMILY STOVER DeROCCO  
 Assistant Secretary 

**SUBJECT:** Program Year 2005 Fringe Benefit Guidelines

1. **Purpose.** To issue fringe benefits guidelines for the Senior Community Service Employment Program (SCSEP).
2. **References.** OAA Section 502(c)(6)(A)-(B) (42 USC §3056(c)(6)(A)-(B)), 20 CFR §641.565(b)(1)-(2), 641.650.
3. **Background.** Currently, grantees may offer participants fringe benefits such as annual leave, sick leave, holidays, health insurance, an annual physical examination, and any other fringe benefits approved in the grant agreement and permitted by the appropriate Federal cost principles. Retirement costs are not allowed. Grantees must provide fringe benefits uniformly to all participants within a project or subproject, unless the Department of Labor (Department) agrees to waive this provision in the best interests of applicants, participants, and project administration. Under current policy, accrued fringe benefits may carry-over from one program year to the next.

The Department is instituting new fringe benefits guidelines for allowable non-mandatory fringe benefits that are consistent with the program goal of helping participants become self-sufficient. It is the Department's position that carrying-over fringe benefits inhibits participant self-sufficiency. "Zeroing-out" these fringe benefits each program year will help to discourage participants from staying at a host agency indefinitely, especially if the participant is accruing unlimited amounts of annual and/or sick leave.

4. **New Policy.** Under these new guidelines, allowable, non-mandatory participant fringe benefits will "zero-out" every June 30th, which is the end of each program year. Regardless of the internal policies of the grantee, subgrantee, or host agency, these fringe benefits initiated from SCSEP funds *shall not* accrue beyond

a current program year, and *shall not* carry-over from any program year to the next.

The Department recognizes that “zeroing-out” these fringe benefits each program year may generate conditions of “use or lose” leave status each June for seasoned participants. We recommend that all grantees and subgrantees examine their current fringe benefits policies, and establish a process for informing current and future SCSEP participants of this new requirement.

5. **Action Required.** Grantees must inform all subgrantees within their state of the “zeroing-out” fringe benefits guidelines on or before May 15, 2005. Grantees and/or subgrantees must give written notification to all active SCSEP participants of the “zeroing-out” policy on or before June 15, 2005. New or potential SCSEP participants must be advised of the “zeroing-out” fringe benefits policy during the enrollment process.
6. **Effective Date.** This new fringe benefits policy will be effective Program Year 2005, which begins July 1, 2005. Grantees and subgrantees must use this effective date for program operations.
7. **Inquiries.** Questions should be directed to the appropriate Federal Project Officer.