

A Voice ... (continued from pg. 1) surrounding various ISTE reauthorization initiatives. In addition, we met with Charles Steel, Governor Weld's representative in Washington. He informed us of the Massachusetts perspective of the various legislative issues before Congress this term. Here, too, we were able to demonstrate to the Governor's office that consulting engineers can be a reliable resource to promote the Commonwealth's interests.

This was the sixth CCD I attended, and, was — by far — the most successful because we met with the Massachusetts delegation members (in most cases), rather than a third -or fourth-level aide. We were listened to and, in general, did not receive political rhetoric. Importantly, we positioned ACEC/NE as a resource to our Legislators, and verified the importance of having ACEC/NE be an advocate not only for our profession, but also for our public infrastructure.

- I would like to thank **Abbie R. Goodman**, ACEC/NE Executive Director, and the following members of ACEC/NE who participated with me in CCD this year:
- **David Goodemote**, ACEC/NE President S E A Consultants Inc.
 - **Judith Nitsch**, ACEC/NE Vice President Judith Nitsch Engineering, Inc.
 - **Michael Hicks**, BSA Liaison Domenech Hicks & Krockmalnick, Inc.
 - **Robert Caton**, ACEC/NE Director Fay, Spofford & Thorndike, Inc.
 - **Rich Hangen**, ACEC/NE Vice President Vanasse Hangen Brustlin, Inc.

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Unallowable Costs versus Employee Discontent

by *Jacqueline M. Weir*

SOME say it's the little things that go a long way. For years, companies provided tickets to local sporting events, held holiday parties, and sponsored award ceremonies to say "thank you" to their employees. Until 1995, the cost of such events were generally allowable and recoverable as "indirect costs" under the Federal Acquisition Register (FAR) cost principles, provided they met the test of reasonableness. Costs incurred to promote employee morale, health, and welfare were "allowable" in calculating a company's government overhead rate under FAR 31.205-13.

In late 1995, the government amended the cost principles to specifically disallow company holiday parties and picnics. The new regulations reclassified these costs as "entertainment costs" under FAR 31.205-14 and disallowed them as they do any other cost of amusement or social activity. Because of today's competitive environment, it's important to control your unallowable costs; many companies have considered eliminating events.

What should a company do? Give up these old traditions and eliminate past events that are positive to morale? I hope not. Here is my list of the top events that

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"Since I believe it's more important to have employees with a positive morale than have a relatively small amount of cost disallowed, the employers should continue to fund events that produce high morale. High morale will have a greater effect on the bottom line than some unallowable costs concerns."

*Brian Rosowski, Supervisory Auditor
Massachusetts Water Resources Authority*

are both fun for employees and allowable under the FARs.

- *Team building and leadership events can replace traditional company outings.* The company can sponsor scavenger hunts or sporting teams, which relieve stress, motivate employees, and are allowable under the FARs.
- *Retreats can be held away from the office.* Business meetings are allowable costs when reasonable and can be fun and productive. Meeting places now have exercise facilities, spas, and other distractions employees can enjoy after hours.
- *Individual improvement programs can be a tool that demonstrates the company's appreciation.* A training program or tuition reimbursement plan to further an employee's career benefits both the employer and employee.

Whatever you decide, keep your employees involved. An Employee Morale Committee representing a cross-section of the company's employees will allow all to have a say in replacing old events with new, allowable events. The cost of enhancing employee morale, health, and welfare is still allowable under the FARs if it's reasonable. The goal is to keep employee morale high and unallowable costs low.

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