

Guide to DOE Evaluation of Community Benefits Plan Costs

Applicability

This Guide is intended for Department of Energy (DOE) federal financial assistance awards.

What are Community Benefits Plans?

Community Benefits Plans (CBPs) are required by the Department of Energy (DOE) as part of nearly all Notice of Funding Opportunities (NOFO, previously Funding Opportunity Announcements (FOA)) under the Bipartisan Infrastructure Law (BIL) and Inflation Reduction Act (IRA). An applicant describes in a CBP how it will deliver community benefits, and the applicant proposes CBP activities and commitments based on a set of four core policy priorities:

1. Community and labor engagement;
2. Investing in quality jobs;
3. Diversity, equity, inclusion, and accessibility; and
4. Implementing Justice40, which directs 40% of the overall benefits of certain federal investments to flow to disadvantaged communities.

Community benefits are intended to enhance a project's success. Meaningful and long-term community benefits commitments enhance community support, increase project viability and effectiveness, and lower project risks.

Applicants submit a CBP and budget information detailing costs associated with proposed CBP commitments with their application. Community benefits commitments are included in the terms of the [federal award](#) as part of the go/no-go determination, and/or as elements in other award documentation which DOE evaluates as part of the continuation funding process and award oversight.

If the application is selected, DOE will work with the selectee during negotiations to finalize community benefit commitments and will review proposed costs. DOE will make public a summary of the community benefits included in the federal award in a Community Benefits Outcomes and Objectives (CBOO) document or other format on DOE's website for transparency and accountability.

As part of DOE's review, the Grants Officer/Contracting Officer (GO/CO) will evaluate costs proposed for cost allowability, allocability, and reasonableness under the financial assistance regulations at [2 CFR part 200 subpart E](#), [2 CFR 910](#), and for for-profit entities, [FAR Part 31](#).

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What are allowable costs?

Whether a cost is allowable is decided on a case-by-case basis by the GO/CO depending on the program's authorizing and appropriations statutes, consistency with financial assistance regulations, and the project-specific facts. In all cases, a cost must be *necessary* for the performance of the Federal award, and it must be *reasonable* under the specific circumstances of that Federal award. It must also meet additional criteria specified in financial assistance regulations, some of which are detailed below. Additional references include the text of authorizing statutes (e.g., BIL and IRA) which may include specific elements depending on the BIL/IRA provision. To be allowable, a cost must meet all the following five key criteria (please consult the regulations at 2 CFR Part 200 subpart E for non-profit entities; FAR 31.201-2 for for-profit entities for a comprehensive list):

1. The cost is reasonable;

A cost is reasonable if, in its nature and amount, it does not exceed what a prudent person would pay in the conduct of competitive business. The question of reasonableness is particularly important for federally funded projects. See 2 CFR 200.404.

2. The cost is allocable;

A cost is allocable to a federal award if it:

- a. Is specifically incurred for the award;
- b. Benefits both the award and other work of the Recipient and can be distributed proportionally; and
- c. Is **necessary** to overall business of the Recipient and assignable in whole or in part to the award.

3. The cost is consistent with applicable accounting standards;

4. The cost complies with the terms of the Federal award; AND

5. The cost is consistent with law and regulation, including authorizing and appropriations statutes and applicable cost provisions, including provisions that make certain costs expressly unallowable.

How does DOE determine whether community benefits costs are necessary, reasonable, allocable and allowable?

DOE will consider how the proposed activities relate to the project objectives, whether they are responsive to the needs of the community, and how the performance of the activities contributes to building long-term community or Tribal support, securing a stable workforce or otherwise leading to the project's success.

A key purpose of including community benefits in a project –in addition to achieving policy objectives -- is to reduce project risks by enhancing community support for the project. Therefore, costs must be responsive to the needs of the community and other relevant stakeholders and beneficial to entities outside of the recipient organization rather than supporting existing company-wide commitments that benefit the recipient. DOE may also consider whether the costs are for commitments that do not

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actually address a community need or are tenuous, or aspirational and otherwise do not achieve community support or lead to project success. Tenuous, aspirational, or unnecessary costs may likely be deemed unallowable. Similarly, while investments and partnerships with Tribal, community labor and related organizations to achieve key benefits or risk reduction are encouraged, charitable donations are not allowable.

The GO/CO will assess the CBP costs outlined in the proposal to determine if they are reasonable, allocable, and allowable, and whether the proposed costs may be charged to the award.

What are some examples of potentially allowable Community Benefits related activities?

Some examples of Community Benefits-related activities where the costs may be allowable are included below. This is not a comprehensive list of benefits (we recommend reviewing the [Community Benefit Plan Template](#) for additional examples) and these examples are illustrative only. As with all cost allowability, these activities must be necessary for project success.

Activities
Stakeholder engagement to explore partnerships with Indian Tribes or minority serving institutions
Improved transportation options (e.g., shuttle service, carpool program) to bring workers to a project
Community solar or microgrids serving disadvantaged communities
Commitments to pay wages above prevailing or average wages and competitive benefits
Fence line property enhancement to mitigate project construction effects to protect disadvantaged communities from air quality exposures
Commitments to local and targeted hiring goals
Childcare or caregiving services for project trainees and workers to increase project employment opportunities or at community events to increase engagement
Pre-apprenticeship training programs and apprenticeship contributions
Improved community infrastructure (e.g., broadband, sidewalks, bike access lanes, lighting, access roads, microgrids/solar, energy efficiency improvements, distribution system upgrades) that are shared community priorities
Activities that reduce environmental exposure for disadvantaged communities
Activities that address energy burdens for disadvantaged communities (e.g., through bill reduction for low-income customers, etc.)
Community engagement events and activities specifically linked to the project
Implementing Community Benefits or Tribal Agreements