100 ALLOWABLE COSTS

Expenditures of WIOA Title I-B funds are allowable only for those activities permitted by the WIOA regulations. For the Adult and Dislocated Worker programs, allowable activities include basic career, individualized career, and training services. Basic career and individualized career services are described in the WIOA Title I-B Adult and Dislocated Worker Programs Policy, Section 104 and training services are described in WIOA Title I-B Training Services, Section 500. In addition, allowable activities include youth services that are provided as a requirement of the WIOA Title I-B Youth program elements. For a description of youth services, see Section 202.

Costs are considered allowable by the United States Department of Labor (USDOL) if they are reasonable, necessary to accomplishing program goals, and allocable.


101 FEDERAL ALLOWABLE COSTS PRINCIPLES

LWDAs and sub-recipients must comply with the Federal allowable cost principles that apply to their organization.

A. Allowability of costs shall be determined in accordance with the cost principles in 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit requirements, subpart E.

B. These circulars are available on the Internet at:

1. 2 CFR 200 Uniform Administrative Requirements Cost
Principles, and Audit Requirements


C. All procurement contracts between local boards and units of state or local governments must be only on a cost reimbursement basis.

D. In evaluating any expenditures, the following elements need to be considered:

1. Reasonability of the cost
   a. Do I have the capacity to use what I am purchasing?
   b. Did I pay a fair rate?
   c. If I were asked to defend this purchase, would I be comfortable doing so?

2. Necessary
   a. Is this item or service needed to meet grant goals?
   b. Is this the minimum amount I need to spend to meet my need?

3. Repetition/Frequency

4. Costs are similar to that which would be incurred by a reasonable and prudent person.

102 **WIOA TITLE I-B ALLOWABLE COSTS**

The use of promotional materials is allowable when the materials meet the basic standards of an advertisement or marketing campaign.

.01 **Advertising, Outreach and Public Relations**

All promotional material must meet the following criteria:

A. State the services offered in at least one sentence;
B. Contain a phone number, e-mail address, web address, or street address for customers to contact;

C. State the funding source for the advertisement and include the state brand “ARIZONA@WORK”. Promotional materials may not solely promote the state or local entity. Examples of the funding tagline and state branding include:

1. “Funded by the Department of Labor – WIOA Title I-B program that serves Youth, Adults and Dislocated Workers”; or “Funded by DOL WIOA Title I funds” and;

2. “ARIZONA@WORK-A proud partner of the American Job Center Network” or “ARIZONA@WORK” state brand. The tagline may be shortened to “Funded by DOL, WIOA Title I-B programs” when space is limited.

D. Be able to be tracked to justify the effectiveness of the promotion;

E. When applicable, be accompanied with an inventory control system;

F. Advertising costs are the costs of advertising media and subsequent administrative costs. Advertising media include magazines, newspapers, radio, television, direct mail, exhibits, electronic or computer transmittals, and the like. Allowable advertising costs must be directly related to the following:

1. The recruitment of personnel required to adequately perform WIOA Title I-B tasks;

2. The procurement of goods and services required to perform WIOA Title I-B tasks; or

3. Program outreach and other specific, pre-approved purposes necessary to perform required WIOA tasks. LWDAs must submit the Pre-Approval Questionnaire to DES for the allowability of the advertising type costs to be assessed for pre-approval (see Exhibit 3-100A);

4. The disposal of scrap or surplus materials acquired in the performance of the federal reward, except when non-federal entities are reimbursed for disposal costs at a pre-determined amount; and

5. Public relations include community relations and activities dedicated to maintaining the image of the non-Federal entity and the WIOA Title I-B programs to promote
understanding and favorable relations with the community or public at large. The only allowable public relations costs are:

a. Costs specifically required by WIOA Title I-B; or

b. Costs of communicating with the public and press pertaining to specific activities or accomplishments achieved by the WIOA Title I-B programs.

.02 Allowable Employer Outreach and Job Development Activities

Allowable employer outreach and job development activities must be directly related to training individuals, such as:

A. Contracts with potential employers for the purpose of placement of WIOA Title I-B participants;

B. Participation in business associations such as chambers of commerce, joint labor management committees, labor associations, and resource centers;

C. WIOA Title I-B staff participation on economic development boards and commissions, and work with economic development agencies to:

1. Contacts with potential employers for purpose of placement of WIOA participants;

2. Participation in business associations (such as chambers of commerce); joint labor associations, and resource centers;

3. Provide information about WIOA Title I-B programs;

4. Coordinate activities in a region or local area to promote entrepreneurial training and microenterprise services;

5. Assist in making informed decisions about job training needs; and

6. Promote the use of first source hiring agreements and enterprise zone vouchering services.

7. Active participation in local business resource centers (incubators) to provide technical assistance to small and new businesses to reduce rate of business failure.
8. Subscriptions to relevant publications;

9. General dissemination of information on WIOA Title I-B programs and activities;

10. The conduct of labor market surveys;

11. The development of on-the-job opportunities; and

12. Other allowable WIOA activities in the private sector.

D. Technical Assistance Meetings and Conferences

1. The cost of meetings and conferences, where the primary purpose is to provide technical assistance and is necessary and reasonable for successful performance under the federal award is allowable.

2. Outreach costs associated with promoting WIOA Title I-B program services, including ARIZONA@WORK Job Center location information and participant recruitment at job fairs in the local area are considered allowable costs.

E. Youth Incentives

1. Incentives for youth participants are permitted for recognition and achievements when directly tied to training activities and work experiences. The LWDA must have written policies and procedures in place governing the award of incentives that must:

   a. Ensure that such incentive payments are tied to goals of the specific program;

   b. Be outlined in writing before commencement of the program that may provide incentive payments; and

   c. Align with the LWDA’s organizational policies.

2. While incentives are allowed under WIOA, the incentives must be in compliance with 2 CFR part 200. For example, federal funds must not be spent on entertainment.
3. Additionally, LWDAs must safeguard cash, and other items treated like cash, such as gift cards, in accordance with internal controls as defined in LWDA policy.

F. Travel Costs

1. Travel costs are the expenses for transportation, lodging, subsistence, including meals, and related items incurred by employees who are traveling on pre-approved, official business, and are allowable.

2. Official business travel must be approved using the local area travel policy.

103 WIOA TITLE I-B UNALLOWABLE COSTS

All costs associated with an unallowable activity are considered unallowable costs, regardless of their allowability under other circumstances. The unallowable activities are as follows:

01 WIOA Provisions

A. Any legal expenses incurred for the prosecution of claims against the government are unallowable. This includes appeals to the Administrative Law Judge of disallowed costs or other claims and civil actions where the federal government is a defendant. (2 CFR 200.435 (4) (g))

B. The costs of construction or the purchase of facilities or buildings or other capital expenditures for improvements to land or buildings are unallowable for all WIOA Title I-B programs (20 CFR 683.235), except with prior written approval from the U.S. Department of Labor (20 CFR 683.235).

C. Public service employment, except when authorized under Title I of WIOA such as when public employment is offered as an on-the-job training, transitional employment, or a work experience. Public service employment is defined as work normally provided by governments and includes, but is not limited to, work in the field of human betterment and community improvement; child care; healthcare; education; crime prevention; public transportation; streets and parks; solid waste removal; housing and neighborhood improvement; and rural development (20 CFR 250).
D. Employment-generating activities, investment in revolving loan funds, capitalization of businesses, investment in contract bidding resource centers, economic development activities or similar activities. An exception is made only for those employer outreach and job development activities directly related to participants.

E. The wages of incumbent workers during participation in economic development activities provided through the state workforce system.

F. Foreign travel and first-class airline tickets;

G. Employment or training programs for sectarian activities. This section does not prohibit the provision of services by faith-based organizations, unless those services are sectarian in nature; and

H. Expenses prohibited under any other federal, state or local law or regulation.

.02 Food & Beverages

A. The purpose of the WIOA Title I-B Funds is to provide skills training to the workforce, find employment for individuals, and assist businesses to fulfill labor demands and needs. Food, refreshments, and other items are not part of the purpose of these grants. Food and refreshments are narrowly permitted under one element of the Uniform Guidance Selected Items of Costs; Conferences. Therefore, there is limited justification for recipients of WIOA Title I-B Funds to expend funds on food, refreshments or other consumables. It is the responsibility of the LWDA that is expending the funds on any activity to ensure the expenditures:

1. Meet the objectives of the statute and regulations;

2. Meet the benefit of the grant;

3. Meet the urgency of the situation, and

4. Are necessary, reasonable and allocable to the standards of the federal grant requirements.

B. In cases where basic conditions are not met, the LWDA must find
other sources of funding.

C. The conference brochure, flyer, or registration website must specifically state that food and/or beverages will be provided and include a conference registration fee must be included to cover the cost of the food and/or beverages for each individual. Provision of alcoholic beverages are an unallowable cost and are not covered by WIOA Title I-B funds.

.03 Entertainment

Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sporting events, meals, lodging, rentals, transportation, and gratuities) are unallowable.

.04 Salaries and Bonuses

A. WIOA Title I-B funds may not be used by a recipient or sub-recipient to pay for the salary or bonus of an individual, either a direct or indirect cost, at a rate in excess of the annual rate of basic prescribed for level II of the Executive Schedule 5 U.S.C. 5313, which can be found at www.opm.gov.

B. In instances, where funds awarded under Title I-B pay only a portion of the salary or bonus, the WIOA Title I-B funds may only be charged for the share of the employee’s salary or bonus that is attributable to the work performed on the WIOA Title I-B grant.

C. The limitation described in paragraph 1 of this section does not apply to contractors providing goods or services. Characteristics of a contractor include:

1. Provides goods and services within normal business hours;

2. Provides similar goods and services to many different purchasers;

3. Normally operates in a competitive environment;

4. Provides goods and services that are supplementary to the operation of the Federal program; and
5. Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

6. When a recipient is working for the same recipient or sub-recipient in multiple offices that are funded by WIOA Title I-B, the recipient must ensure that the sum of the salaries or bonuses does not exceed the limit in 20 CFR 683.290.

.05 Business Relocations

WIOA Title I-B funds are prohibited for business relocations that result in the loss of an employee’s job at the original location in the U.S. WIOA funds must not pay for customized training, skill training, on-the-job training, incumbent worker training, transitional employment, or company specific assessments, of job applicants for employees of any business, or part of a business, that has relocated from any location in the U.S., until the company has operated at the location for 120 days, if the relocation has resulted in any employees losing their job.

A. To verify that a business establishment that is new or expanding is not, in fact, relocating the business domicile or employees from another area, a standardized pre-award review must be completed and documented by the LWDA and the business, as a prerequisite to WIOA Title I-B assistance.

B. The pre-award review includes the:

1. Names under which the establishment does business, including the predecessors and successors in interest; and

2. Name, title, and address of the company official certifying the information; and

3. Whether WIOA Title I-B assistance was sought in connection with past or impeding job losses at other facilities, including whether or not WARN notices relating to the employer have been filed.

.06 Pre-Approval of Capital Expenditure

Capital expenditures for general purpose equipment are unallowable as a
direct cost except when pre-approved. All single item vehicles and other equipment purchases that cost $5,000 or more must receive pre-approval from the Arizona Department of Economic Security (AZ DES), Division of Employment and Rehabilitation Services (DERS), Finance and Budget WIOA Unit.

A. Pursuant to WIOA Final Regulations, §683.200(a) (2) and 2 CFR 200.439, the Finance and Budget WIOA Unit has the authority to grant or deny approval for selected items of cost requiring prior approval.

B. Prior approval must be requested in writing and approved before the cost is incurred or the expenditure will be considered unallowable.

C. Requests for pre-approval must be sent to Finance and Budget WIOA Unit on the DES WIOA Pre- Approval Questionnaire (See Exhibit 3-100A), along with the following information:

   1. Explanation of the need for the expenditure; and
   2. Three competitive quotes for the expenditure.

104 PROCUREMENT RESTRICTIONS

WIOA Title I-B Funds must be expended in compliance with sections 8301 through 8303 of the Buy American Act as stated in the WIOA Final Regulations.

Sub-awards or contracts with parties that are debarred, suspended or otherwise excluded from are ineligible for participation in Federal programs or activities.