


**WORKFORCE INNOVATION AND
OPPORTUNITY ACT POLICY
MANUAL**
**CHAPTER 3 – Fiscal Policies
SECTION 100**
SUBJECT: ALLOWABLE COSTS
100 ALLOWABLE COSTS

Expenditures of WIOA Title I-B funds are allowable only for those activities permitted by the WIOA regulations. For the WIOA Title I-B 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 200.

Costs are considered allowable by the United States Department of Labor (USDOL) if they are reasonable, necessary, and are allocable for the performance of the federal grant.

References: 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements, subpart E and Appendices I through XI, including any exceptions identified by the Department at 2 CFR part 2900, WIOA Final Regulations 29 CFR 95, 29 CFR 9, P.L. 113-128 Sections 184 and 188; 20 CFR Sections 683.200, 683.260, 683.285, 683.620, 683.630, 684.630, Department of Labor Training and Employment Guidance Letter (TEGL) No. 2-12.

101 FEDERAL ALLOWABLE COSTS PRINCIPLES

LWDBs and their 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](#)

2. [Electronic Code of Federal Regulations e-CFR](#)

- C. In addition to the requirements at 2 CFR 200.317 through 200.326 (as appropriate), all procurement contracts between LWDBs and units of State or local governments must be conducted only on a cost reimbursement basis (683.200(c)(4)).
- D. When evaluating any expenditures, the following elements must be considered:
1. Factors affecting allowability of the costs, except where otherwise authorized by statute, must meet the following general criteria in order to be allowable under Federal awards:
 - a. Costs are considered allowable by the USDOL if they are reasonable, necessary, and is allocable for the performance of the federal grant.
 - c. Be consistent with policies, regulations, and procedures that apply uniformly to both federally-financed and other activities of the non-federal agency.
 - d. Allow consistent treatment between direct and indirect costs.
 - e. Be determined in accordance with generally accepted accounting principles (GAAP), except for state and local governments and Indian tribes only.
 - f. Not be included as a cost or used as a cost share or to match requirements of any other federally-financed program in either the current or a prior period.
 - g. Be adequately documented.
 2. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness

is important when the non-Federal agency is mostly federally-funded. Consideration must be given to:

- a. Whether the cost is recognized as ordinary and necessary for the operation of the non-Federal agency or the proper and efficient performance of the Federal award.
- b. The requirements imposed by factors such as sound business practices, arm's-length bargaining, applicable laws and regulations, as well as terms and conditions of the Federal award.
- c. Market prices for comparable goods or services for the geographic area.
- d. Whether the individuals concerned acted with prudence regarding their responsibilities to the non-Federal agency, its employees, students or membership, the public at large, and the Federal Government.
- e. Whether the non-Federal agency significantly deviates from established policies and procedures, which may unjustifiably increase the Federal award's cost.

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 agency. 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 activities;
2. The procurement of goods and services required to perform WIOA Title I-B activities;
3. 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/or
4. Public relations include community relations and activities dedicated to maintaining the image of the non-Federal agency 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. Have contact with potential employers for purpose of placement of WIOA Title I-B participants;
 - 2. Participate 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;
 - 6. Promote the use of first source hiring agreements and enterprise zone vouchering services;
 - 7. Actively participate in local business resource centers (incubators) to provide technical assistance to small and new businesses to reduce rate of business failure;
 - 8. Subscribe to relevant publications;
 - 9. Generally, disseminate information on WIOA Title I-B programs and activities;

10. Conduct labor market surveys;
11. Development of on-the-job opportunities; and
12. Conduct 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. Incentives

1. Incentives for youth participants are permitted for recognition and achievements when directly tied to training activities and work experiences.
2. Incentives for adult and dislocated workers must only be paid for recognition and achievements when directly tied to training activities and work experiences and require pre-approval from the DERS Finance and Budget Unit. LWDBs must request pre-approval from the DERS Finance and Budget Unit using the WIOA Title I-B Adult and Dislocated Worker Incentive Approval Request Form (form 3-700A)
3. For additional requirements, related to the use of WIOA Title I-B funds to pay incentives to adults, dislocated workers, and youth participants, refer to WIOA Title I-B Policy and Procedure Manual Chapter 3, section 700.

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.

G. Travel-Mileage

Pursuant to 2 CFR 200.474(a), all award recipients must have policies and procedures in place related to travel costs; however, for reimbursement on a mileage basis, this Federal award cannot be charged more than the maximum allowable mileage reimbursement rates for Federal employees. To review the most current mileage reimbursement amounts, click on the following link: www.gsa.gov/mileage.

H. Consultants

For the purposes of PY17/FY18 and onwards, DOL determined that fees paid to a consultant who provides services under a program shall be limited to \$710 per person, per day (representing an eight-hour workday). Consulting firms with two consultants will be eligible for \$1,420 per workday. Any fees paid in excess of this amount must not be paid without prior approval from DOL. Any modification to this limit will be communicated via a revision to this 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. 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 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(a)(2)).
- 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. (20 CFR 683.245)
- E. The wages of incumbent workers during participation in economic development activities provided through the state workforce system (20 CFR 683.250(a)(1)).
- 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 (20 CFR 683.255); 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 LWDB that is approving the expenditure of 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 LWDB 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 conference registration fee must be inclusive 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. Except, where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved federal award or with prior written approval of the federal awarding agency.

.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

Pursuant to 20 CFR 683.260, 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 Title I-B 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 Title I-B provider 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 impending job losses at other facilities, including whether 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, **including software** (all components that make the item functional), 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 are ineligible for participation in Federal programs or activities.