


WIOA POLICY Calcasieu Parish Consortium Workforce Development Board LWDA #51 Allen, Beauregard, Calcasieu, Cameron, Jefferson Davis & Vernon Parishes		Workforce Innovation & Opportunity Act ALLOWABLE COSTS 	
POLICY # FP 4		TYPE OF Policy: Fiscal Policy	
Rescissions:		To Be Approved: DATE	
WDB Chairperson's Signature: Sarita Scheufens		Expiration Date: Continuous, until further notice	
		WDB Director's Signature: Stephanie Seemion	

PURPOSE:

The purpose of this policy is to discuss the Federal Allowable Costs Principles, specific costs allowable under WIOA, and those costs that are unallowable.

BACKGROUND:

Expenditures of WIOA Title 1-B funds are allowable for those activities permitted by the WIOA regulations. For WIOA Title 1-B Adult and Dislocated Worker programs allowable activities include basic career, individual career, and training services. The Adult and Dislocated Worker program services are described in the local policies Training Related-TR 1-14 and Adult/Dislocated Worker-ADLW 1-8. Allowable activities for Youth services are those that are provided as a requirement of the WIOA Title 1-B Youth program elements. Youth services are described in local policies YP 1-11.

Costs are considered allowable by the U. S. Department of Labor if they are reasonable, necessary, and are allocable for the performance of the federal grant.

DEFINITION(S):

None

POLICY GUIDANCE:

This policy applies to Local Workforce Development Area 51-Board and American Job Centers in Calcasieu, Cameron, Jeff Davis, Beauregard, Allen, and Vernon parishes and to all subrecipients who may receive WIOA funds. This policy communicates that applicable costs principles, established regulations, and the terms of the sub-award must be followed in determining the reasonableness, allowability, and allocability of costs charged to the Federal award. This policy does not proprot to include all possible allowable or unallowable items.

PROCEDURES:

Title 2CFR Sections 200.420 through 200.475 provide a reference guide to indicate whether a cost item is allowable or not. 2CFR Part 2900 provides some WIOA specific information.

In general, to be an allowable charge to WIOA, a cost must meet the following criteria:

- 1) Be necessary and reasonable for the performance of the award.
- 2) Be allocable to the award.
- 3) Conform to any limitations or exclusions set forth in the award.
- 4) Be consistent with policies and procedures that apply to both federally financed and other activities of the non-federal entity.
- 5) Be determined in accordance with generally accepted accounting principles.
- 6) Not be used as a cost share or match requirement.

ALLOWABLE COSTS

7) Be adequately documented.

Expenditures of WIOA funds are allowable only for the activities permitted by WIOA statute or federal regulations. Required and permissible program activities for Adult and Dislocated Worker can be found in WIOA Section 134(c) and (d) respectively. Allowable program activities for Youth can be found in WIOA Section 129. Additional information can be found in 20CFR Parts 680 and 681 Department of Labor Rules and Regulations.

WIOA funds cannot be used to directly or indirectly support the marijuana industry including but limited to use, possession, growth, or distribution. This applies to training, employer outreach, hiring events, career counseling, job orders, and referrals.

Reasonableness Test:

- 1) Do I have the capacity to use what I am purchasing?
- 2) Did I pay a fair price?
- 3) Do I have documentation to support the rate paid?
- 4) Can I defend this purchase?

Necessary Test:

- 1) Is this item or service needed to meet grant goals?
- 2) Is this the minimum amount I need to spend to meet my needs?
- 3) Repetition and frequency?
- 4) Is the cost similar to what a reasonable and prudent person would pay?

Allowable Items of Costs:

- A) Advertising-The only allowable advertising costs are those for the recruitment of personnel for the performance of the federal award; procurement of goods and services to be used in the performance of the federal award; disposal of scrap or surplus materials; program outreach and other specific purposes to meet the requirements of the federal award.
- B) Audit Services are allowable as a proportionate share of the cost of audits required by and performed in accordance with the Single Audit Act Amendments of 1996.
- C) Compensation for personal services includes all remuneration paid currently or accrued for employee services. The allocable compensation for some employees may be subject to a ceiling in accordance with federal regulations.
- D) Fringe Benefits are allowances and services provided to employees as compensation in addition to regular salaries. Fringe benefits include but are not limited to annual and sick leave, employee insurance, pensions, and unemployment benefits.
- E) Equipment and Capital Expenditures are only allowable with prior approval of the grant officer or pass-through awarding State entity. Prior approval must be requested for items costing \$5,000 or more, must be in writing at least 30 days prior to the expenditure.
- F) Depreciation is allowable as a method to allocate the cost of fixed assets to periods benefitting from its use. Non-federal entities may be compensated for the use of buildings, equipment, etc. using depreciation. A standard rate of depreciation must be calculated. (2CFR Part 200.436)
- G) Conference is defined as a meeting, retreat, seminar, symposium, workshop, or event whose primary purpose is to disseminate technical information outside the non-federal entity and is necessary for the successful performance under the federal award.
- H) Employee Health and Welfare-costs incurred for the improvement of working conditions, employer-employee relations, employee health, and employee performance are allowable under the non-federal entities written policies.
- I) Insurance and Indemnification-costs of insurance required or approved and maintained as defined in the federal award are allowable. Special conditions for the allowability of other insurance can be found at 2CFR 200.447.
- J) Maintenance and Repair-costs for utilities, insurance, security, necessary maintenance, janitorial services, repair and upkeep of buildings and equipment are allowable. However, any costs incurred for

ALLOWABLE COSTS

improvements which prolong the life or adds to the value of a building or equipment must be treated as a capital expenditure-2CFR 200.439.

- K) Memberships, Subscriptions, and Professional Activity-costs of non-federal entity's membership in business, technical, and professional organizations are allowable. Subscriptions to business, technical, and professional publications are allowable. Memberships to civic or community organizations are allowable only with prior approval of the awarding agency or pass-through entity.
- L) Materials and Supplies including Computing Devices purchased for the performance of the federal award are allowable costs.
- M) Participant Support Services are allowable as specified at WIOA 134(c) and (d) for Adult and Dislocated Workers and WIOA Section 129 for Youth. Also, 20CFR Part 680 for Adult and Dislocated Worker and Part 681 for Youth.
- N) Professional Services costs are allowable under the following conditions: Nature and scope of service rendered in relation to the service required, the necessity of contracting for the service, past patterns of costs, impact on the federal award, qualifications of the individual or concern rendering the service, and adequacy of the contractual agreement. (2 CFR 200.459)
- O) Publications and printing costs are allowable.
- P) Rearrangement and Reconversion costs are allowable as a direct charge if the costs are specially benefitting the federal award. Prior approval is required.
- Q) Rental Costs of Real Property and Equipment-such costs must be comparable to other rental properties within the local area. Costs are allowable.
- R) Scholarships and Student Aid-WIOA is written to provide Training activities for Adults, Dislocated Workers, and Youth participants. Training activities are described in 20CFR Parts 680 and 681.
- S) Training and Education costs for employee development are allowable.
- T) Travel costs are expenses for transportation, lodging, subsistence, and related items incurred by employees in travel status on official business. Costs may be charged on an actual basis or per diem or mileage basis or a combination. Costs must comply with the non-federal entity's written travel policy.
- U) Trustees/Board Members-travel and subsistence costs are allowable when the trustee or board member is on official agency business.
- V) Outreach-promotional materials must state the services offered, contain a phone number, email address, web address, or street address for customers to contact the federal program, state the funding source for the advertisement and include the State and Parish brand.

Unallowable Costs Items:

- A) Legal expenses incurred for the prosecution of claims against the government, including appeals to the Administrative Law Judge.
- B) Costs of construction or purchase of facilities or buildings or other capital expenditures for improvements to land or buildings. Exception is prior approval from US Department of Labor. (20CFR 683.235)
- C) Public service employment
- D) Employment generating-activities
- E) Foreign travel and first-class airline tickets
- F) Expenses prohibited under any other federal, state, or local law or regulation.
- G) Food and Beverages not related to the dissemination of information to outside clients.
- H) Entertainment costs of any kind
- I) Alcoholic beverages
- J) Salaries and bonuses in excess of the annual rate of basic prescribed for level II of the Executive Schedule 5 USC 5313, found at www.opm.gov
- K) Business Relocations that result in the loss of employee jobs
- L) Capital expenditures-must have prior approval to be allowable.
- M) Idle Property-expenditures on facilities or equipment owned by the non-federal entity and not being used by the WIOA program are unallowable.
- N) Bad debts
- O) Public Relations for the sole purpose of promoting the organization are unallowable.

ALLOWABLE COSTS

- P) Contingency provisions-WIOA prohibits contingencies set up for future unforeseen events. Premiums for necessary insurances are excluded.
- Q) Fines, penalties, damages, and other settlements are prohibited under WIOA.
- R) Fund raising is unallowable.
- S) Lobbying is unallowable.
- T) Interest and late fees are unallowable.
- U) Contributions and donations-sponsorship costs of contributions and donations to other entities are unallowable.

REFERENCES/CITATIONS:

2CFR 200 Sections 200.420 through 200.475

2CFR Part 2900 WIOA Exceptions

20CFR Parts 680 and 681

Workforce Innovations and Opportunity Act Sections 134(c) and (d) and Section 129

ATTACHMENTS:

None.