

To: work2future Staff & Subrecipients  
From: work2future Director  
Effective Date: May 2020  
SUBJECT: Allowable Costs  
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## OPERATIONAL DIRECTIVE

### **Purpose:**

This policy provides guidance on general cost principles and allowable costs under the *Workforce Innovation and Opportunity Act (WIOA)* and the Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule (Uniform Guidance)*.

### **Scope:**

This policy applies to all subrecipients who received or will receive WIOA funds on or after December 26, 2014. This guidance applies to WIOA Program Year (PY) 2015-16 funds and WIOA funds received in subsequent PYs.

### **Effective Date:**

This policy is effective upon date of issue.

### **REFERENCES:**

- WIOA (Public Law 113-128) Sections 184 (Fiscal controls; sanctions), 134(Use of funds for Adult and Dislocated Worker Employment and Training Activities), and 129 (Use of funds for Youth Workforce Investment Activities)
- Title 2 *Code of Federal Regulations (CFR)* Part 200 (Uniform Guidance) and 2900 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards)
- Training and Employment Guidance Letter (TEGL) 15-14, *Implementation of the New Uniform Guidance Regulations* (December 19, 2014)
- Workforce Services Directive (WSD) 17-08 Procurement of Equipment and Related Services)
- WSD 16-16, Subject: Allowable Costs and Prior Written Approval

### **STATE-IMPOSED REQUIREMENTS:**

This directive does not contain any state-imposed requirements.

### **BACKGROUND:**

On December 26, 2013, the Office of Management and Budget (OMB) issued the Uniform Guidance under Title 2 CFR Part 200, which establishes uniform administrative requirements, cost principles, and audit requirements for federal awards. The Uniform Guidance consolidated multiple sets of OMB guidance into one combined set of rules. The following year, the Department of Labor (DOL) adopted the OMB Uniform Guidance and issued DOL Exceptions under Title 2 CFR Part 2900.

The Uniform Guidance applies to all Federal awards made on or after December 26, 2014. Therefore, beginning with PY 2015-16, all recipients and subrecipients of WIOA funding must adhere to the Uniform Guidance (including DOL Exceptions) as well as the corresponding administrative requirements, cost principles, and audit requirements. For more information on overarching Uniform Guidance Implementation, please see TEGL 15-14.

## **POLICIES AND PROCEDURES:**

Title 2 CFR Sections 200.420 through 200.475 provides a quick reference guide to help indicate whether a cost item is allowable or not. WIOA funding recipients and subrecipients can use the attached matrix as an initial tool, rather than a final authority for making a determination of whether or not a cost would be considered allowable.

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

- Be necessary and reasonable for the performance of the award.
- Be allocable to the award.
- Conform to any limitations or exclusions set forth in the award.
- Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-federal entity.
- Be accorded consistent treatment.
- Be determined in accordance with generally accepted accounting principles.
- Not be used to meet cost sharing or matching requirements of any other federally-financed program (without prior approval from the state).
- Be adequately documented.

Expenditures of WIOA funds are allowable only for those activities permitted by the WIOA statute or federal regulations. Required and permissible program activities for adult and dislocated workers can be found in the WIOA Section 134(c) and (d) respectively. Similarly, allowable program activities for the youth program can be found in WIOA Section 129.

WIOA funds cannot be used to directly or indirectly to support the marijuana industry including, but not limited to, use, possession, growth or distribution of marijuana. This applies to WIOA; Wagner-Peyser; Trade Adjustment Assistance; Veteran' Employment and Training Service; and National Dislocated Worker Grant programs and to services including, but not limited to, training, employer outreach, hiring events, career counseling, job order and referrals.

### Funds awarded prior to December 26, 2014

Funding received prior to December 26, 2014 (i.e., PY 2014-15 funds and before) must continue to follow the terms and conditions of those awards, including the cost principles required under the former OMB guidance. For information on allowable costs under the former OMB guidance, please refer to WIAD03-10.

### **ACTION:**

Bring this directive to the attention of all appropriate staff and subrecipients.

### **INQUIRIES:**

If you require further information regarding this policy, please contact the work2future Finance Manager at (408) 794-1146.

## **COST ITEMS MATRIX**

**THIS COST ITEMS MATRIX SHOULD ONLY BE USED AS A QUICK REFERENCE GUIDE.** The *Workforce Innovation and Opportunity Act (WIOA)* and *Uniform Administrative Requirements, Cost Principles, and Audit Requirements Final Rule (Uniform Guidance)* contain definitive guidance and final authority for determining whether or not a cost is allowable.

The matrix on the following page identifies the cost items and different types of entities. When determining whether the cost of an item is allowable, users must also refer to the applicable sections of the Uniform Guidance and the WIOA.

Failure to address a particular cost item is not intended to imply that it is allowable or unallowable. Rather, the determination of allowability in each case should be based on the treatment or principles provided for similar or related costs. In the case of a discrepancy between the Uniform Guidance and the provisions of a specific federal award administered by the pass-through entity, the federal award provisions govern. Note also that, in some instances, different cost items may be similarly named, and there may be some overlap between the various cost items.

When reviewing the matrix please use the following legend:

<b>Legend Key</b>	<b>Legend Key Definition</b>
A	Allowable
AP	Allowable with Prior Approval
AC	Allowable with Conditions
U	Unallowable
NS	Not Specified in the Uniform Guidance

If a cost item is denoted with two or more legend keys, users should delve further into the various information sources as they may provide the additional clarity that is needed. If this effort does not provide the necessary information, then subrecipients should contact their Regional Advisor/Project Manager. The “NS” legend key means that information may not be readily available. In this event, the subrecipient should seek other information sources before contacting their Regional Advisor/Project Manager.

The “AP” legend key means that, in some instances, prior written approval will be required from the Cognizant Agency or Governor. In this event, the user should adhere to the Uniform Guidance Section 200.407, DOL Exceptions Section 2900.16, and review the existing policies and procedures established in the Workforce Services Directive 14-13, until further guidance is provided by the state.

	<b>Cost Item</b>	<b>Educational Institutions</b>	<b>Non-Profit Organizations</b>	<b>State, Local and Indian Tribal Governments</b>	<b>Uniform Guidance Section</b>	<b>DOL Exception Section</b>
1	Advertising and public relations	A/U	A/U	A/U	<a href="#">200.421</a>	
2	Advisory councils	AC/U	AC/U	AC/U	<a href="#">200.422</a>	
3	Alcoholic beverages	U	U	U	<a href="#">200.423</a>	
4	Alumni/ae activities	U	NS	NS	<a href="#">200.424</a>	
5	Audit services	AC/U	AC/U	AC/U	<a href="#">200.425</a>	
6	Bad debts	U	U	U	<a href="#">200.426</a>	
7	Bonding costs	A	A	A	<a href="#">200.427</a>	
8	Collection of improper payments	A	A	A	<a href="#">200.428</a>	
9	Commencement and convocation costs	AC/U	NS	NS	<a href="#">200.429</a>	
10	Compensation – personal services	A/U	A/U	A/U	<a href="#">200.430</a>	
11	Compensation – fringe benefits	A /U	A /U	A /U	<a href="#">200.431</a>	
12	Conferences	A	A	A	<a href="#">200.432</a>	
13	Contingency provisions	AC/U	AC/U	AC/U	<a href="#">200.433</a>	<a href="#">2900.18</a>
14	Contributions and donations	U	U	U	<a href="#">200.434</a>	
15	Defense and prosecution of criminal and civil proceedings, claims, appeals, and patent infringement	AC/U	AC/U	AC/U	<a href="#">200.435</a>	
16	Depreciation	AC	AC	AC	<a href="#">200.436</a>	
17	Employee health and welfare costs	A	A	A	<a href="#">200.437</a>	
18	Entertainment costs	U/AP	U/AP	U/AP	<a href="#">200.438</a>	
19	Equipment and other capital expenditures	AP/U	AP/U	AP/U	<a href="#">200.439</a>	
20	Exchange rates	AP	AP	AP	<a href="#">200.440</a>	
21	Fines, penalties, damages and other settlements	U/AP	U/AP	U/AP	<a href="#">200.441</a>	
22	Fund raising and investment management costs	U/AP/A	U/AP/A	U/AP/A	<a href="#">200.442</a>	
23	Gains and losses on disposition of depreciable assets	AC	AC	AC	<a href="#">200.443</a>	
24	General cost of government	NS	NS	U/A	<a href="#">200.444</a>	
25	Goods or services for personal use	U/AP	U/AP	U/AP	<a href="#">200.445</a>	
26	Idle facilities and idle capacity	AC/U	AC/U	AC/U	<a href="#">200.446</a>	
27	Insurance and indemnification	AC/U	AC/U	AC/U	<a href="#">200.447</a>	
28	Intellectual property	A/U	A/U	A/U	<a href="#">200.448</a>	
29	Interest	AC/U	AC/U	AC/U	<a href="#">200.449</a>	
30	Lobbying	U	U	U	<a href="#">200.450</a>	
31	Losses on other awards or	U	U	U	<a href="#">200.451</a>	

	Cost Item	Educational Institutions	Non-Profit Organizations	State, Local and Indian Tribal Governments	Uniform Guidance Section	DOL Exception Section
	contracts					
32	Maintenance and repair costs	A	A	A	<a href="#">200.452</a>	
33	Material and supplies costs, including costs of computing devices	A	A	A	<a href="#">200.453</a>	
34	Memberships, subscriptions, and professional activity costs	A/U	A/U	A/U	<a href="#">200.454</a>	
35	Organization costs	U/AP	U/AP	U/AP	<a href="#">200.455</a>	
36	Participant support costs	AP	AP	AP	<a href="#">200.456</a>	
37	Plant and security costs	A	A	A	<a href="#">200.457</a>	
38	Pre-award costs	AP	AP	AP	<a href="#">200.458</a>	
39	Professional services costs	A	A	A	<a href="#">200.459</a>	
40	Proposal costs	A	A	A	<a href="#">200.460</a>	
41	Publication and printing costs	A	A	A	<a href="#">200.461</a>	
42	Rearrangement and reconversion costs	A/AP	A/AP	A/AP	<a href="#">200.462</a>	
43	Recruiting costs	A/U	A/U	A/U	<a href="#">200.463</a>	
44	Relocations costs of employees	AC/U	AC/U	AC/U	<a href="#">200.464</a>	
45	Rental costs of real property and equipment	AC/U	AC/U	AC/U	<a href="#">200.465</a>	
46	Scholarships and student aid costs	AC	NS	NS	<a href="#">200.466</a>	
47	Selling and marketing	U/AP	U/AP	U/AP	<a href="#">200.467</a>	
48	Specialized service facilities	AC	AC	AC	<a href="#">200.468</a>	
49	Student activity costs	U/AP	U/AP	U/AP	<a href="#">200.469</a>	<a href="#">2900.19</a>
50	Taxes	AC	AC	AC	<a href="#">200.470</a>	
51	Termination costs	AC/U	AC/U	AC/U	<a href="#">200.471</a>	
52	Training and education costs	A	A	A	<a href="#">200.472</a>	
53	Transportation costs	A	A	A	<a href="#">200.473</a>	
54	Travel costs	AC	AC	AP	<a href="#">200.474</a>	
55	Trustees	A	A	NS	<a href="#">200.475</a>	