

NoRTEC
Policy Statement
Allowable Costs

Approval: August 25, 2016
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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).

REFERENCES

- WIOA (Public Law 113-128) Sections 184(a)(3), 134(c)-(d), and 129
- Title 2 *Code of Federal Regulations* (CFR) Part 200 and 2900
- Training and Employment Guidance Letter (TEGL) 15-14, Subject: *Implementation of the New Uniform Guidance Regulations* (December 19, 2014)
- Workforce Services Directive (WSD) 14-13 Subject: *Property—Prior Approval, Purchasing, Inventory, and Disposal* (April 29, 2015)
- Workforce Investment Act Directive (WIAD) 03-10 Subject: *Allowable Costs* (April 09, 2004)

POLICY AND PROCEDURES

Local Workforce Development Areas and providers that receives funds under WIOA Title I are required to comply with Uniform Guidance [WIOA Section 184(a)(3)]. This includes general principles and guidance on selected items of cost. However, if more restrictive city, state, or federal guidelines exist, they must take precedence.

The State has compiled a high level matrix listing the various cost items referenced in Title 2 CFR Sections 200.420 through 200.475 (Attachment 1). The columns in the matrix contain the various entity types, the specific CFR Sections, and DOL Exceptions Sections (if applicable). The matrix also provides a quick reference guide to help indicate whether a cost item is allowable or not. WIOA funding recipients and subrecipients can use the 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.

Attachment 1 Cost Item 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:

Legend Key	Legend Key Definition
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 NoRTEC. The “NS” legend key means that information may not be readily available. In this event, the subrecipient should contact NoRTEC for guidance.

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.

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

	Cost Item	Educational Institutions	Non-Profit Organizations	State, Local and Indian Tribal Governments	Uniform Guidance Section	DOL Exception Section
26	Idle facilities and idle capacity	AC/U	AC/U	AC/U	200.446	
27	Insurance and indemnification	AC/U	AC/U	AC/U	200.447	
28	Intellectual property	A/U	A/U	A/U	200.448	
29	Interest	AC/U	AC/U	AC/U	200.449	
30	Lobbying	U	U	U	200.450	
31	Losses on other awards or contracts	U	U	U	200.451	
32	Maintenance and repair costs	A	A	A	200.452	
33	Material and supplies costs, including costs of computing devices	A	A	A	200.453	
34	Memberships, subscriptions, and professional activity costs	A/U	A/U	A/U	200.454	
35	Organization costs	U/AP	U/AP	U/AP	200.455	
36	Participant support costs	AP	AP	AP	200.456	
37	Plant and security costs	A	A	A	200.457	
38	Pre-award costs	AP	AP	AP	200.458	
39	Professional services costs	A	A	A	200.459	
40	Proposal costs	A	A	A	200.460	
41	Publication and printing costs	A	A	A	200.461	
42	Rearrangement and reconversion costs	A/AP	A/AP	A/AP	200.462	
43	Recruiting costs	A/U	A/U	A/U	200.463	
44	Relocations costs of employees	AC/U	AC/U	AC/U	200.464	
45	Rental costs of real property and equipment	AC/U	AC/U	AC/U	200.465	
46	Scholarships and student aid costs	AC	NS	NS	200.466	
47	Selling and marketing	U/AP	U/AP	U/AP	200.467	
48	Specialized service facilities	AC	AC	AC	200.468	
49	Student activity costs	U/AP	U/AP	U/AP	200.469	2900.19
50	Taxes	AC	AC	AC	200.470	
51	Termination costs	AC/U	AC/U	AC/U	200.471	
52	Training and education costs	A	A	A	200.472	
53	Transportation costs	A	A	A	200.473	
54	Travel costs	AC	AC	AP	200.474	
55	Trustees	A	A	NS	200.475	