
**Workforce Investment Act
State Compliance Policies**

SECTION: 3.1

Allowable Costs

July 2005

I. Allowable Costs:

- A. Unallowable WIA costs are described in §667.220, §667.260, §667.262, §667.264, §667.266, and §667.268, including:
1. Public service employment, except to provide disaster relief employment as specifically authorized in section 173(d) of WIA [20 CFR §667.264(2)].
 2. Relocation of a business or part of a business that results in the loss of employment at the original location [§667.268(a)(1)].
 3. Employment generating and similar activities if not related to training for eligible individuals [§667.262(a)].
 4. Sectarian activities [§667.266(a)].
 5. Foreign travel [§667.264(b)].
 6. Political activities [WIA Section 195(6)].
 7. Duplication of facilities/services available in the area [§663.320(a)(b)].
 8. Wages of incumbent employees during participation in economic development activities [§667.264(a)(1)].
 9. The promotion or deterrence of union organizing.
- B. In addition to allowable costs defined in WIA regulations, grantees must abide by general cost restrictions as defined in the following:
- 2 CFR Part 225 - Cost Principles for State, Local and Indian Governments
 - 2 CFR Part 230 - Cost Principles for Non-Profit Organizations
 - 2 CFR Parts 215 & 220 - Cost Principles for Educational Institutions
 - Department of Employment, Training, and Rehabilitation Policies
 - USDOL Technical Assistance Guides (TAGs)
 - Training Employment Information Notice (TEIN)
 - Training and Employment Guidance Letters (TEGLs)

The following chart is provided as a reference for specific costs. The narrative portion of the chart is intended to provide initial guidance; please refer to the citations for further information. Failure to mention a particular item of cost in the standards is not intended to imply that it is either allowable or unallowable; rather, the determination of allowability in each case should be based on the treatment of standards provided for similar or related items of cost.

Summary of Cost Items

KEY

- NT = Not treated in referenced Cost Principle
 A = Allowable
 AC = Allowable with conditions
 AP = Allowable with prior approval of either the Grant Officer or Governor
 U = Unallowable
 A/U = Some categories within the particular activity are allowable, while some are not.
 Please consult respective circular for precise explanations.

Note: Some of the costs on this chart are allowable under the circulars and prohibited under WIA or other program-specific regulations. You should refer to the program-specific regulations if you have any questions on allowability of a particular cost. This chart is for reference only.

In addition, when reviewing the provisions related to selected items of cost in the cost principles, the cost principles applied in establishing the allowability of certain items of cost apply whether the cost is treated as a direct or indirect cost. Failure to address a particular item of cost is not intended to imply that it is unallowable. Rather, the determination of allowability in each case should be based on the treatment or principles provided for similar or related costs. Note also that, in some instances, different cost items may be similarly named, and there may be some overlap in the cost items treated by the different circulars. Again, this chart is for reference only.

Cost Item	2 CFR Part 220	2 CFR Part 230	2 CFR Part 225	48 CFR Part 31
Advertising and public relations costs	AC/U	AC/U	AC/U	AC
Advisory councils	A	A	A	NT
Alcoholic beverages	U	U	U	U
Alumni/ae activities	U	NT	NT	NT
Asset valuations resulting from business combinations	NT	NT	NT	A
Audit costs and related services	A	A	A	NT
Bad debts	U	U	U	U
Bonding costs	NT	A	A	NT
Commencement and convocation	U	NT	NT	NT

Cost Item	2 CFR Part 220	2 CFR Part 230	2 CFR Part 225	48 CFR Part 31
Communication costs	A	A	A	NT
Compensation for personal services	A/U	A/U	AC/U	A/U
Contingency provisions	U	U	U	U
Cost of money	U	U	U	AC
Deans of Faculty and graduate schools	A	NT	NT	NT
Defense and prosecution of criminal and civil proceedings, and claims	AC/U	AC/U	A/U	U
Deferred Research and development costs	NT	NT	NT	AC/U
Depreciation and use allowances	AC	AC	AC	AC
Donations and contributions	U	U	U	U
Economic planning costs	NT	NT	NT	NT/U
Employee morale, health, and welfare costs	A	A	A	U
Entertainment costs	U	U	U	U
Equipment and other capital expenditures	AP/U	AP/U	AP/U	AP
Fines and penalties	U/AP	U/AP	U/AP	U
Fund raising and investment management costs	U/A	U	U	U
Gains and losses on disposition of depreciable property and other capital assets and substantial relocation of Federal programs	AC	AC	AC	A
General government expenses	NT	NT	U	NT
Goods or services for personal use	U	U	U	NT
Goodwill	NT	NT	NT	U
Housing and Personal Living Expenses	U	AP/U	NT	NT
Idle facilities and idle capacity	AC/U	AC/U	AC/U	AC/U
Insurance and indemnification	AC/U	AC/U	AC/U	A

Cost Item	2 CFR Part 220	2 CFR Part 230	2 CFR Part 225	48 CFR Part 31
Interest	A/AC/U	A/AC/U	A/AC/U	U
Labor Relations Costs	A	A	NT	AC
Lobbying	U	U	U	U
Losses on other sponsored agreements or contracts	U	U	U	U
Maintenance, operations, and repairs	A	A	AC	A
Materials and supplies costs	A	A	A	A
Meetings and conferences	A	A	A	See Item 2
Memberships, subscriptions, and professional activity costs	A/U	A/AP/U	A/AP/U	NT
Organization costs	NT	U/AP	NT	U
Other business expenses	NT	NT	NT	A
Page charges in professional journals	NT	A	NT	NT
Participant support costs	NT	AP	NT	NT
Patent costs	A/U	A/U	A/U	A/U
Plant and homeland security costs	A	A	A	A
Pre-award costs	U/AP	AC/AP	AC/AP	NT
Professional service costs	A	A	A	A
Proposal costs	A	NT	A	AP
Publication and printing costs	A	A	A	NT
Rearrangement and alteration costs	A	A	A	NT
Reconversion costs	A	A	A	NT
Recruiting costs	A	A	A	A
Relocation costs	NT	AC	NT	A/U
Rental costs of building and equipment	AC	AC	AC	AC
Royalties and other costs for the use of patents	A	A	A	A
Scholarships and student aid	A	NT	NT	NT
Selling and marketing	AC/U	U	U	A/U

Cost Item	2 CFR Part 220	2 CFR Part 230	2 CFR Part 225	48 CFR Part 31
Service and warranty costs	NT	NT	NT	A
Special tooling and special test equip.	NT	NT	NT	A
Specialized service facilities	AC	AC	NT	NT
Taxes	AC	AC	AC	AC
Termination costs applicable to sponsored agreements	AC	AC	AC	A/U
Training costs	A	AC/AP/U	A	AC
Transportation costs	A	A	NT	AC
Travel costs	AC	AC	AC	AC
Trustees	AC	AC	NT	NT

With limited exceptions, selected items of costs are treated similarly for all recipients of Federal awards. Principal differences in the treatment of costs unique to any one Circular are shown in bold within the table above.