**Workforce Investment Act Title I-B  
Washington State Policies**

**SECTION B: Fiscal Controls and Accounting Guidelines**

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*Grantees, subrecipients, and contractors funded under the Workforce Investment Act, (WIA) whether in whole or in part, must abide by the Workforce Investment Act of 1998, the WIA Regulations, all applicable Office of Management and Budget (OMB) Circulars, state regulations in laws and rules (Revised Code of Washington and Washington Administrative Code), Office of Financial Management (OFM) policies, and the Washington State WIA Policies.*

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| **EFFECTIVE DATE: WIA POLICY NUMBER: SUBJECT:** | January 9, 2006 3220, Revision 1 Program Income |

[BACKGROUND](http://www.wa.gov/esd/1stop/policies/documents/archive/3220rev1.htm#BACKGROUND) | [POLICY](http://www.wa.gov/esd/1stop/policies/documents/archive/3220rev1.htm#POLICY) | [DEFINITIONS](http://www.wa.gov/esd/1stop/policies/documents/archive/3220rev1.htm#DEFINITIONS) | [REFERENCES](http://www.wa.gov/esd/1stop/policies/documents/archive/3220rev1.htm#REFERENCES)[SUPERSEDES](http://www.wa.gov/esd/1stop/policies/documents/archive/3220rev1.htm#SUPERSEDES) | [WEBSITE](http://www.wa.gov/esd/1stop/policies/documents/archive/3220rev1.htm#WEBSITE) | [INQUIRIES](http://www.wa.gov/esd/1stop/policies/documents/archive/3220rev1.htm#INQUIRIES)

**BACKGROUND**

Revision 1 changes the contact information for this policy and adds clarifying changes on reporting program income and meeting cash management expenditure requirements.

**POLICY**

1. Program Income Requirements for Workforce Development Area (WDA) Fiscal Agents:  
   1. WDA Fiscal Agents or subrecipients generating income under a grant agreement may retain the income earned only if such income is used to support allowable activities under the Workforce Investment Act (WIA) of 1998.
   2. Program income shall be used prior to the submission of the final report for the funding period of the program year to which the earnings are attributable.
   3. Program income not used in accordance with the requirements of this section is subject to recapture by the Employment Security Department.
   4. Program income shall be returned to the Employment Security Department if the income cannot be used by the WDA.
   5. Program income and expenditures shall be reported on the WDA Quarterly Fiscal Report and be traceable through the fiscal system.
   6. The WDA is not accountable for income earned after the end of the award period. However, the WDA must report program income expended after the grant period if the income was earned during the grant period.
   7. WDAs are to track program income expenditures on a first-in first-out basis. Therefore, the first dollar of program income spent by the WDA is to be counted against the first dollar of program income that the WDA earned.
   8. Program income may not be spent to cover disallowed costs.
   9. Any equipment purchased with program income is subject to the requirements set forth in the policies covering property management and inventory.
   10. If earned income cannot be used for WIA purposes by the WDA earning the income, the WDA may permit another entity to use the income for WIA purposes.
2. Program Income Requirements for State Subrecipients:  
   1. Receipt and disbursement of program income shall be reported on the WIA Quarterly Fiscal Report forms. Expenditure of such program income must meet the requirements set forth in WIA Policy No. 3205 Revision #1 (Cash Management).
   2. Program income must be traceable through the entity’s financial system.

**DEFINITIONS**

None.

**REFERENCES**

All fiscal policies and guidance letters published for WIA are governed, as appropriate, under:

* Public Law 105-200
* 20 CFR Part 652
* OMB Circular A-122, Cost Principles for Non Profits
* OMB Circular A-133, Audit of State and Local Government
* OMB Circular A-133, Compliance Supplement
* OMB Circular A-21, Cost Principles for Education Institutions
* OMB Circular A- 87, Revised Cost Principles for State and Local Government and Indian Tribal Government
* One-Stop Comprehensive Financial Management Technical Assistance Guide (TAG) - July 2002
* Generally Accepted Accounting Procedures (GAAP)

**SUPERSEDES**

Policy #3220

**WEBSITE**

<http://www.wa.gov/esd/policies/title1b.htm>

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