

Administrative Cost Limitations

SUBJECT: Administrative Cost Limitations

REFERENCE: WIA Section 128(b)(4); 20 CFR Part 667.210 and 220

BACKGROUND: There are administrative cost limitations that apply to local area Workforce Investment Act (WIA) expenditures.

POLICY: Local area expenditures for administrative purposes under WIA formula grants are limited to no more than ten percent (10%) of the amount allocated to the local area under Sections 128(b) and 133(b) of the Act.

The administrative allocation may be used by the local area for the administrative cost of carrying out local Workforce Investment activities described in Sections 134(d) or (e) or Section 129(c), and do not need to be allocated back to the individual funding streams.

The costs of administration are that allocable portion of necessary and reasonable allowable costs of state and local Workforce Investment boards, direct recipients, including state grant recipients under Subtitle B of Title I and recipients of awards under Subtitle D of Title I, as well as local grant recipients, local grant subrecipients, local fiscal agents and One-Stop operators that are associated with those specific functions identified in the following paragraph of this section and which are not related to the direct provision of Workforce Investment services, including services to participants and employers. These costs can be both personnel and nonpersonnel and both direct and indirect.

The costs of administration are the costs associated with performing the following functions:

- Performing overall general administrative functions and coordination of those functions under WIA Title I:
 - Accounting, budgeting, financial, and cash management functions;
 - Procurement and purchasing functions;
 - Property management functions;
 - Personnel management and payroll functions;
 - Coordinating the resolution of findings arising from audits, reviews, investigations, and incident reports;
 - Audit and general legal services functions; and
 - Developing systems and procedures, including information systems, required for these administrative functions;
- Performing oversight and monitoring responsibilities related to WIA administrative functions,
- Costs of goods and services required for administrative functions of the program, including goods and services such as rental or purchase of equipment, utilities, office supplies, postage, and rental and maintenance of office space;
- Travel costs incurred for official business in carrying out administrative activities or the overall management of the WIA system; and
- Costs of information systems related to administrative functions (for example, personnel, procurement, purchasing, property management, accounting and payroll systems, including the purchase, system development, and operating costs of such systems,
- Awards to subrecipients or vendors that are solely for the performance of administrative functions are classified as administrative costs.

Personnel and related nonpersonnel costs of staff who perform both administrative functions specified above and programmatic services or activities are to be allocated as administrative or program costs to the benefiting cost objectives/categories based on documented distributions of actual time worked or other equitable cost allocation methods.

Specific costs charged to an overhead or indirect cost pool that can be identified directly as a program cost are to be charged as a program cost. Documentation of such charges must be maintained.

Except as provided at paragraph 6 above, all costs incurred for functions and activities of subrecipients and vendors are program costs.

Costs of the following information systems including the purchase, systems development, and operating (e.g. data entry) costs are charged to the program category.

- Tracking or monitoring of participant and performance information;
- Employment statistics information, including job listing information, job skills information, and demand occupation information;
- Performance and program cost information on eligible providers of training services, youth activities, and appropriate education activities;
- Local area performance information;
- Information relating to supportive services and unemployment insurance claims for program participants.

Continuous improvement activities are charged to administration or program category based on the purpose or nature of the activity to be improved. Documentation of such charges must be maintained.

In a One-Stop environment, administrative costs borne by other sources of funds, such as the Wagner-Peyser Act, are not included in the administrative cost limit calculation. Each program's administrative activities are chargeable to its own grant and subject to its own administrative cost limitations.