

## *What Workforce Investment Act Title I Functions and Activities Constitute the Costs of Administration Subject to Administrative Cost Limit?*

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
- Local grant recipients
- One-stop operators
- Local grant subrecipient - 117(d)(3)(b)(i)(II)
- Local fiscal agents - 117(d)(3)(b)(i)(II)

...associated with the major functions.

These costs:

+ Are not related to the direct provision of workforce investment services, including services to participants and employers

+ Can be personnel

+ Can be non-personnel

+ Can be direct

+ Can be indirect

### **ADMINISTRATIVE COSTS**

#### **1** General administrative functions and coordination of functions:

- accounting
- audit resolution
- audits
- budgeting
- financial and cash management
- general legal services functions
- incident report resolution
- information system development (see **5** )
- investigation resolution
- payroll functions
- personnel management
- procurement
- property management
- purchasing
- review resolution
- development of systems and procedures for administrative functions

#### **2** Oversight and monitoring related to WIA Administrative functions

#### **3** Costs of goods and services required for administrative functions of the program, including goods and services such as:

- office supplies
- postage
- rental and maintenance of office space
- rental or purchase of equipment
- utilities

#### **4** Travel costs incurred for official business in carrying out administrative activities or the overall management of the WIA system

#### **5** Costs of information systems related to administrative functions. For example:

- personnel
- procurement
- purchasing
- property management
- accounting and payroll systems, including the purchase, systems development and operating costs of such systems.

#### **6** Awards to subrecipients or vendors that are solely for the performance of administrative functions.

## PROGRAM COSTS

- 1** Specific costs charged to an overhead or indirect cost pool that can be identified directly as a program cost.

*Note: Documentation of such charges must be maintained*

- 2** All costs incurred for functions and activities of subrecipients and vendor are charged as a program cost.

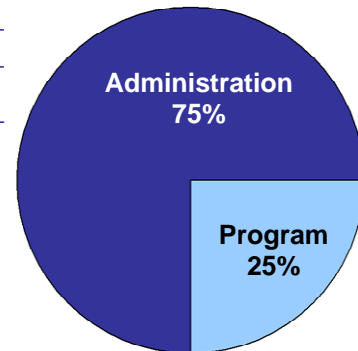
*Note: Except for those awards to subrecipients or vendors that are solely for the performance of administrative functions*

- 3** Costs of the following information systems, including the purchase, systems development and operating (e.g. data entry) costs are charged as a program cost.

- 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.

- 4** That portion of indirect costs determined as a proportionate share of the indirect costs in the indirect cost pool which are the costs of program functions, not administrative functions.

INDIRECT  
COST  
POOL



Indirect Cost (IDC) Rate = 20%

Total Costs in ICP	=	\$400,000
Base (e.g. Total Direct Salaries & Wages)	=	\$2,000,000

**WIA Total Direct Salaries & Wages x IDC Rate = Indirect Amount For WIA**

\$1,000,000 x 20% = \$200,000

25% of \$200,000 = \$50,000 Program

75% of \$200,000 - \$150,000 Administration

## ADMINISTRATIVE OR PROGRAM COSTS

- Personnel and related non-personnel costs of staff who perform both administrative functions and programmatic services are to be allocated as **administrative costs or program costs** to the benefitting cost objectives/categories based on documented distributions of actual time worked or other equitable cost allocation methods

- Continuous improvement activities are charged to **administration or program** based on the purpose or nature of the activity to be improved.

*Note: Documentation of such charges must be maintained.*