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**

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| 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 |
| 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 Diagram]

   
   \[ \text{Indirect Cost (IDC) Rate} = 20\% \]
   \[ \text{Total Costs in ICP} = \$400,000 \]
   \[ \text{Base (e.g. Total Direct Salaries & Wages)} = \$2,000,000 \]
   \[ \text{WIA Total Direct Salaries & Wages} \times \text{IDC Rate} = \] \[\text{Indirect Amount For WIA} = 25\% \text{ of } \$200,000 = \$50,000 \text{ Program} \]
   \[75\% \text{ of } \$200,000 - \$150,000 \text{ Administration} \]

**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.*