

The Workforce Innovation and Opportunity Act

What WIOA title I functions and activities constitute the costs of administration subject to the administrative cost limitation at 20 CFR 683.215?

GENERAL GUIDELINES

Administrative costs are incurred by:

- State and Local Workforce Development Boards,
- Regions, and
- Direct grant recipients including:
 - State grant recipients,
 - Local grant recipients,
 - One-stop operators,
 - Local grant subrecipients, and
 - Local fiscal agents.
- Administrative costs are not related to the direct provision of workforce investment services, including services to participants and employers.
- Administrative costs can be:
 - Personnel,
 - Non-personnel,
 - Direct, and
 - Indirect.

ADMINISTRATIVE COSTS

- 1) General administrative functions and coordination of the following functions ([20 CFR 683.215\(b\)\(1\)\(i-x\)](#)):
 - accounting, budgeting, financial and cash management;
 - procurement and purchasing;
 - property management;
 - personnel management;
 - payroll functions;
 - resolution of findings arising from audits, reviews, investigations and incident reports;
 - audits;
 - general legal services functions;
 - information system development (see item # 5)
 - development of systems and procedures including information systems, for administrative functions; and
 - fiscal agent responsibilities.
 - 2) Performing oversight and monitoring related to WIOA Administrative functions ([20 CFR 683.215\(b\)\(2\)](#)).
 - 3) Costs of goods and services required for administrative functions of the program, including goods and services such as ([20 CFR 683.215\(b\)\(3\)](#)):
 - rental or purchase of equipment,
 - utilities,
 - office supplies
 - postage, and
 - rental and maintenance of office space.
 - 4) Travel costs incurred for official business in carrying out administrative activities ([20 CFR 683.215\(b\)\(4\)](#)).
 - 5) Costs of information systems related to administrative functions including the purchase, development, and operating costs of such systems ([20 CFR 683.215\(b\)\(5\)](#)). For example:
 - Personnel,
 - procurement and purchasing,
 - property management, and
 - accounting and payroll systems.
 - 6) Awards to subrecipients or contractors that are solely for the performance of administrative functions.
- The allowability and allocability of administrative costs must be consistent with the Cost Principles in the Uniform Guidance. Efforts must be made to streamline the services and functions to reduce administrative costs by minimizing duplication and effectively using information technology to improve services.



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PROGRAM COSTS

- 1) **Costs tied to the direct provision of workforce investment services including services to participants and employers. Such costs may include the following:**
 - career services;
 - business services for employers;
 - performance measures/outcomes;
 - continuous improvement activities;
 - 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 training providers, youth activities, and appropriate education activities;
 - local area performance information;
 - information related to supportive services; and
 - information related to unemployment insurance claims for program participants.
- 2) **All costs incurred for functions and activities of subrecipients, except those entities listed in the box labeled “General Guidelines”, and contractors are charged as program costs.**

For example, an entity contracted to provide youth services incurs incidental costs for processing youth work experience. The entity’s payroll may charge all of its costs to program costs.
- 3) **Costs of the following information systems, including the purchase, systems development and operating (e.g. data entry) costs are charged as program costs.** Unless funding, award or other notices say otherwise.
- 4) **Negotiation of a Memorandum of Understanding (MOU) or Infrastructure Funding Agreement (IFA) ([20 CFR 683.205\(a\)\(5\)](#)).**

ADMINISTRATIVE OR PROGRAM COSTS

These costs might be charged as administrative or program costs depending on the circumstance.

- 1) **Personnel and related non-personnel costs of staff who perform both administrative functions and programmatic services** are allocated to the benefitting cost objectives/categories. Allocation of cost are in accordance with equitable allocation methodologies outlined in the Uniform Guidance.
- 2) **Continuous improvement activities** are charged based on the purpose or nature of the activity to be improved. Documentation of such charges must be maintained.
- 3) **Infrastructure costs for title I programs**

Title I WIOA partner programs can use administrative and program funds to pay for infrastructure costs. However, the definition of administrative costs may differ in other partner programs. Partner’s contributions for infrastructure costs are subject to the partner programs’ administrative cost definition and limitations. For title IV WIOA partner programs, such as Vocational Rehabilitation (VR), agencies must report funds spent for infrastructure costs as administrative costs ([20 CFR 678.720](#)).



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DIFFERENTIATING BETWEEN COSTS

Differentiating between Direct and Indirect depends on how the cost is identified to a final cost objective (single versus multiple cost objectives) rather than the nature of the cost itself (unlike program or administrative). ([2 CFR 200.413](#) and [200.414](#)). Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs. See also [2 CFR 200.405 - Allocable costs](#). The total cost of a Federal award is the sum of the allowable direct and allocable indirect costs less any applicable credits



- 1) **Direct costs** are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. ([2 CFR 200.413](#))
- 2) **Indirect costs** are those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. [2 CFR 200.56](#)

Indirect costs can be charged through an approved Cost Allocation Plan (CAP), a Negotiated Indirect Cost Rate Agreement (NICRA), or, if eligible, the de minimis rate.

- 3) Administrative and program costs can be made up of direct and indirect costs. A grant recipient must analyze their Indirect Cost Pool (from NICRA with their cognizant agency) to determine what percentage is administrative versus program costs. Below is a breakout of a simple Indirect Cost Pool where each item in the pool needs to be reviewed against [20 CFR 683.215](#) to determine if it is an administrative or program cost.

Indirect Cost Pool items	Amount	Administrative Cost	Program Cost
Top Management Salaries	\$140,000	\$140,000	
Van Rental (student transportation)	\$5,000		\$5,000
Information Systems (procurement/purchasing)	\$10,000	\$10,000	
Information Systems (grant tracking)	\$45,000		\$45,000
Total	\$200,000	\$150,000	\$50,000
Percentage of Indirect Cost Pool		75%	25%

As shown above 75% of the amount of indirect costs charged to grant will be considered administrative costs. The total administrative charges (indirect and direct) must not exceed the administrative cost limitation for the grant. Indirect cost pools must be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived.

It is the responsibility of the grant recipient and subrecipient to document and support the recognition and recording of indirect costs in its approved cost categories.



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UNIFORM GUIDANCE COST PRINCIPLES

To determine the allowability of a cost, it must meet the seven guiding factors found in the Uniform Guidance at [2 CFR 200.403](#):

- Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- Be consistent with principles and procedures that apply uniformly to both federally-financed and other activities of the organization.
- Be accorded consistent treatment.
- Be determined in accordance with GAAP.
- Not to be included as a cost or used to meet cost-sharing or matching requirements of any other federally-financed program in either the current or a prior period.
- Be adequately documented.

Learn More About WIOA

Information and guidance for WIOA can be found here: doleta.gov/WIOA

ION, the technical assistance initiative for WIOA, can be accessed by visiting **WorkforceGPS** here: ion.workforcegps.org

