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I. APPLICABILITY/SCOPE

This policy applies to ARIZONA@WORK City of Phoenix local workforce development board, direct grant recipients and subrecipients, fiscal agent, One-Stop operator, and any other entities that perform overall general administrative functions as described in the policy below and coordinate those functions under Title I of WIOA.

II. PURPOSE

The purpose of this policy is to aid ARIZONA@WORK City of Phoenix grant recipients and subrecipients in classification of costs as administrative or programmatic, and to ensure clarity and consistency in the treatment of the expenditures for the WIOA Title I programs.

Reference: Workforce Innovation and Opportunity Act (WIOA) of 2013, (P.L. 113-128), 20 CFR Part 200 Uniform Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); 20 CFR 683.205; 20 CFR 683.215.

III. BACKGROUND

The WIOA and 2 CFR Part 200 Uniform Requirements, Cost Principles, and Audit Requirements for Federal Awards Final Rule (Uniform Guidance) provide cost limitations that apply to the ARIZONA@WORK City of Phoenix Local Workforce Development Area (LWDA).

IV. DEFINITIONS


Administrative Costs - Costs that are not related to providing direct basic career, individualized career and training services to participants and employers. These costs can be both personnel and non-personnel and both direct and indirect.

Program Costs – Costs that are directly related to the provision of workforce investment activities that are not defined as administrative costs and are allowable costs by function.

V. POLICY

A. Administrative Cost Limitations

Administrative expenditures for any given program year are limited to no more than 10 percent of the amount allocated for Youth, Adult, and Dislocated Worker Employment and Training Activities. For the purposes of the costs negotiated for


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the Memorandum of Understanding (MOU) and Infrastructure Funding Agreement (IFA) between the Phoenix Business and Workforce Development (PBWD) Board and ARIZONA@WORK City of Phoenix Workforce System Partners, administrative costs are excluded from the MOU and IFA and each System Partner’s program administrative costs are only chargeable to their program’s grant and is subject to its own administrative cost limitations.

B. Administrative Functions

Administrative costs are expenditures incurred by the PBWD Board, recipients and sub-recipients of WIOA Title I grants, local fiscal agents, and one-stop operators that provide the specific functions below, and which are not related to the direct delivery of workforce investment activities, including services to participants and employers. The costs of administration can be both personnel and non-personnel, and both direct and indirect.

1. Administrative costs are general allowable costs associated with performing the following functions:
 - a) Performing oversight and monitoring responsibilities related to WIOA administrative functions below;
 - b) Accounting, budgeting, financial and cash management functions;
 - c) Procurement and purchasing functions;
 - d) Property management functions;
 - e) Personnel management functions;
 - f) Payroll functions;
 - g) Coordinating the resolution of findings arising from audits, reviews, investigations and incident reports;
 - h) Audit functions;
 - i) General legal services functions;
 - j) Fiscal agent responsibilities;
 - k) Developing systems and procedures, including information systems, required for these administrative functions;
 - l) 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;
 - m) Costs of information systems related to administrative functions (for example, personnel, procurement, purchasing, property


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management, accounting, and payroll systems) including the purchase, systems development, and operating costs of such systems;


- n) Personnel and related non-personnel cost of staff that perform both administrative functions in section V. B. 1. and programmatic services in section V.C. 1. or activities must be allocated as administrative or programmatic costs to the benefitting cost objectives/categories based on documented distributions of actual time worked or other equitable cost allocation methods;
- o) Travel costs incurred for official business in carrying out administrative activities;
- p) Awards to subrecipients or contractors that are solely for the purpose of administrative functions are classified as administrative costs (e.g., a payroll service for staff or participants);
- q) Costs associated with the initial and continued eligibility review of training providers and programs for inclusion on the Eligible Training Provider List are classified as administrative costs;
- r) Costs associated with monitoring eligible training providers and programs are classified as administrative costs;
- s) Where possible, entities must make efforts to streamline the services in paragraphs 1. a) – e) of this policy to reduce administrative costs by minimizing duplication and effectively using information technology to improve services; and
- t) All costs incurred outside of Administrative functions are to be classified as program costs, with the exception of awards to subrecipients or contractors that provide administrative functions as they are to be classified as administrative costs.

C. Programmatic Function

Programmatic costs are tied to the direct provision of workforce investment services including services to participants and employers. *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.*

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1. Programmatic costs are general allowable costs associated with performing the following functions:
 - a) Personnel and related non-personnel costs for individuals directly engaged in providing direct training and employment services;
 - b) Other personnel and related non-personnel costs of program managers, supervisors and/or coordinators, whose time has been properly allocated among benefitting cost categories (e.g. specific allocation between administrative and program);
 - c) Specific costs charged to an overhead or indirect cost pool that can be identified directly as a program cost are to be charged as program cost. LWDAs must maintain documentation of such costs;
 - d) Miscellaneous allowable costs including payment to vendors for goods or services procured for the benefit of program participants in the receipt of direct training services;
 - e) Payment related to on-the-job training programs, customized training, incumbent worker training, and work experience;
 - f) Participant payments — including supportive services required for participation, but which the participant cannot afford — and services needed to assist participants to secure and retain employment;
 - g) Tracking or monitoring of participants and performance information;
 - h) Employment statistics information including job listing information, job skills information, and demand occupations;
 - i) Local area performance information, and general allowable costs incurred by the PBWD Board or the grant recipient for preparing program projects, agreements, and supervision of program staff; and
 - j) Cost of the following information systems including the purchase, system development, and operational costs are costs charged to the program category, unless funding, award or other notices say otherwise:
 - i. Tracking or monitoring participant and performance information;
 - ii. Employment statistics information, including job listing information, job skill information, and demand

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- occupation information;
- iii. Performance and program cost information on the eligible training providers; youth activities; and appropriate education activities;
- iv. LWDA performance information; and
- v. Information relating to supportive services and unemployment insurance claims for program participants.

D. Cost Classification Matrix:

The matrix of costs included is presented only as a guide for the classification of WIOA costs and is not all inclusive. Careful consideration must be given to the activity with which a cost is associated and the category which benefits from the related activity.

Grantee Costs	Administrative	Program
Accounting	X	
Advertising	X	X
Business Services for employers		X
Contracts or sub-awards that are an administrative function	X	
Continuous Improvement Activities*	X	X
Eligible Training Provider Functions	X	
Employment statistics information, including job listing information, job skills and demand occupation information.		X
Executive Staff	X	X
Fiscal Audits	X	
Information related to job skills demand, occupations, unemployment insurance		X
Legal Staff	X	
Local Area Performance information		X
Monitoring programmatic functions		X
Negotiation of a Memorandum of Understanding (MOU) or Infrastructure Funding Agreement (IFA)		X
Program Design		X

**Continuous Improvement activities is related to the process or policy improvement of the provision of the program and are charged to administrative*

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or program category based on the purpose or nature of the activity to be improved. Documentation of such charges must be maintained.

VI. POLICY MANAGEMENT REQUIREMENTS

Administrative revisions to the policy may be made by the Phoenix Business and Workforce Development (PBWD) Board Executive Director, with notice to the PBWD Board’s Executive Leadership Committee. All other substantive revisions will go to the PBWD Board’s Executive Leadership Committee for review and recommendation to the PBWD Board for approval.

VII. ADDITIONAL OR MISCELLANEOUS INFORMATION

[Arizona Department of Economic Security, Chapter 2, Section 600, WIOA Administrative Cost Limitation Policy](#)