

WorkSource Information Notice (WIN)

Employment System Administration and Policy

Policy-related | Fiscal | Performance | Q&A | Other

Number: WIN 0110
Date: May 19, 2020
Expiration Date: June 30, 2021

TO: Workforce Development System Partners

FROM: Gary Kamimura, Policy Manager

SUBJECT: Allowance and procedures for Local Workforce Development Boards to expend above 10 percent and up to 20 percent of PY19 WIOA Title I-B formula funds on administrative costs related to the COVID-19 emergency

Purpose:

To communicate the allowance and procedures for Local Workforce Development Boards (LWDBs) to expend above the 10 percent statutory limit and up to 20 percent of their Program Year 2019 WIOA Title I-B formula grants on administrative costs that are directly related to COVID-19 emergency response.

Action Required:

Local Workforce Development Boards and their contractors, as well as Employment Security Regional Directors, must distribute this guidance broadly throughout the system to ensure that WorkSource System staff are familiar with its content and requirements.

Content:

Section 3515(a) of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 states,

“Administrative Costs – Notwithstanding section 128(b)(4) of the Workforce Innovation Opportunity Act (29 U.S.C. 3163(b)(4)), of the total amount allocated to a local area (including the total amount allotted to a single State local area) under subtitle B of title I of such Act (29 U.S.C. 3151 et seq.) for program year 2019, not more than 20 percent of the total amount may be used for the administrative costs of carrying out local workforce investment activities under chapter 2 or chapter 3 of subtitle B of title I of such Act, if the portion of the total amount that exceeds 10 percent of the total amount is used to respond to a qualifying emergency.”

This amendment to Section 128(b) of WIOA allows local administrative costs to exceed 10 percent and subsequently comprise up to 20 percent of such costs if the expenditures between 10 percent and 20 percent are in response to the federally-declared COVID-19 emergency. It also specifies that these administrative expenditures must be made against WIOA Title I-B funds that were formula-allocated for Program Year 2019, excluding funds reserved for Statewide Activities and Statewide Rapid Response that have been received by local areas.

See [Attachment A](#) for information on the steps that must be taken to be able to appropriately expend beyond the 10 percent administrative cost limitation for local Program Year 2019 WIOA Title I-B formula grants.

See [Attachment B](#) for the functions and activities that constitute administrative costs under WIOA law and rule.

The WorkSource System is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Language assistance services for limited English proficient individuals are available free of charge.

References:

- Section 3515(a), Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020, March 27, 2020
- Public Law 113-128, Workforce Innovation and Opportunity Act of 2014, Section 3(1); January 2, 2014
- 20 CFR 683.215, WIOA Final Rule

Website:

<https://wpc.wa.gov/policy/state/guidance>

Direct Inquiries To:

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Attachments:

[Attachment A](#) – Procedure for amending local PY19/FY20 WIOA Title I-B formula grants to allow expenditures above the 10 percent administrative cost limit

[Attachment B](#) – Administrative Costs per WIOA Final Rule at 20 CFR 683.215

Attachment A

Procedures for amending local PY19/FY20 WIOA Title I-B formula grants to allow expenditures above the 10 percent administrative cost limit:

Prior to exceeding the 10% administrative cost limitation, LWDBs must amend their PY19/FY20 WIOA Formula grant to modify the local Administrative Cost Pool (ACP) funds allocated for activities as defined in WIOA Section 3(1). To complete this amendment, LWDBs are asked to submit the following information to ESD's Grants Management Office (esdgpworkforceinitiatives@esd.wa.gov):

1. A brief description of the additional administrative activities to be conducted in response to the COVID-19 emergency;
2. The estimated or projected costs of these additional administrative activities;
3. A revised PY19/FY20 WIOA Formula Exhibit A: Budget & Performance Planning Form that includes the actual amount to be transferred into the ACP fund as well as the allocated amounts to be transferred out of the Youth, Adult, and Dislocated Worker funds.

Note: The amount transferred into the ACP fund must be allocated across each of the contributing funding streams (Youth, Adult, and Dislocated Worker). The CARES Act did not waive WIOA definitions, nor did it waive federal cost principles and allocation requirements. For example, if Youth funds account for 30 percent of local PY19/FY20 WIOA Formula funding, then Youth must contribute 30 percent to the amount transferred into ACP per federal cost principles.

LWDB responsibilities for tracking and reporting COVID-19-related WIOA Title I-B administrative costs above the 10 percent administrative cost limit as allowed under the federal CARES Act:

LWDBs that amend their Administrative Cost Pool (ACP) contracts to enable administrative expenses to exceed 10 percent of their formula allotment are required to:

1. Use a separate CARES Act administrative charge code for tracking the expenses in their accounting systems.
2. Identify on their Employment Security Department Invoice Voucher (Draw Request Form) when the administrative expenses above the 10 percent limit are due to COVID-19 by using the appropriate charge code provided by the ESD Funds Management Unit.
3. Retain supporting documentation to show that charges above the 10 percent limit are COVID-19-related.

ESD responsibilities for reporting and monitoring COVID-19 WIOA Title I-B administrative costs:

1. The ESD Funds Management Unit will provide LWDB with codes to report COVID-19 WIOA Title I-B administrative expenditures on their cash draw request forms.
2. As part of the PY20 monitoring review cycle, the ESD Workforce Monitoring Unit will review expenses reported as COVID-19 WIOA Title I-B administrative expenses for allowability and proper reporting.

Attachment B

Administrative Costs per WIOA Final Rule at 20 CFR 683.215

§ 683.215 - What Workforce Innovation and Opportunity Act title I functions and activities constitute the costs of administration subject to the administrative cost limitation?

(a) The costs of administration are expenditures incurred by State and Local WDBs, Regions, direct grant recipients, including State grant recipients under subtitle B of title I of WIOA, 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 paragraph (b) 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 non-personnel and both direct and indirect.

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

(1) Performing the following overall general administrative functions and coordination of those functions under title I of WIOA:

- (i)** Accounting, budgeting, financial and cash management functions;
- (ii)** Procurement and purchasing functions;
- (iii)** Property management functions;
- (iv)** Personnel management functions;
- (v)** Payroll functions;
- (vi)** Coordinating the resolution of findings arising from audits, reviews, investigations and incident reports;
- (vii)** Audit functions;
- (viii)** General legal services functions;
- (ix)** Developing systems and procedures, including information systems, required for these administrative functions; and
- (x)** Fiscal agent responsibilities;

(2) Performing oversight and monitoring responsibilities related to WIOA administrative functions;

(3) 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;

(4) Travel costs incurred for official business in carrying out administrative activities; and

(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.

(c)

(1) Awards to subrecipients or contractors that are solely for the performance of administrative functions are classified as administrative costs.

(2) Personnel and related non-personnel costs of staff that perform both administrative functions specified in paragraph (b) of this section and programmatic services or activities must be allocated as administrative or program costs to the benefitting cost objectives/categories.

(3) 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.

(4) Except as provided at paragraph (c)(1) of this section, all costs incurred for functions and activities of subrecipients, other than those subrecipients listed in paragraph (a) of this section, and contractors are program costs.

(5) 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.

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

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

(d) Where possible, entities identified in paragraph (a) of this section must make efforts to streamline the services in paragraphs (b)(1) through (5) of this section to reduce administrative costs by minimizing duplication and effectively using information technology to improve services.