

Oklahoma Employment Security Commission



Jon Brock, Executive Director

Brad Henry, Governor

Representing Employers

Julius Hilburn, Commissioner
Gayle Harris, Commissioner

Representing the Public

Rev. W. B. Parker, Chairman

Representing Employees

Mike Wester, Commissioner
Susan Stoll, Commissioner

OKLAHOMA EMPLOYMENT AND TRAINING ISSUANCE # 16-2008

TO: Chief Local Elected Officials
WIA Board Chairs
WIA Board Staff

FROM: Richard J. Gilbertson, Director
Workforce Integrated Programs

DATE: October 27, 2008

SUBJECT: OETI 16-2008 - Memorandum of Understanding Policy

PURPOSE: OETI 17-2004 was created to provide specific and systematic guidance applicable to development or refinement of Memorandums of Understanding between local One-Stop partners and Local Workforce Investment Boards w/agreement of the Chief Local Elected Official (CLEO). OETI 16-2008 has been developed to update and clarify questions or confusion expressed by the local areas and to help bring them into compliance.

BACKGROUND: The Memorandum of Understanding (MOU) provides the Local Workforce Investment Board (LWIB) an opportunity to ensure that all One-Stop partners are aware and accountable for the operation and performance of the Local workforce development service delivery system.

The MOU is an agreement developed and executed between the LWIB, with the agreement of the CLEO, and the One-Stop partners relating to the operation of the Local Workforce Development system in the local area. Each LWIB must initiate a MOU development process to meet the intent of the Workforce Investment Act of 1998 Sections 121 and 134 and 20 CFR Part 662 of the Final Rule. The Workforce Investment Act emphasizes full and effective partnerships between the LWIBs and One-Stop partners.

Any failure to execute an MOU must be reported by the LWIB and the reluctant partner to the State Workforce Investment Council and the State agency responsible for administering the partner's program. The State must then report this to the Secretary of Labor and to the head of any other federal agency with responsibility for oversight for the partner's program. **Any partner that fails to execute an MOU may not be permitted to serve on the LWIB. In addition, any local area in which a LWIB fails to execute an MOU, with all required local partners, is not eligible for State incentive grants and will be de-certified.**

MESSAGE: Each Memorandum of Understanding **must** contain:

1. A brief narrative explanation of the LWIB's vision of the One-Stop System in the local area.

2. The services to be provided through the Local workforce development service delivery system to include:

A. A detailed explanation of the core, intensive, training, and other services that will be delivered to customers of the One-Stop system, including the services delivered at the One-Stop site (at least one comprehensive physical location in the local area), and the services that will only be accessible through the One-Stop system.

B. The MOU must clearly list the services to be provided to the customers and specify those partners delivering the services.

C. In addition to the provision of core services, the One-Stop partners must use the local One-Stop Delivery System to provide access to the partners' other activities and programs. This access must be described in the MOU to ensure a seamless, comprehensive workforce development system. Under the MOU, the provision of applicable core services at the center by the One-Stop partner may be supplemented by the provision of such services through the networks of One-Stop partners described in WIA Section 134(c)(2).

D. The MOU must address procedures for sharing of information, reporting, and addressing how the Local One-Stop Delivery System will insure compliance with Americans with Disabilities Act to provide accessibility to customers with disabilities and other pertinent special populations within the local Workforce Investment area.

3. How the costs of such services and operating cost of the system will be funded;

The overall costs of the system is negotiated and determined at the state level. LWIBs must identify services and operating costs of the co-located partners within the centers and how those costs will be funded. The specific method of determining each partner's proportionate responsibility must be described in the MOU.

The LWIB must facilitate the negotiation of each co-located partner's share of the costs in a way that promotes the principles of proportionate cost sharing. To accomplish this, the LWIB must be able to support the fairness of the negotiated amounts through the use of cost allocation methods or bases. The measurement of benefit is the critical requirement and central task to be performed in allocating costs. Costs are allocable to a particular cost objective based on benefits received by that cost category.

A. Cost Allocation Steps

- 1) Identify all shared center costs
- 2) In a narrative describe the allocation base for each type of costs identified in item (1). Example:
 - (a) Rent costs will be charged on space occupied by each co-located partner,
 - (b) Copier costs will be charge by number of participants served by each program of the co-located partner,
 - (c) Phone services will be charged by number of Full Time Equivalent (FTE) by each program of the co-located partner.
- 3) Each co-located partner must contribute a fair share of the cost of the center.

B. Exception to Proportionality

An exception to proportionality is when a system customer is enrolled in or meets the eligibility requirements of more than one partner program. In that case, the system cost can be paid in part or in whole by one of the programs.

In an integrated center, where the up-front process makes all eligible Employment Service (ES) customers eligible WIA adults or dislocated workers, thus creating a common customer pool, the opportunity is for the MOU to describe this common customer pool and clarify that shared costs are based on something other than proportionality.

The MOU will still require a cost sharing section but in that circumstance will no longer require a proportionate basis for sharing pooled costs. For example, if only WIA and OESC (all Veteran's Employment Service customers are ES customers) are collocated in a Workforce Center and a common customer pool is created, the basis for sharing customer costs might be your current process or whatever the two parties can agree to. You still must reflect these decisions in your MOU, but you won't need to describe how you will pool shared costs, how you determined your allocation basis for various shared costs, or how you determined each partner's proportionate cost.

To be clear, this situation occurs in those integrated centers where the only staff is WIA adult, dislocated workers and OESC. It might also apply in Centers with additional One Stop partners depending on if they share costs or operate independently. For example,

you could have only WIA adult and dislocated worker, OESC, and WIA Youth collocated in a Center but if WIA Youth pays for their own space, etc. and does not otherwise share costs, you might still have an exception to proportionality. However, if OESC or WIA adult or dislocated worker funds are used for any services or activities provided to WIA Youth customers then you will have to demonstrate how the WIA Youth Program will pay its proportionate share of the Center costs.

C. Resource Sharing or Financial Agreements

The development of the MOU is not the end of the LWIB responsibilities. The MOU is neither a fiscal nor a funds obligation document. **If resources are going to be shared by partners or partners are going to actually pay for their fair share, then the LWIB needs to ensure that formal contracts or resource sharing agreements are entered into with the appropriate entities as a result of the allocation process that is described in the MOU. This should be a separate agreement, signed by the individual agency personnel with the authority to make this agreement.** Since funds are generally appropriated annually, financial and resource sharing agreements should be negotiated with each partner annually to clarify funding of services and operating costs of the system under the MOU.

4. Methods for referral of individuals between the One-Stop operator and the One-Stop partners, for the appropriate services and activities;

Explain the systematic approach for the referral of individuals needing One-Stop services. This approach must be agreed upon by all of the partners and thoroughly explained in the MOU so all partners, One-Stop operator and the local Workforce Investment Board are aware of the referral system. The referral system must be more than handing customers a brochure of those One-Stop partners not located at the One-Stop site. The MOU must describe those services located at the One-Stop site, along with those services provided at alternative locations and thoroughly explain how the referral process will connect customers to the services.

5. The duration of the MOU amending the MOU and signatory process;

Since funds are generally appropriated annually and there are from time to time changes in programs and partners, the current MOU must be reviewed and negotiated with each partner annually. This important review will clarify funding of services and operating costs of the system under the MOU and bring into consensus each partner's agreed level of participation. The MOU may be modified at any time by written agreement of the parties. Should any One Stop system partner withdraw, the MOU shall remain in effect with respect to other remaining One Stop system partners.

Each of the parties to the MOU must sign the memorandum indicating their agreement. It is anticipated that the One Stop system partner representative on the board will be the signatory but each partner may decide who is authorized to obligate them.

6. Continuous improvement

Continuous improvement is one of the major tenets of the Workforce Investment Act. The key to long-term success is the creation of a continuous improvement process to identify the changing needs of your customers and to identify process improvements that will increase customer satisfaction with the services your local system delivers.

Local areas must outline the continuous improvement strategies that will be used to improve organizational effectiveness, program results, and program outcomes

ACTION REQUIRED: This is official state policy and should be kept in your permanent policy issuance file and made available to all system partners. Review the policy in regard to your current MOU and make the appropriate changes to be in compliance with this OETI. **Provide the Workforce Integrated Programs Division a copy of your compliant MOU by December 1, 2008.** A current in force MOU is required at all times. The attached Memorandum of Understanding (MOU) Tool Kit should be used during development of your MOU. By following the logical step-by-step instructions and guidance, the development process will be significantly simplified.

In order to document for the State a minimum annual review of the MOU was accomplished, a form at Appendix A has been provided at the end of the MOU Tool Kit. Regardless of changes made to the MOU, you must document your review on the provided form at Appendix A and forward to the Workforce Integrated Programs Division by June 30 of each program year for statewide oversight.

RESCISSIONS: This issuance rescinds OETI 17-2004, M-02-2006 and M-03-2006

CONTACT: Ann Pendergraft at (405)557-5317 or ann.pendergraft@oesc.state.ok.us