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## OKLAHOMA EMPLOYMENT AND TRAINING ISSUANCE # 17-2004

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

**FROM:** Mike Ferguson, Director  
Employment and Training Division

**DATE:** November 24, 2004

**SUBJECT:** Memorandum of Understanding Tool Kit

**PURPOSE:** 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. Significant guidance is provided to assist with decisions regarding customer flow/referral and funding of system and service costs.

**BACKGROUND:** The Workforce Investment Act charges the Governor with the responsibility to appoint a State Board to assist with the development and continuous improvement of a Statewide Workforce Investment System. The Act establishes the "floor" or minimum requirements for the system and affords the Governor great flexibility.

As part of this system building effort, Local Workforce Investment Boards should facilitate the negotiation of Memorandums of Understanding. The MOU creation and updating process should be viewed as a forum for discussing the local system. The Tool Kit provides a step-by-step approach, which should ensure the following issues are addressed:

- Determine the resources available within the community and identify particular community needs.
- Determine how customers will be served and how resources will be leveraged to provide seamless delivery of services.
- Provide resource alignment through service mapping to eliminate duplication and build a system focused on the local labor market.
- Determine how the electronic system can be fully utilized by both job seekers and the business community.

Only after these issues have been resolved can a cost sharing agreement be developed. These MOUs are then recommended to the LWIB for approval.

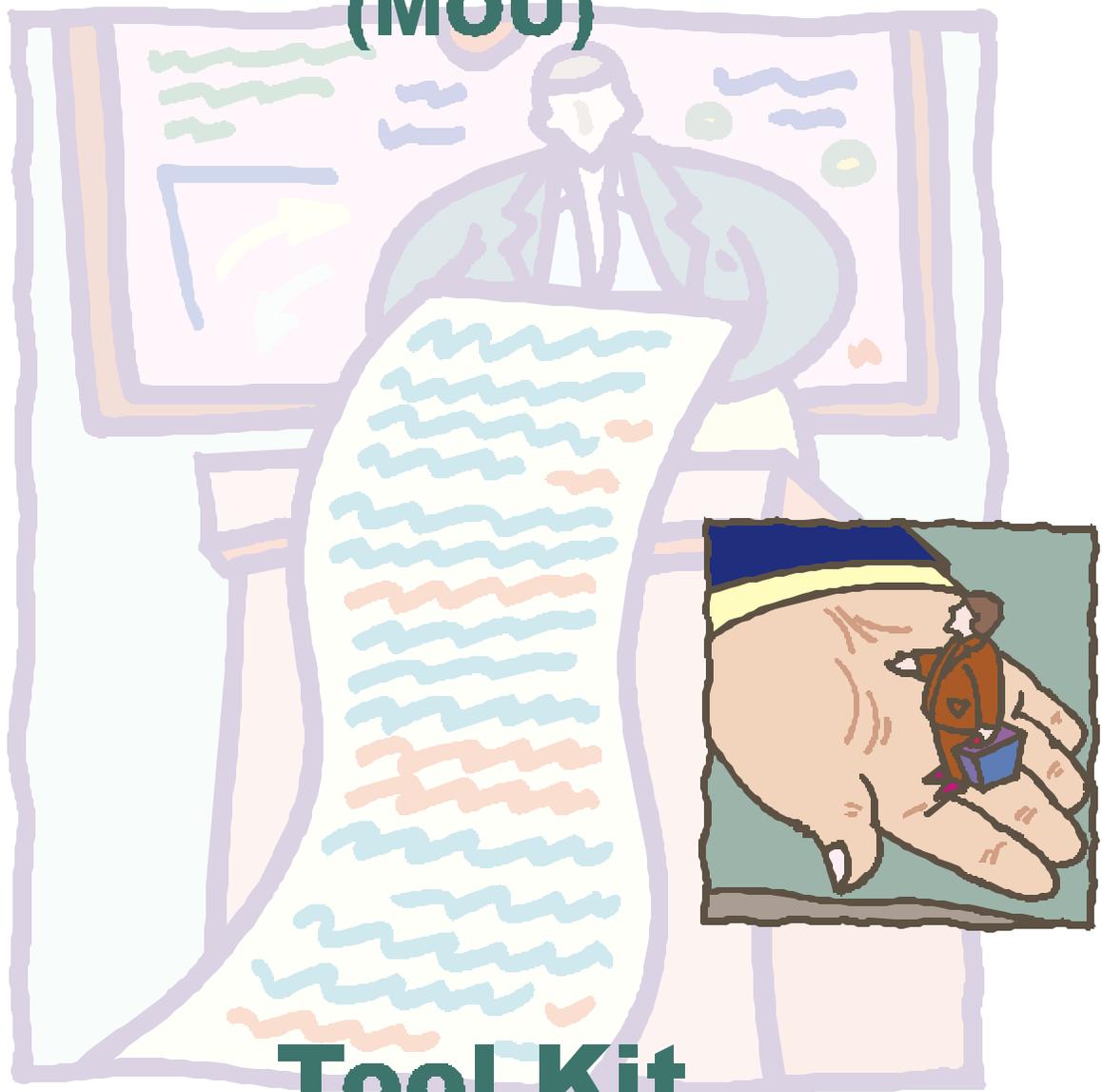
**MESSAGE:** To ensure the MOU contains the provisions required by the Act, i.e., services to be provided through the One Stop delivery system; the funding of the services and operating costs of the system; methods for referring individuals between the Local Workforce Investment Board and partners, duration and procedures for amending the MOU, etc., a copy of the most current MOU must be forwarded to Employment and Training Division of OESC for Statewide oversight.

Further, since funds are generally appropriated annually and there are from time to time changes in programs and partners, the current local workforce development system MOU should be reviewed and negotiated with each partner as a minimum annually. This important review will clarify funding of services and operating costs of the system under the MOU and bring into consensus each partners' agreed level of participation. In order to document for the State a minimum annual review of the MOU was accomplished, a form at Appendix A has been provided. Regardless of changes to the current MOU, please document your review on the provided form and again forward to the Employment and Training Division of OESC.

**ACTION:** This is official state policy, and should be kept in your permanent policy issuance file and made available to all system partners. 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.

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# Memorandum of Understanding (MOU)



**Tool Kit**

November 2004

# MOU TOOL KIT

## Introduction

As Oklahoma builds an integrated, high quality workforce development system to better serve business and job seekers, one of the crucial challenges will be the development and refinement of Memoranda of Understanding (MOUs). Developing and refining local MOUs will be a complicated process where parties might be pulled in different directions by competing philosophical, legal, and financial considerations. However, there are logical steps to be taken, and a number of valuable resources, to make the process manageable. This Tool Kit provides help in understanding the issues involved and a structure for completing this complex task.

This Tool Kit is organized into 7 logical steps. The Kit begins with an explanation of a Memorandum of Understanding and discussion of negotiating strategies. Step 2 is about getting appropriate players to the table discussing service to customers. The next step is to make decisions about your local workforce development system and its services. Step 4 is about sharing customers with the system and other partner programs. **Only after there is agreement about the system and customers do you address cost issues in step 5.** Then the various decisions and commitments need to be formalized in the actual MOU. But even then the work is not completed as the system and services will need to be continuously improved to meet changing customer expectations.

## STEP 1 GET PREPARED

We suggest you start by gathering information and trying to bring this exercise into focus. Review this Tool Kit and take advantage of the various resources listed in the last section.

## What is a Memorandum of Understanding (MOU)?

The Memorandum of Understanding is the keystone of the local workforce development system. **It is a document drawn up after the local system has been designed, and decisions have been made, about what services will be delivered, by whom, how and at what cost.** The MOU defines the terms of each One Stop system partner's participation in the local system. The Local Workforce Investment Board in agreement with the Chief Local Elected Official and each One Stop system partner are responsible for developing the MOU for presentation to and execution by the Local Workforce Investment Board (LWIB) and each One Stop system partner. It must describe each of the following:

- The services to be provided through the local workforce development delivery system
- How the service and system operating costs will be funded
- Methods for referral of individuals between the Local Workforce Investment Board Staff and One Stop system partners for appropriate services and activities
- The duration of the MOU and procedures for amending
- Other appropriate provisions agreed to by the partners

While the purpose of the MOU is not to increase the administrative burden of the LWIB or the One Stop system partners, it is clear that MOUs must be in place to clarify the operational procedures of the local systems. The MOU can be used to determine that all system services are being delivered effectively and all One Stop system partners are informed and knowledgeable about the system. The MOU can enhance the accountability and quality of the system by describing the service standards and performance expected by the partners. It is recommended that the LWIB appoint a task force to oversee the system operation, including the MOU process.

In addition to the decisions about workforce development services and system design, local areas must make decisions about the development of MOUs. The most important of these are discussed below.

## How do we negotiate the MOU?

As noted earlier, the MOU describes the local workforce development system design and documents the decisions that have already been made about what services will be delivered, by whom, how and at what cost. Therefore, **much of the MOU content has already been determined when it is time to develop the document.** However, local areas must still sort out the details of how the local system design decisions will play out for each partner.

The following suggestions will support the discussions and negotiations that must take place to reach agreement on each partner's commitment to the system.

### **Don't rush into negotiations; prepare.**

Before actual negotiation of the MOU begins, discuss the value of collaborative approaches to negotiation and establish some agreements about the negotiation process that everyone can support. Some examples:

- Clearly explain what is important to you.
- Understand what is important to others.
- Focus on issues, not people.
- Emphasize win-win solutions.
- Focus on interests not positions.
- Generate a variety of possibilities before deciding what to do.
- Agree on objective standards for the outcome.

### **Think through what kind of negotiator you want to be.**

Assess whether your style is accommodating, competing or win-win. It might be helpful to discuss these styles with your negotiating partners at the first meeting in which you are establishing agreements about the process.

### **Focus on your own and others' interests throughout negotiations.**

Look for win-win solutions, ones that meet everyone's interests to the greatest extent possible. A critical element in negotiation is to come to understand the other party's underlying interests and needs. By probing and exchanging information you can find the commonalities and minimize the differences that seem to be evident.

### **Look for creative solutions while negotiating.**

If an agreeable solution does not present itself quickly, use techniques to think in new ways about partners' contributions and responsibilities and to help advance the negotiating process. For example, try:

- Expanding the pie - Create additional resources so that all sides can obtain their major goals.
- Compensating - One side gets what it wants and others are compensated on other issues.
- Logrolling - All sides make concessions on low-priority issues in exchange for concession on issues any side may value more highly.
- Cost cutting - One side gets what it wants and costs to the others are reduced or eliminated.
- Bridging - No one gets his or her initial demands, but a new option that satisfies the major interests of all is developed.

### **Try focusing on interests rather than positions.**

The following are examples of focusing on interests vs. taking positions in an MOU setting:

Position: Our agency doesn't have any extra money to put toward rent here. If we can't be sponsored by one of the bigger operations, we may not be able to participate.

Interests: We want to be full partners, but we have a very small operating budget, only \$335,000 annually, and it's already programmed to support our services and facility across town. Can we try to come up with a creative way to contribute to the local system and still meet our other obligations so we don't put our grants in jeopardy?

This example explains the need, expresses value placed on partnership and contributing, lays out confidential information in a trusting way and offers a pathway to an open-ended solution.

## **Avoiding Impasse**

The following are some suggestions that might help partners to avoid impasse.

- Explain the process.
- Indicate that there are consequences for failing to agree.
- Acknowledge the difficulty of the task and the need for good negotiating skills.
- Select a mediator from the community whom all will respect.
- Look for a community dispute resolution service and line it up ahead of time.
- Agree on consensus technique.
- Get consensus training.

## **Educate yourself about negotiating!**

Here are a few of the many negotiation skills resources available:

- Fisher, Roger and Ury, William, Getting to Yes.
- Gourlay, R., Negotiations and Bargaining.
- Lax, D.A. and Sebenius, The Manager as Negotiator.

## **What is the best forum for negotiating MOUs?**

The development of MOUs concerns One Stop system partners at several levels and requires them to serve two primary of roles.

- Local strategic planning and system oversight
- Day-to-day operations that focus on service delivery.

For partners to perform both roles effectively, they need to clearly understand the nature of these roles and have the appropriate context in which to exercise them. These issues, such as those pertaining to development of the MOU, may need to be addressed in a separate setting.

While it is not required by law, we believe that there should be a separate partner forum and recommend that local partners work out as many MOU issues as possible in a “partners’ table” setting, prior to their being taken up by the Operator.

## **Who should lead this effort?**

MOUs are to be developed by Local Workforce Investment Boards and One Stop system partners, but who should convene the partners to begin negotiations? The Local Workforce Investment Board should facilitate this process. If not the Board, then possibly the center management team or One-Stop Operator. The key is not who does it, but recognizing that any convener, other than the Board, is not in charge. In fact, *you probably can't make this work if any one partner acts like they are in charge.*

## **When must we complete this exercise?**

MOUs with past expiration dates can be modified to extend the contract date. All parties to the MOU in force must sign the extension document and a copy must be provided to OESC. All modified or extended MOUs must be completed *prior to the end of the effected period*. A current, in-force MOU is required at all times. It is also required that each area provide a copy of their current MOU to the Oklahoma Employment Security Commission, Employment and Training Division.

## **STEP 2 DETERMINE WHO IS GOING TO PARTICIPATE IN THIS EXERCISE**

The Workforce Investment Act requires that the local organizations responsible for specified federal programs must enter into MOUs. These organizations are known as the required partners. The logical first step in developing MOUs, therefore, is to determine which of the required partners have a presence in your local area. The required partner is the grant recipient, administrative entity or organization responsible for administering the funds of the following specified programs:

### **Workforce Investment Act Title I programs:**

**Adult, Dislocated Worker, and Youth funding streams**

**National programs if located within workforce investment area**

**Native American programs**

**Migrant and seasonal farm worker programs**

**Veteran's workforce investment programs**

**Youth opportunity grants**

**Job Corps**

**National emergency grants**

**Employment Services**

**Unemployment Compensation**

**Veterans Employment Service**

**Trade Adjustment Assistance**

**Adult Education and Literacy**

**Rehabilitation Services**

**Community Service Employment for Older Americans**

**Post-secondary Vocational Education**

**Community Services Block Grants employment and training activities**

**Housing and Urban Development employment and training activities**

**Welfare Cash Assistance (TANF)**

**Food Stamps employment and training activities**

The identity of many organizations responsible for each of the above programs is generally locally known. However, there are some programs that may not be offered in every local area or are administered by an entity that may not be self-evident. For example, Job Corps programs are not available in all local areas. The same may be true for Native American,

Migrant Worker and U.S. Department of Housing and Urban Development employment and training programs.

It should be noted that, where a given national program is not present, Local Workforce Investment Board and One Stop system partners are expected to make sure that customers of these programs have access to services through the local workforce development system.

### **Optional partners**

In addition to the required partners, a local labor market has the discretion, and is encouraged, to name other entities as One Stop system partners, based on local needs and resources. It should be noted that all entities designated as One Stop system partners assume the same responsibilities as required partners.

### **What are the responsibilities of One Stop system partners?**

All One Stop system partners (required or optional) must commit to all of the following responsibilities – Final Rule section 662.230

1. Make available to participants through the workforce development (One Stop) delivery system the core services that are applicable to all partners' programs;
2. Use a portion of funds made available to the partner's program, to the extent not inconsistent with Federal law authorizing the partner's program, to:
  - a) Create and maintain the workforce development (One Stop) delivery system; and
  - b) Provide core services
3. Enter into a memorandum of understanding (MOU) with the local board related to the operation of the One Stop system, including:
  - a) Description of services;
  - b) How the costs of the identified services and the operating costs of the system will be funded; and
  - c) Methods of referring customers
4. Participate in the operation of the One Stop system consistent with the terms of the MOU and requirements of authorizing laws
5. Serve as a representative on the Local Workforce Investment Board

The Workforce Investment Act of 1998 requires local workforce investment boards in each workforce investment area. The Workforce Investment Area Boards were creations of federal statute focused primarily on WIA Title I Adult, Youth, and Dislocated Worker programs. MOUs are developed by the Local Workforce Investment Area Board and the One Stop system partners, agreed upon by the Chief Local Elected Official (CLEO), and

approved and executed by the LWIB. Each of these local MOUs will then be submitted to the Oklahoma Employment Security Commission by the LWIB.

The Workforce Investment Act requires that those who are negotiating MOUs “shall be individuals with optimum policymaking authority within the organizations, agencies, or entities.”

## **Why should the partners want to participate?**

First, it is important to understand that it doesn't cost a partner anything but time and energy to sit down with the other partners to discuss building a customer-focused service delivery system. Hopefully all partners will be willing to sit down and negotiate in good faith an integrated service delivery system focused on customer needs. It is only after such system building and service delivery decisions have been made that costs can be determined.

Second, assuming the Act isn't sufficient to entice or force all program operators to contribute their proportionate share for the desired system, why should they? Marketing rules should be applied; decisions are based on cost and value. What are they going to get (for their program and/or customers) and what is the cost? You must have at least a perception that the value is greater than the cost to make this sale.

The following values were identified during audience participation at a training session. The audience consisted of a wide variety of Oklahoma One Stop system partners. They are listed here merely for illustrative purposes.

### **Value to partner programs**

- Expand customer base
- Access to greater resources to serve customers
- Increase in effective service delivery
- More clout and credibility in community
- More comprehensive services
- More, better ideas
- Reducing duplication of services
- Increase customer satisfaction and client follow through
- Focus on businesses
- Change from them to us/collective ownership
- Better-prepared employees for the workforce
- Be a part of something bigger than just your program
- Access to LMI and what employers need
- Reduces stereotypes of folks who really need access to the labor market
- Reduce paperwork and red tape (single user interface)
- Can be more responsive - can change quicker when all going the same direction
- Reduce overhead through collocation
- More and better marketing to get more of the right customers to the right place

## **STEP 3 DECIDE WHAT YOUR LOCAL SYSTEM WILL LOOK LIKE**

A detailed explanation of the services that will be delivered to customers of the workforce development system must be provided, including the services delivered at the comprehensive Workforce Center and the services that will only be accessible through the local workforce development system. These systems are about SERVICES to customers, so a detailed explanation of accessible services must be provided. MOUs must clearly list the services to be provided to the customers and specify those partners delivering the services. All system services must be available at the comprehensive Workforce Center and all other partner program services must be accessible through the local workforce development system.

Since the MOU is intended to describe and detail how partners will contribute to the establishment and maintenance of the local system, it is important that the One Stop system partners of the MOU share a collective vision for that system and have a common understanding as to the scope and purpose of the system. This is an important step that must be taken before service delivery systems and partner roles and responsibilities can be further developed.

Workforce development refers to the preparation of people for work, now and in the future; the capacity of the local labor market to prepare those people for work; and the processes whereby businesses and job seekers find each other. Workforce development in these terms encompasses much more than the specialized agencies and programs financed by federal or state government. This wider sense of workforce development takes into account the often-overlooked employee development undertaken internally by businesses and by private staffing agencies. The term recognizes the presence of federal job training and placement initiatives while discerning their limited scale in light of the total worker preparation efforts within a local labor market.

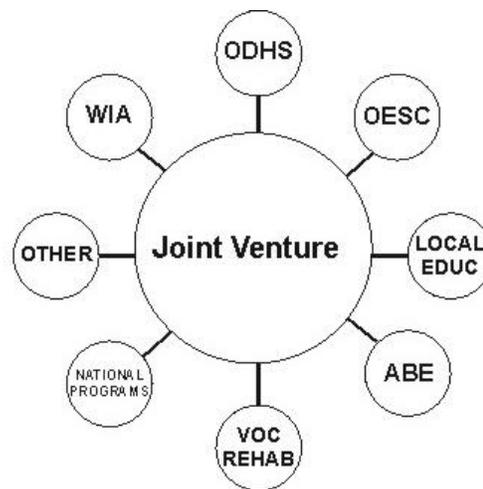
In the past, each program has been independent with its own planning cycle, definitions, outcome measures, etc., rather than being interrelated and aligned to achieve common objectives. This alignment would mean everyone is served and has diverse needs met; customers, service standards, and resources are shared; components relate to each other and to other systems; multiple programs have a single customer interface; clear customer pathways exist from one service to another; and mutual accountability for system performance.

This is the federal definition of the One Stop (workforce development) delivery system:

A system under which entities responsible for administering separate workforce investment, educational, and other human resource programs and funding streams (One Stop system partners) collaborate to create a seamless system of service delivery that will enhance access to the programs' services and improve long-term employment outcomes for individuals receiving assistance.

This service delivery system is conceptualized as a joint venture, where a set of core services is provided in common by all the required One Stop system partners, at a minimum, with oversight and governance by the designated Operator, as approved by the Workforce Investment Board. The system is not designed to reduce the uniqueness of other products/services potentially available from the various joint venture partners.

The following diagram is an attempt to visually display this concept. Each program partner maintains its autonomy and unique set of services, creates a joint venture with system services, and links them into a local workforce development system to serve all Oklahomans in an integrated, customer-focused setting.



## How can service mapping help?

Given that there is currently no *one* agency/funding stream that can provide *all* services and products necessary to meet an individual's needs, and there is no *one* agency that can provide enough services and products to meet the needs of *all* individuals, many agencies provide the same, or similar, services and products.

Given that some agencies/funding streams can provide services and products to the "universal" population, and some agencies can provide services and products to only "targeted" populations, it takes a variety of agencies/funding streams to provide enough services and products to both the targeted and universal population.

This leaves the community with multiple agencies/funding streams providing a variety of services and products to a variety of populations. The One Stop system is the method to coordinate those multiple agencies/funding streams into one complete system that will meet the needs of the entire population within a community, in a comprehensive approach. In order to create this new system, there needs to be a method to identify which agency/funding stream provides which services and products to which potential customers. Service Mapping is that method. The result of service mapping is a matrix of which agency/funding source provides which services to what populations.

In addition, this matrix allows the community to determine if any required services and/or products *have gaps* (are not able to be provided with the current funding streams/agencies), which services and/or products *are duplicative* (more available than are needed) and which services and/or products *are being augmented* (provided by multiple agencies in order to meet the total demand of the community).

Without this service gap analysis, there would be no community understanding of the multitude of services and products being offered, and by whom, which services need more providers, and, which services and products have too many providers. Thus, service gap analysis allows the community to take the first step to fully utilizing its workforce development funds and creating a true One Stop approach for our customers.

### **Minimum system design elements**

The State Workforce Investment Council is responsible for assisting the Governor in developing and continuously improving a statewide system of workforce development activities carried out through One Stop service delivery systems. We have in place a design that establishes minimum system requirements that will serve as the floor upon which each local workforce development delivery system will be built. Each local labor market is expected to build upon these minimum requirements to meet their customers' needs. These minimum design elements include at least one comprehensive Workforce Center in each local labor market, a common set of system services, a Workforce Development System Operator/Consortium, integration of programs and the use of quality principles.

### **Comprehensive Workforce Center**

An important element in the system design is to ensure that there is no wrong door for the customer. The system will be where all Oklahomans can access high quality local information on available jobs, qualified workers, skill requirements, and training provider performance. Individuals with disabilities, non-English speaking persons, or those who lack computer skills will be accommodated so that they can access all services offered. While there must be one comprehensive Workforce Center within each local labor market where all system (core) services are available, all programs are not required to provide these services exclusively at these sites. Rather, if a customer seeks system (core) services at the Workforce Center rather than at a program partner's site, these services should be made available without referral to another location. But, a partner is not required to route all of its customers through the comprehensive Workforce Center.

Further, the local workforce development system must be fully accessible over the Internet as well as providing a staffed career resource area in each comprehensive Workforce Center. The system must recognize the need for an integrated, customer-focused system rather than mere bricks and mortar. Our customers continue to insist that easy access to information and services is more valuable than all services concentrated in any particular location. As a result, the system must provide universal access via the Internet as well as consider supplementing the comprehensive center with other affiliated sites and specialized centers as determined by the unique needs and circumstances of each area. This Internet product has been developed and supplied by the Governor's Council for Workforce and Economic Development.

At the same time, the July 1999 Final Report by Social Policy Research Associates to USDOL, *Valuation of the Self Help Approach in One Stop Career Centers*, makes clear that providing staff assistance and other mechanisms to orient customers to self services in a Workforce Center is critical to many customer's potential success. As a result, a minimally staffed career resource area is required in each comprehensive Workforce Center. This would be an area where customers would be empowered to help themselves or determine their need for program services. Additionally, customers could access the Internet, develop resumes, make copies for mailing, have access to facsimile machines and phones in order to contact employers, etc.

### **System or Core Services**

The local system must provide a minimum set of core services with all other participating programs' services accessible through the system. These minimum services will then serve as the starting point for local negotiations regarding any additional services that will be made available in a particular local labor market.

A uniform listing of core service requirements is provided in the Act as a foundation to ensure a baseline level of consistency in the services being provided. The partners in each local labor market are encouraged to offer additional programs and services based on local needs and circumstances, including achieving specific program performance requirements.

## **Workforce Development System Operator**

The Local Workforce Investment Board, with the agreement of the Chief Local Elected Official, will select the One-stop Operator. The Operator's role may range from simply coordinating service providers within the system to being the primary provider of core services in the comprehensive center. The agreement between the Local Board and the One-stop Operator will define the role of the Operator.

### **Program Integration**

Potential system customers have stressed the value of service integration. One example is: wanting a single contact person for accessing system services rather than being told to go elsewhere or see several different staff for related activities. Think of this interface as analogous to a hotel concierge.

A common intake and integrated case management system, i.e., customer attached as opposed to program attached, is supplied by the State in order to promote the single customer interface required by our customers. Utilization of such a system results in increased efficiency, is more economical and ultimately a greater proportion of funds being utilized for customer services. Likewise, initial assessment, and placement services have also been standardized statewide.

There are four things front line staff need to know to begin integrating services.

1. General idea about eligibility for all partners programs.
2. General service menu (agreed upon core services).
3. Performance objectives of the partner programs.
4. Most common customer questions and the appropriate answers.

The concept of integration should include shared intake, referral and assessment; cross-program eligibility screening; shared client databases; joint definitions and forms; joint job development; cross-trained staff; and joint administrative structures and budgets.

### **Quality Principles**

System services and information shall be provided in accordance with operating standards identified by our system customers. These standards include utilizing quality principles, empowering customers to make informed work and career choices, and eliminating unnecessary "red tape."

Malcolm Baldrige quality principles will be utilized to ensure a results-oriented, customer responsive service delivery system. These principles include Leadership, Strategic Planning, Customer and Market Focus, Information and Analysis, Human Resource Focus, Process Management and Business Results. Each of the programs has traditionally been responsive to their funding sources but not necessarily to customer input, particularly local business

customers. These quality principles are necessary to create effective results-oriented organizations equipped to continuously improve service delivery.

Additionally, the Governor's Council for Workforce and Economic Development will develop a certification process based on Malcolm Baldrige quality principles for the comprehensive Workforce Centers. The Local Boards will use this process to incorporate best practices, promote high quality services, respond to the evolving needs of businesses and other customers, and ensure the continuous improvement, development and utilization of the system.

### **Local Discretion**

It is important to remember that the minimum system design elements are to be considered the floor of the local system. The Board and program partners should build upon that floor the structure that will meet the needs of their customers in each local labor market. To develop a customer-driven system, local areas must assess the needs of both sets of customers: business and job seekers. Consideration will need to be given to how best to gather this customer data. (*Hocus Pocus One Stop Focus: A Manual for the Design, Operation, and Continuous Improvement of One Stop Centers* has been prepared to assist with this effort.)

One Stop system partners must make available to participants who seek assistance at the comprehensive Workforce Center, the core services that are applicable to the partner's program. Partners must also make their other program services accessible through the One Stop system.

Determinations about how these applicable core services are made available by the partner programs will be made within each local labor market and documented in their Memorandum of Understanding. Applicable core services may be made available by:

- Technology
- Collocation
- Cross training
- Cost reimbursement
- Other methods described in a Memorandum of Understanding (MOU)

Local needs should also dictate where services are available or accessible, including the location of the one required comprehensive center as well as any affiliated sites that might include specialized centers that address specific customer needs.

Further, each local labor market is encouraged to add services and partners, beyond those minimally required, which are consistent with the unique needs of employers, job seekers and other customers, including programs such as the secondary Carl Perkins program as well as those services and programs provided by community-based organizations.

## **STEP 4 DECIDE HOW YOU WILL SHARE CUSTOMERS IN A SEAMLESS FASHION**

Section 121 of the Workforce Investment Act requires the MOU to describe the “methods for referral of individuals between the local system (One Stop) operator and the One Stop system partners, for the appropriate services and activities.” The method of referral implies that there is a systematic approach to the referral of customers needing system or program services. This systematic approach must be agreed upon by all of the partners and thoroughly explained in the MOU so all partners and the Local Workforce Investment Board Staff are aware of the referral system. The referral system must be more than handing customers a brochure of those One Stop system partners not located at the comprehensive center. The referral system must always be to the advantage of the customer and include a follow-up contact to insure the customer was provided service, and ensure customers receive “seamless” delivery of service whenever possible. The goal is to have a quality referral which rewards the customer with what they intended to receive when they arrived - an appointment. This means a date, time, place and a contact person, and perhaps what information the customer needs to bring with them for further processing.

An example of a systematic referral process for One-Stop center customers could read:

It is agreed that the One Stop system partners signing this MOU will conduct referral for services in the following manner. All customers referred for services will:

Receive a written referral form with the date, time, and place of the appointment. All appointments will be scheduled within three working days. The individual making the appointment will follow-up within two working *days* of the scheduled appointment date to ensure services were delivered.

Regardless of the methodology, referrals should be documented in the statewide case management system.

Beyond this there should be a narrative description of the overall referral arrangements across the workforce development system including comprehensive Workforce Development Centers, affiliate sites and any alternative access points in the local system.

### **How can we share customer data?**

One of the key principles embodied in WIA is streamlining services through better integration. Programs and providers are expected to coordinate and integrate activities and information, so that the system, as a whole, is coherent and accessible for individuals and businesses alike. Customers should receive “seamless” services whenever possible; crossover among program lines should be invisible to the customer.

The major One Stop system partners in Oklahoma have agreed to adopt a Common Intake and Case Management System. The system allows the gathering of system and program data required of our customers, including the opportunity to determine possible eligibility for the various partner programs. The system also supports case management staff by providing the capability to plan for and track a customer's services based on needs, not eligibility, with the main focus on employment. This includes assisting the staff to manage caseloads, scheduling resources and providing accountability for funding programs.

To assist in streamlining services, local partners have developed a common customer release form. The key to developing an effective Release of Information form was to understand that customers have a legal right to privacy. But the customer can waive that right with the hope of being better served by the system if consent is given *voluntarily* and the decision is *informed*. If you have not developed this form, guidelines to consider in developing a release and for sharing of customer information among partners include:

The form should specify a time period, the type(s) of information that may be shared, and the reasons for sharing the information.

The language of the release form should be simple and straightforward. It is important for all customers to be able to understand the information on the form. For those whose primary language is not English, you may want to have forms printed in the language with which they are most comfortable. This release of information should also be explained by staff.

A release form needs to specify the organizations that will be sharing information. The customer must be notified regarding which agencies or organizations will be permitted to release and receive information. When agencies are listed on a consent form, a brief description of each agency's purpose should be made available to the customer. For example, a brochure or flyer with relevant program descriptions might be given to each customer, or a local service directory might be consulted as needed.

The customer should be able to indicate if there are limits to his or her consent.

The form should specifically identify to whom the release applies. For example, a parent may be authorizing information to be shared for a child. When an individual is providing consent on behalf of another individual, the relationship between the two individuals needs to be specified and validated.

## **STEP 5 DETERMINE HOW THE COSTS OF THE SYSTEM AND SERVICES WILL BE FUNDED**

The Workforce Investment Act (WIA) Regulations require that each MOU contain a section that provides the financial details of the agreement. Under the Act, all One Stop system partners are required to participate proportionately in the system and services costs. The identification in the MOU of total system costs and the resources that will support those costs is a critical step in making the local system sustainable.

Service delivery should be the prime factor driving operational planning, not cost accounting. However, cost accounting considerations must be part of the planning process. Federal funding sources and good management practices require costs to be accumulated in an organized fashion to control budgets, measure the efficiency of operations and report financial information.

The Board should facilitate the negotiation of each partner's share of the costs in a way that promotes the principles of proportionate cost sharing. To accomplish this, the Board 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.

Current federal regulations do not provide for a "range-of-tolerance" flexibility. Each partner is accountable for paying costs based on its share of benefit derived. Monthly monitoring of operating reports will allow the partners to see when actual benefits are derived and/or actual expenditures vary from their projections. Financial and/or service plans must be adjusted accordingly. Adjustments should be done no less than quarterly, more frequently if the variances are large. Separate contractual agreements will be necessary to effectuate the exchange of any cash or assets owed between partners that might occur as a result of the above process.

### **Cost Allocation Steps**

#### **A. COST IDENTIFICATION**

The first step in cost allocation is the identification and agreement by partners on the costs that benefits more than one program. Measuring benefits is the critical factor in this exercise. Each program should pay for its proportionate share based on the benefits received. If a program does not benefit from a cost, then that program should not pay for that cost and if a cost benefits one program, then that program should pay for all of that cost.

## **B. SYSTEM COST VS CENTER COST**

The second step is the classification of the cost into **System cost and Center cost**. The system cost are those costs that are paid at the State level by the Core partners. They are often referred to as the State Infrastructure Cost and includes the following:

- a. State Workforce Investment Council staff and expenses
- b. Statewide system marketing
- c. Job Line (telephone access to Internet job orders)
- d. Internet access to system services and information
- e. Common intake and case management system
- f. Customer follow-up surveys
- g. Creation of technical assistance and training capacity for center staff
- h. Statewide toll-free phone line

The Center Cost is the cost incurred at the local level for the operations of the One Stop Center. The Center Cost includes the following:

- a. Receptionist
- b. Resource Room staff
- c. T-1 lines (high-speed access to Internet)
- d. Local marketing
- e. Local customer feedback mechanisms
- f. Resource Room computer replacement, upgrade, and maintenance.
- g. Resource Room career decision making software, books, resume materials, etc.
- h. Customer and partner Fax rental, repair, and maintenance.
- i. Customer and partner copier rental, repairs, and maintenance.
- j. Office supplies.
- k. Postage.
- l. Printing.

## **C. COST ALLOCATION BASE**

The third step is determining the allocation base. For the State Infrastructure costs, the allocation will be based on customer counts generated and verified at the State level. For the Center cost, the partners can use variety of allocation basis. For example:

- **Participants Served.** This is the best method to use if a tracking system can be developed locally. While it is the best method in matching benefits received with cost, it is also difficult to track due to a lack of efficient accounting system. If a One Stop decides on this method, they have to develop a system or process for tracking participants served and also agree on who pays when a participant is served by more than one program.

- **Direct Cost.** Direct cost is an acceptable method for cost allocation. The drawback is that since different programs compensate staff at different rates, a program that has a higher compensation rate is at a disadvantage.
- **Space Allocation.** Easy to use. However, a partner who is not physically located at the center does not pay. This could be a disincentive in attracting new customers.
- **Full Time Equivalent (FTE).** This is the commonly used method due to ease of use. It has a similar drawback as using space allocation. However, partners can negotiate with programs not co-located at the center yet receive benefits for a fixed contribution.
- **Allowable Survey Methods.** This must be agreed to in advance. It works extremely well for allocating cost when the usage can be counted. For example: number of copies made, or number of fax received and sent.

The table below shows some of the basis that may be used for allocating costs. However, the method used must be fair and equitable.

<b>COST TYPE</b>	<b>PARTICIPANTS SERVED</b>	<b>DIRECT COST</b>	<b>STAFF</b>	<b>ALLOWABLE SURVEY METHODS</b>
Copier Rental & Maintenance	X	X	X	X
T-1 Line	X	X	X	X
Fax Rental and Maintenance	X	X	X	X
Postage	X	X	X	X
Printing	X	X	X	X
Receptionist Staff	X	X	X	X
Resource Room Staff	X	X	X	X
Office Supplies	X	X	X	X
Telephone	X	X	X	X
Replacing Resource Room Computers	X	X	X	X
Local Marketing	X	X	X	X
Local Customer Feedback	X	X	X	X
Maintenance of Resource Room Computers	X	X	X	X
Rent	X	X	X	X
Utilities	X	X	X	X

**D. IDENTIFY AND DOCUMENT COST**

After selecting the allocation method, the next step is to identify all shared center costs, and maintain adequate documentation. In allocating the center cost, it is necessary to agree and document true cost. For example, one center has the following costs:

#	COST TYPE	AMOUNT
1	Copier Rental & Maintenance	6,000.00
2	T-1 Line	4,800.00
3	Fax Rental and Maintenance	2,000.00
4	Postage	1,800.00
5	Printing	2,400.00
6	Receptionist Staff-Salaries and Benefits	36,000.00
7	Resource Room Staff-Salaries and Benefits	36,000.00
8	Office Supplies	5,000.00
9	Telephone	1,000.00
10	Replacing Resource Room Computers-25% of Computers Replaced Annually at \$1,200.00 each	4,800.00
11	Local Marketing	2,200.00
12	Local Customer Feedback	1,200.00
13	Maintenance of Resource Room Computers	720.00
14	Rent	12,000.00
15	Utilities	1,080.00
	<b>TOTAL</b>	<b>117,000.00</b>

**E. SELECT ALLOCATION BASE AND DETERMINE PARTNERS' SHARE**

In this office, there are four partners and they have the following data:

PARTNER	PARTICIPANTS SERVED	# OF EMPLOYEES
OESC	25,000 or 50%	15 or 50%
WIA	15,000 or 30%	10 or 33.33%
DHS	2,500 or 5%	5 or 16.67%
ODRS	7,500 or 15%	0 or 0%
<b>TOTAL</b>	<b>50,000 or 100%</b>	<b>30 or 100%</b>

**F. CALCULATE PARTNERS' FAIR SHARE**

Using Participants served, the cost allocated to each partner should be as follows:

PARTNER	PARTICIPANTS SERVED	SHARE OF COST
OESC	50%	58,500.00
WIA	30%	35,100.00
DHS	5%	5,850.00
ODRS	15%	17,550.00
<b>TOTAL</b>	<b>100%</b>	<b>117,000.00</b>

**G. RESOURCE SHARING**

The final step in cost allocation is resource sharing or identifying the partner that is responsible for each cost. If resource sharing is not a part of the cost allocation agreement, then the whole exercise is a wasted effort. The following is an example of a resource-sharing component of a cost allocation agreement.

#	COST TYPE	OESC	WIA	DHS	ODRS	AMOUNT
1	Copier Rental / Maintenance		6,000.00			6,000.00
2	T-1 Line		4,800.00			4,800.00
3	Fax Rental and Maintenance			2,000.00		2,000.00
4	Postage		1,800.00			1,800.00
5	Printing		2,400.00			2,400.00
6	Receptionist Staff-Salaries and Benefits	36,000.00				36,000.00
7	Resource Room Staff-Salaries and Benefits	36,000.00				36,000.00
8	Office Supplies				5,000.00	5,000.00
9	Telephone				1,000.00	1,000.00
10	Resource Room Computers-25% Replaced Annually at \$1,200.00 each				4,800.00	4,800.00
11	Local Marketing			2,200		2,200.00
12	Local Customer Feedback			1,200		1,200.00
13	Maintenance of Resource Room Computers and materials				720.00	720.00
14	Rent		12,000.00			12,000.00
15	Utilities		1,080.00			1,080.00
	<b>PAID</b>	<b>72,000.00</b>	<b>28,080.00</b>	<b>5,400.00</b>	<b>11,520.00</b>	<b>117,000.00</b>
	BILLED BY OESC	<13,500.00>	7,020.00	450.00	6,030.00	0.00
	<b>FAIR SHARE</b>	<b>58,500.00</b>	<b>35,100.00</b>	<b>5,850.00</b>	<b>17,550.00</b>	<b>117,000.00</b>

**H. CALCULATE PARTNERS' FAIR SHARE**

Using Full Time Equivalents, the cost allocated to each partner should be as follows:

<b>PARTNER</b>	<b>FULL TIME EQUIVALENT</b>	<b>SHARE OF COST</b>
OESC	15 or 50%	58,500.00
WIA	10 or 33.33%	38,996.00
DHS	5 or 16.67%	19,504.00
ODRS	0 or 0%	0.00
<b>TOTAL</b>	<b>30 or 100%</b>	<b>117,000.00</b>

*Note that ODRS does not have a shared cost since they have no staff located at the center and the share of cost by both DHS and WIA went up. Under this scenario, resource sharing may look like this:*

<b>#</b>	<b>COST TYPE</b>	<b>OESC</b>	<b>WIA</b>	<b>DHS</b>	<b>ODRS</b>	<b>AMOUNT</b>
1	Copier Rental / Maintenance	6,000.00				6,000.00
2	T-1 Line	4,800.00				4,800.00
3	Fax Rental and Maintenance			2,000.00		2,000.00
4	Postage			1,800.00		1,800.00
5	Printing			2,400.00		2,400.00
6	Receptionist Staff-Salaries and Benefits	36,000.00				36,000.00
7	Resource Room Staff-Salaries and Benefits		36,000.00			36,000.00
8	Office Supplies			5,000.00		5,000.00
9	Telephone		1000.00			1,000.00
10	Resource Room Computers-25% Replaced Annually at \$1,200.00 each			4,800.00		4,800.00
11	Local Marketing			2,200		2,200.00
12	Local Customer Feedback			1,200		1,200.00
13	Maintenance of Resource Room Computers		720.00			720.00
14	Rent	12,000.00				12,000.00
15	Utilities		1,080.00			1,080.00
	<b>PAID</b>	<b>58,800.00</b>	<b>38,800.00</b>	<b>19,400.00</b>	<b>0.00</b>	<b>117,000.00</b>
	BILLED BY OESC	<300.00>	196.00	104.00	0.00	0.00
	<b>FAIR SHARE</b>	<b>58,500.00</b>	<b>38,996.00</b>	<b>19,504.00</b>	<b>0.00</b>	<b>117,000.00</b>

**I. CALCULATE PARTNERS' FAIR SHARE**

Another way to allocate cost would be to use a combination of methods. For example:

<b>PARTNER</b>	<b>(FTE)</b>	<b>SQUARE FOOTAGE OCCUPIED</b>	<b>COPIES MADE PER SURVEY PERIOD</b>	<b>CUSTOMERS SERVED</b>
OESC	10 or 33.33%	35.7% or 2,500	15% or 3000	25,000 or 50%
WIA	10 or 33.33%	28.6% or 2,000	25% or 5000	15,000 or 30%
DHS	5 or 16.67%	21.4% or 1,500	12.5% or 2500	2,500 or 5%
ODRS	5 or 16.67%	14.3% or 1,000	47.5% or 9,500	7,500 or 15%
<b>TOTAL</b>	<b>30 or 100%</b>	<b>100% or 7,000</b>	<b>100% or 20,000</b>	<b>50,000 or 100%</b>

The customers have decided to use various allocation bases as the following indicates:

<b>COST TYPE</b>	<b>CUSTOMERS SERVED</b>	<b>SQUARE FOOTAGE</b>	<b>STAFF</b>	<b>SURVEY METHOD</b>	<b>AMOUNT</b>
Copier Rental & Maintenance				<b>X</b>	6,000.00
Fax Rental and Maintenance				<b>X</b>	2,000.00
Replacing Resource Room Computers	<b>X</b>				4,800.00
TI Line	<b>X</b>				4,800.00
Resource Room Staff	<b>X</b>				36,000.00
Local Marketing	<b>X</b>				2,200.00
Local Customer Feedback	<b>X</b>				1,200.00
Maintenance of Resource Room Computers and materials	<b>X</b>				720.00
Postage	<b>X</b>				1,800.00
Printing	<b>X</b>				2,400.00
Receptionist Staff			<b>X</b>		36,000.00
Office Supplies			<b>X</b>		5,000.00
Telephone		<b>X</b>			1,000.00
Rent		<b>X</b>			12,000.00
Utilities		<b>X</b>			1,080.00
<b>TOTAL</b>					<b>117,000.00</b>

The next step will be to identify each partner's share in each category:

**ALLOWABLE SURVEY METHOD CATEGORY**

<b>COST TYPE</b>	<b>CUSTOMERS SERVED</b>	<b>SQUARE FOOTAGE</b>	<b>STAFF</b>	<b>SURVEY METHOD</b>	<b>AMOUNT</b>
Copier Rental & Maintenance				<b>X</b>	6,000.00
Fax Rental and Maintenance				<b>X</b>	2,000.00
<b>TOTAL</b>					<b>8,000.00</b>
<b>PARTNER</b>	<b>COPIES MADE PER SURVEY PERIOD</b>		<b>SHARE OF COST</b>		
OESC	15% or 3000		1,200.00		
WIA	25% or 5000		2,000.00		
DHS	12.5% or 2500		1,000.00		
ODRS	47.5% or 9,500		3,800.00		
<b>TOTAL</b>	<b>100% or 20,000</b>		<b>8,000.00</b>		

**CUSTOMERS SERVED CATEGORY**

<b>COST TYPE</b>	<b>CUSTOMERS SERVED</b>	<b>SQUARE FOOTAGE</b>	<b>STAFF</b>	<b>SURVEY METHOD</b>	<b>AMOUNT</b>
Replacing Resource Room Computers	<b>X</b>				4,800.00
TI Line	<b>X</b>				4,800.00
Resource Room Staff	<b>X</b>				36,000.00
Local Marketing	<b>X</b>				2,200.00
Local Customer Feedback	<b>X</b>				1,200.00
Maintenance of Resource Room Computers and materials	<b>X</b>				720.00
Postage	<b>X</b>				1,800.00
Printing	<b>X</b>				2,400.00
<b>TOTAL</b>					<b>53,920.00</b>
<b>PARTNER</b>	<b>CUSTOMERS SERVED</b>		<b>SHARE OF COST</b>		
OESC	25,000 or 50%		26,960.00		
WIA	15,000 or 30%		16,176.00		
DHS	2,500 or 5%		2,696.00		
ODRS	7,500 or 15%		8,088.00		
<b>TOTAL</b>	<b>50,000 or 100%</b>		<b>53,920.00</b>		

**SQUARE FOOTAGE CATEGORY**

<b>COST TYPE</b>	<b>CUSTOMERS SERVED</b>	<b>SQUARE FOOTAGE</b>	<b>STAFF</b>	<b>SURVEY METHOD</b>	<b>AMOUNT</b>
Telephone		X			1,000.00
Rent		X			12,000.00
Utilities		X			1,080.00
<b><i>TOTAL</i></b>					<b>14,080.00</b>
<b>PARTNER</b>	<b>SQUARE FOOTAGE OCCURPIED</b>		<b>SHARE OF COST</b>		
OESC	35.7% or 2,500		5,027.00		
WIA	28.6% or 2,000		4,027.00		
DHS	21.4% or 1,500		3,013.00		
ODRS	14.3% or 1,000		2,013.00		
<b>TOTAL</b>	<b>100% or 7,000</b>		<b>14,080.00</b>		

**FULL TIME EQUIVALENT CATEGORY**

<b>COST TYPE</b>	<b>CUSTOMERS SERVED</b>	<b>SQUARE FOOTAGE</b>	<b>STAFF</b>	<b>SURVEY METHOD</b>	<b>AMOUNT</b>
Receptionist Staff			X		36,000.00
Office Supplies			X		5,000.00
<b><i>TOTAL</i></b>					<b>41,000.00</b>
<b>PARTNER</b>	<b>(FTE)</b>		<b>SHARE OF COST</b>		
OESC	10 or 33.33%		13,665.00		
WIA	10 or 33.33%		13,665.00		
DHS	5 or 16.67%		6,835.00		
ODRS	5 or 16.67%		6,835.00		
<b>TOTAL</b>	<b>30 or 100%</b>		<b>41,000.00</b>		

The final step is to add costs from various categories:

<b>PARTNER</b>	<b>(FTE)</b>	<b>SQUARE FOOTAGE</b>	<b>CUSTOMERS SERVED</b>	<b>SURVEY METHOD</b>	<b>FAIR SHARE</b>
OESC	13,665.00	5,027.00	26,960.00	1,200.00	46,852.00
WIA	13,665.00	4,027.00	16,176.00	2,000.00	35,868.00
DHS	6,835.00	3,013.00	2,696.00	1,000.00	13,544.00
ODRS	6,835.00	2,013.00	8,088.00	3,800.00	20,736.00
<b>TOTAL</b>	<b>41,000.00</b>	<b>14,080.00</b>	<b>53,920.00</b>	<b>8,000.00</b>	<b>117,000.00</b>

Although this method is tedious, it often comes close to allocating a true fair share to each partner. After determining each customer's fair share, then the partners will determine who is in the position to pay each cost. For example:

#	COST TYPE	OESC	WIA	DHS	ODRS	AMOUNT
1	Copier Rental / Maintenance				6,000.00	6,000.00
2	TI Line	4,800.00				4,800.00
3	Fax Rental and Maintenance				2,000.00	2,000.00
4	Postage				1,800.00	1,800.00
5	Printing	2,400.00				2,400.00
6	Receptionist Staff-Salaries and Benefits	36,000.00				36,000.00
7	Resource Room Staff-Salaries and Benefits		36,000.00			36,000.00
8	Office Supplies				5,000.00	5,000.00
9	Telephone	1000.00				1,000.00
10	Resource Room Computers- 25% Replaced Annually at \$1,200.00 each				4,800.00	4,800.00
11	Local Marketing	2,200				2,200.00
12	Local Customer Feedback				1,200	1,200.00
13	Maintenance of Resource Room Computers	720.00				720.00
14	Rent			12,000.00		12,000.00
15	Utilities			1,080.00		1,080.00
	<b>PAID</b>	<b>47,120.00</b>	<b>36,000.00</b>	<b>13,080.00</b>	<b>20,800.00</b>	<b>117,000.00</b>
	BILLED BY OESC	<268.00>	<132.00>	464.00	<64.00>	0.00
	<b>FAIR SHARE</b>	<b>46,852.00</b>	<b>35,868.00</b>	<b>13,544.00</b>	<b>20,736.00</b>	<b>117,000.00</b>

In this example, DHS will then pay \$464.00 to the partners as the schedule above shows.

## **Who will pay for these various costs?**

*State* infrastructure costs, which should provide the basic architecture to allow local labor markets to operate One Stop service delivery systems, will be funded entirely by the State agencies operating One Stop programs supplemented by the Governor's discretionary portion of the WIA grant. It was determined that it was impractical for each of the hundreds of State and local One Stop system partners statewide to jointly negotiate these statewide costs. Rather, the largest partners have agreed to pay their proportionate share of these costs. Of the seven State agencies involved in workforce development, only the Oklahoma Employment Security Commission, the Oklahoma Department of Human Services, and the Oklahoma Department of Rehabilitation Services actually operate One Stop programs. The other four State agencies merely pass through One Stop program funds to local grant recipients. An example would be the State Department of Education passing through Adult Education and Literacy grant funds to local grant recipients. As a result, only OESC, ODHS, and ODRS will fund these particular costs on a proportionate basis.

*Local* infrastructure costs, anticipated to provide the minimum local infrastructure needs in each local labor market, will be funded proportionately by each One-Stop partner within a particular local labor market. This would include the three State agencies and all local grant recipients. The Governor may also choose to utilize a portion of the WIA grant to supplement these local costs. It is important to remember that each One Stop system partner is expected to also negotiate locally to fund infrastructure identified beyond the minimum. For example, a local labor market may decide to create and operate more than one comprehensive Workforce Center, engage in additional marketing activities, or invest in additional career decision-making materials. In these cases, the WIA Board and service providers within that local labor market would need to agree to fund these costs in addition to the minimum system requirements. Local staff negotiating these costs may receive additional guidance from their agencies.

Core, or system services must also be funded proportionately by all One Stop system partners within each local labor market. While it may be difficult to provide infrastructure costs through in-kind contributions, for the most part, these core services are already being provided by the various One Stop system partners (but not in an integrated fashion). Through service mapping and local negotiation, it may be possible to fund these costs through resource sharing agreements rather than cash contributions. For example, each One Stop system partner could provide career resource area staff rather than pay their proportionate share for such staff. Updated resource room materials, a fundamental need, would be another area for negotiation.

Program services will continue to be funded exclusively by each program operator without contribution from partners.

## **How do we figure each partner's share?**

Each partner must contribute a fair share of the cost of the system proportionate to the use of the system by individuals attributable to the partner's program. According to the Final Rule, individuals attributable to the partner's program may include those who are:

- Referred through the system and enrolled in the partner's program after core services;
- Enrolled in the partner's program prior to receipt of core services;
- Meet the eligibility criteria of a partner's program and receive core services; or
- Meet an alternate definition described in the MOU.

Unless partners at the local labor market level agree to an alternative definition in their MOU, our task will be to match system customers with program enrollments or those meeting eligibility requirements to determine each partner's proportionate share.

It may be helpful to compare program customer counts from the most recent period in order to estimate future proportionate share. But be aware that OMB Circulars require the allocation basis to be from the same period as the expenditures.

While State infrastructure is provided to facilitate these customer counts, partners should address how system customers will be determined to have been enrolled in or determined eligible for participating One Stop programs.

The State is also assuming that unless determined otherwise locally, each customer's access to the system will be given the same weight. This means that whether a system customer accesses core services once or multiple times, or one or more core services, each system customer counts the same when determining proportionate share.

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. For example, if an applicable core service is provided to a customer enrolled in WIA and TANF, the cost of the core service can be paid in full by TANF, in full by WIA, or in any other portions negotiated between the two fund sources. This might allow larger partners to help ensure that smaller partners can afford to participate.

## **Who pays for customers of core services that aren't enrolled in or determined eligible for partner programs?**

Since the methodology for determining which partner pays for which system customer is based on being enrolled in or determined eligible for partner programs, what happens when this is not the case? For example, a customer accesses core services and achieves a satisfactory outcome without ever being enrolled in or being asked enough personal information to be determined eligible for any partner program. Likewise, employer system customers are rarely, if ever, determined eligible for or enrolled into partner programs. Because the WIA title I programs for adults and dislocated workers are required to provide core services to these customers, the WIA partner is expected to cover the cost of these core services. The Final Rule also indicates that all One Stop system partners will proportionately share the costs of core services “that are in addition to the basic labor exchange services traditionally provided in the local area under the Wagner-Peyser program.”

## **What core services does OESC consider basic labor exchange services that they will be required to pay for?**

Wagner-Peyser program services focus on the matching of job seekers with employers and include the following core services as required by the Act: job search and placement assistance (not including career counseling) and the provision of employment statistics information, including the provision of job vacancy listings, information on job skills necessary to obtain the listed jobs, and information relating to local occupations in demand and the earnings and skill requirements for such occupations. All other core services are in addition to the basic labor exchange services of Wagner-Peyser and must be jointly funded by the partners. Therefore, services to customers not registered in a partner program will be paid on a 50/50 basis by ES and WIA.

## **What about the costs of collocation?**

In addition to the shared system costs that must be shared proportionately by each One Stop system partner in the local labor market, there are often shared costs of collocated partners. This results from sharing space, phone systems or items.

## **What if we can't get agreement?**

Your first and best option if various partners believe the cost is too high is to refocus on value, attempting to increase the value to be achieved. If some partners do not perceive the system as valuable enough, try to find ways to reduce the system and service delivery costs. If that doesn't work, you are at an impasse.

## **Implications**

What if you can't agree? The Final Rule, section 662.310, requires “local boards and One Stop system partners must enter into good-faith negotiations.” Local boards and partners may

request assistance from the State and the State from federal funding agencies to address impasse situations. Should these efforts fail the local board and reluctant partners must document negotiations and efforts that they have taken. Any failure to execute an MOU must be reported by the local board 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 local board. In addition, any local area in which a Local Board fails to execute an MOU, with all required local partners, is not eligible for State incentive grants.

### **Required impasse actions**

- Boards and partners document their efforts.
- Locality reports impasse to the Local Workforce Investment Board
- If the impasse cannot be resolved by the LWIB, documented efforts to resolve the impasse must be reported to the State Workforce Investment Council, the State agency responsible for administering the partner's program and the Oklahoma Employment Security Commission.
- OESC reports impasse to the U.S. Secretary of Labor and the head of any other federal agency with responsibility for oversight of the program(s) at issue.

## **STEP 6 DRAFT YOUR MEMORANDA OF UNDERSTANDING**

### **What form should our agreement take?**

There are several models that can be used for the MOU:

- An "umbrella" agreement applying to all partners
- Individualized, separate agreements with each partner
- Hybrid or combination of the above two models

### **Considerations**

When considering these options, the following factors should be taken into account:

- Umbrella Agreement - This option is simplest to develop and implement, but it is the hardest to change. It is a broad, uniform, "one-size-fits-all" approach, containing all provisions, including cost allocation, for each partner. There is an element of bringing agreement among all partners because they can see that the others are on board. A disadvantage to the umbrella agreement, however, is that it must be modified and formally amended every time there is a change in any of the terms for any given partner. The time-consuming review processes of partners, from notification through signature, may make this model very cumbersome in your local area.

- Separate Agreements - Each partner has a fully customized agreement that takes into account all the various rules and regulations that govern the program in question, as well as the partner-specific costs. This model could be cumbersome to develop and manage, but it would be fairly simple for partners whose workforce development system involvement is expected to be minimal. The process of developing this type of MOU might tend to emphasize differences rather than commonalities among partners.
- Hybrid (umbrella with individual partner attachments) - This option offers the advantages of both of the above models, while minimizing their disadvantages. The basic principles and terms of the agreement would be captured in the umbrella portion, and partner-specific terms would be documented in attachments. Costs would be reflected in an addendum, but would be negotiated by all partners together. Individual changes would not necessarily require an amendment by other partners.

## **Is the MOU a binding contract?**

The MOU is neither a fiscal nor a funds obligation document. Specific activities, programs, or projects that involve the transfer of any funds will require separate contracts. Likewise, any sharing of staff or equipment will require a resource sharing agreement.

## **What *must* an MOU contain?**

Each Memorandum of Understanding must contain:

1. Services to be offered through the local workforce development system.

Describe the services, including how they will be made available and accessible, as determined in step 3.

2. How the costs of such services and operating costs of the system will be funded.

Describe your decisions made in step 5. In developing this information, it would seem beneficial to be more general than specific in this section to alleviate having to modify the MOU for minor changes. A consistent and simple cost allocation method should be an addendum to the MOU.

3. Referral arrangements

Describe your decisions made in step 4.

4. Duration of the Memorandum of Understanding and the procedures for amending the memorandum during the term of the memorandum.

This section is to provide information on how the MOU itself is to be handled. Sample provisions might include:

“This MOU shall remain in effect until terminated by the repeal of the Workforce Investment Act of 1998, otherwise by action of law, or in accordance with this section.

Any party may withdraw from this MOU by giving written notice of intent to withdraw at least 120 calendar days in advance of the effective withdrawal date.

Notice of withdrawal shall be given to all parties at the addresses shown in Section X of this MOU, and to the contact persons so listed, considering any information updates received by the parties pursuant to Section X.

Should any One Stop system partner withdraw, the MOU shall remain in effect with respect to other remaining One Stop system partners.

This MOU may be modified at any time by written agreement of the parties. Assignment of responsibilities under this MOU by any of the parties shall be effective upon written notice to the other parties. Any assignee shall also commit in writing to the terms of this MOU.”

## 5. Signatures

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.

Sample language might be “The individuals signing below have the authority to commit the party they represent to the terms of this MOU, and do so commit by signing.”

## **What *should* an MOU contain?**

Each MOU *should* contain the following provisions:

1. A narrative explanation of the system’s strategic vision for the local area.

Your first MOU will define your partnership, perhaps forever. Negotiating a little of the system at a time probably doesn’t work. Once partners have signed the MOU you may lose leverage over reluctant partners. Consider describing your expected future vision rather than your current iteration in the MOU. Expecting to be able to negotiate a new MOU with improved system designs every year may be unreasonable.

2. An outline of the local system's performance requirements and goals.

The MOU can be more than an agreement between the Local Board and the One Stop system partners. The MOU is an opportunity to provide guidance and direction to the partners and customers of the workforce development system. By including minimum levels of performance, the MOU becomes the vehicle through which partners will be able to jointly monitor services against stated goals and performance measures to promote continuous improvement. One of the WIA performance goals is to achieve mutually shared outcomes of those participants who receive services by multiple partners.

3. A detailed description of the relationship between the One Stop System Operator and the One Stop partners.

The One Stop System Operator and One Stop partners must work cooperatively to achieve the workforce development strategic vision. The purpose of this provision is not to duplicate the Local Plan, but to provide clarity and promote understanding among the partners signing the MOU of their roles and responsibilities. This section should describe the role and responsibility of the One Stop System Operator and a description of the steps that will be taken to ensure that the activities and responsibilities of the Operator are consistent with the terms of the MOU signed by the partners and LWIB.

4. A provision to address how disputes will be resolved.

Sample language might be "The parties shall first attempt to resolve all disputes informally. Any party may call a meeting of all parties to discuss and resolve disputes. Should informal resolution efforts fail, the dispute shall be referred to the Chair of the Local Workforce Investment Board who shall place the dispute upon the agenda of a regular or special meeting of the LWIB. The Executive Committee shall attempt to mediate and resolve the dispute."

5. Provisions describing how customers will be tracked.

The MOU should address the requirements of data sharing, client tracking, and reporting obligations of the partners. Such activities will be critical to supporting the on-going planning and management of the system, and will be needed to track "individuals attributable to the partners' programs" as necessary for determining proportionate share of services and operating costs.

6. Other provisions, consistent with the requirements of WIA.

There may be other pertinent provisions consistent with WIA requirements that the Local Workforce Investment Board determines to be appropriate to meet the needs of the partners or their customers.

## **How do we get agreement of the Chief Local Elected Official?**

The Workforce Investment Act prescribes in several places that “agreement of the Chief Local Elected Official(s) must be secured.” The process of garnering agreement from the Chief Local Elected Official(s) may be interpreted and acted upon in several ways. In some local areas, it may require the signature of the Chief Local Elected Officials, and in others it may require only that the Chief Local Elected Official(s) sign-off that they have seen and agree with the action. We suggest that the best method to achieve this agreement is to actually involve the Chief Local Elected Official(s) in the decision-making process. Although this method may involve additional time, the final agreement and informational exchange are beneficial to keeping the Chief Local Elected Official(s) informed and involved in the local workforce development system.

## **STEP 7 BE PREPARED TO CONTINUOUSLY IMPROVE THE LOCAL SYSTEM TO MEET THE CHANGING NEEDS OF YOUR CUSTOMERS**

Continuous improvement is one of the major tenets of the Workforce Investment Act. States and local areas are required to outline the continuous improvement strategies that they will use to improve organizational effectiveness, program results, and program outcomes.

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.

### **How can we build continuous improvement into the local workforce development system?**

Build a culture that is focused on continuously improving services and customer satisfaction:

1. Build continuous improvement into the design of your local service delivery plan and allocate resources to pay for the related products and activities (e.g. define how you will gather customer feedback and determine what training is needed to support the continuous improvement effort).
2. Identify system indicators you want to track and gather the corresponding baseline data.
3. Set performance goals for each of the indicators you choose to track (required and optional). Solicit ideas from partner agencies that deal with both adults and youth, so that the Operators can consider those ideas when facilitating negotiations to set overall system performance goals.

4. Consider developing and using a report card to report results in an easily understandable format to the Operator, Local Workforce Investment Board, business and individual customers, and the staff of partner agencies.
5. Have partner agencies review their existing data systems to align them with the core indicators and customer satisfaction indicators, so that data can be shared and aggregated across agencies.
6. Establish a process for partner agencies to report data in relation to the performance goals on a regularly established basis.
7. Designate key staff who will take responsibility for gathering and reporting data from each partner agency, and key staff who will aggregate that data. Schedule time on the Local Workforce Investment Board's agenda to review progress in relation to the performance goals.
8. Review progress at least each year and possibly during the year toward reaching the performance goals. Re-set performance goals based on progress during any given period.
9. Establish formal reward and recognition systems to positively reinforce your system's staff efforts to improve services and customer satisfaction (e.g., an award to recognize continuous improvement efforts conducted by an inter-agency team). Don't forget to allocate resources to pay for all of these related costs.
10. Revise performance appraisal systems to encourage staff to review their work in relation to the system's performance goals and to commit to continuously improving their work.
11. Determine the level of satisfaction of your staff and establish a plan to increase the satisfaction of these internal customers.
12. Use the tools designed for the local system (locally developed and/or those referenced as resources below) to make improvements.

## **Seven Principles of Quality Improvement**

1. Be customer and market focused. Establish a formal process for collecting customer feedback at regularly established intervals using several methodologies (e.g., surveys, focus groups). Use an informal process for collecting customer feedback on a weekly or biweekly schedule (e.g., ask participants how satisfied they are immediately following the delivery of a specific service, record their responses, and look for trends).
2. Focus on fixing the service delivery system and the service delivery process. Fix what's most important to the customer across systems.

3. Make data-driven decisions and use structured problem-solving methodologies. Use data, not opinions to make decisions. Use the same problem-solving methodologies across the system.
4. Measure the effectiveness of the improvement efforts. Define baseline performance and report improvements as a result of the continuous improvement effort.
5. Involve everyone. Ask individual and business customers to help you improve services or processes. Encourage front-line staff to initiate continuous improvement efforts. Define and explain “empowerment” for each level of staff.
6. Communicate with and provide training to staff, board, and partner agencies. Build systems to share information with all partners. Develop methodologies to cross-market the system to all customers (e.g., an inter-agency brochure for businesses). Develop a plan to cross-inform and cross-train staff to build the capacity to offer seamless service delivery. Emphasize quality and develop continuous improvement strategies to improve the accuracy and efficiency of your staff’s work. Do the right thing, the first time.
7. Build leadership at all levels of the system:
  - Develop a shared vision, mission, values and goals.
  - Hold everyone accountable for contributing to continuous improvement efforts.
  - Treat staff as a valued customer in the system.
  - Celebrate successes.
  - Publish the results of each continuous improvement effort.
  - Promote risk taking and teamwork.

## RESOURCES THAT MIGHT HELP

### Customer Needs

- Community organizations that represent customer groups, e.g. Chamber of Commerce, Centers for Independent Living, etc.
- All partners (WIA required partners, other WIA recommended partners, and other key community organizations such as the United Way).
- Simply Better quality products: a good focus group guide entitled “Customers in Focus” can be found at [www.workforce-excellence.net/html/product2.htm](http://www.workforce-excellence.net/html/product2.htm)
- Hocus Pocus One Stop Focus: A Manual for the Design, Operation, and Continuous Improvement of One Stop Centers developed by the One Stop system partners in Muskogee and Ada.
- OESC’s web site, [www.oesc.state.ok.us](http://www.oesc.state.ok.us), for current labor market information.

### Local System Design

- The National Association of State Workforce Agencies (NASWA) website has excellent resources for WIA related issues: [www.naswa.org](http://www.naswa.org) or [www.icesa.org](http://www.icesa.org)
- US Department of Labor: [www.doleta.gov](http://www.doleta.gov)
- NASWA website: [www.naswa.org](http://www.naswa.org) or [www.icesa.org](http://www.icesa.org)
- Websites of early implementation states

### Cost Sharing

- Information from state agencies on the allowable costs of various funding streams.
- OMB Circulars: A87 (Cost Principles for State, Local and Indian Tribal Governments), A21 (Cost Principles for Educational Institutions), A122 (Cost Principles for Non-Profit Organizations): Available at [www.whitehouse.gov/omb](http://www.whitehouse.gov/omb)
- USDOL Employment and Training Administration website: [www.doleta.gov](http://www.doleta.gov).
- USDOL WIA website: [www.doleta.gov/usworkforce/asp/planstatus.cfm](http://www.doleta.gov/usworkforce/asp/planstatus.cfm).
- OMB Circulars: [www.whitehouse.gov/omb](http://www.whitehouse.gov/omb).

### Continuous Improvement

- Simply Better! Tools: Self Assessment, The Voice of the Customer, The Customer in Focus, Service by Design, Measuring Success and much more can be found at [www.workforce-excellence.net/html/product2.htm](http://www.workforce-excellence.net/html/product2.htm). Staff Development on the Simply Better Products is available through the Workforce Oklahoma Training Institute at (405) 325-1443.
- Malcolm Baldrige Criteria for Performance Excellence at the Baldrige website: [www.Quality.nist.gov/](http://www.Quality.nist.gov/)
- National Association of Workforce Agencies ([www.naswa.org](http://www.naswa.org) or [www.icesa.org](http://www.icesa.org)) has survey tools and customer satisfaction training available for the one-stop system partners
- Businesses in your local area will have continuous improvement tools that could be used by the system



**LOCAL WORKFORCE INVESTMENT BOARD  
 MEMORANDUM OF UNDERSTANDING (MOU) REVIEW  
 (TO BE CONDUCTED AT LEAST ONCE A YEAR)**

Please check the appropriate statement and fill in the blanks as necessary.

- \_\_\_\_\_ We request an extension to our current MOU from \_\_\_\_\_ to \_\_\_\_\_.  
 We certify that an annual review was accomplished by all system partners with no substantive changes required.
- \_\_\_\_\_ This is to notify Employment & Training Division of OESC that our current MOU dated \_\_\_\_\_ is being reviewed and modified. Upon completion of necessary modifications, we will forward to Employment and Training Division of OESC for review and oversight on \_\_\_\_\_.

FOR ANNUAL REVIEW, LIST NAMES OF SYSTEM PARTNERS	DATE OF REVIEW	COMMENTS

**AUTHORIZATION**

**For the Workforce Investment Board**

**Agreed to by the Chief Local Elected Official**

\_\_\_\_\_  
 Board Chair Signature                      Date

\_\_\_\_\_  
 CLEO Signature                              Date