

Oklahoma Employment Security Commission Workforce Integrated Programs

Memo

To: WIA Board Staff
From: Richard J. Gilbertson, Director of Workforce Integrated Programs
Date: September 20, 2006
Re: MOU Clarification

Background

The letter approving your two year plans, contingent on your completion of the Memorandum of Understandings (MOUs) by September 30, 2006, has generated several inquiries concerning the cost sharing portion of the MOUs. Additionally, when we shared this year's OESC monitoring guide, it raised concerns over local cost sharing methodologies. On a positive note, after staff reviewed your concerns, we believe that our new integrated environment has created an opportunity to avoid some of the cost sharing complexity normally required.

MOU Clarification

The MOU, among other things, must list "how the costs of such services and operating costs of the system will be funded." For local areas, this is primarily about describing costs resulting from One Stop partners being collocated in Workforce Centers.

Given that at least one comprehensive Workforce Center in each workforce investment area is integrating WIA Adult, WIA Dislocated Worker and ES services may provide an opportunity to simplify cost sharing arrangements, at least in that Center.

Step 5 of the MOU Tool Kit, Cost Allocation Steps, indicates that the focus must be on benefits received. The section on 'How do we figure each partner's share?' indicates that **"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."**

The Federal One Stop Financial Management Technical Assistance Guide, in the section on Proportionate Share and Cost Allocation says "Costs that are allowable under more than one program may be allocated in part to each program using a standard allocation base, in part to each program using a discretionary amount, or in total to one program. Charging the cost in this manner may be more appropriate for program services when the clients are enrolled in and receiving services from multiple partner programs."

In an integrated center, where the up-front process makes all eligible 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 this 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.

Likewise, non-integrated centers may also fall into this category (an exception to proportionality) if their up-front customer flow makes each ES customer eligible for WIA adult or dislocated worker programs, i.e., creates a common customer pool as required by OETI 04-2006, Change 1, and has no other collocated One Stop partners who share Center costs.

Even if you have a Center with additional partners who share costs and thus have no exception to proportionality, it is preferable for each partner to pay for something equivalent to their share, such as phone lines or copy paper, rather than plan to exchange program funds.

Questions

If you have any questions concerning the issues in this memo, please contact Ann Pendergraft at ann.pendergraft@oesc.state.ok.us or Tami Decker at tdecker@osec.state.ok.us.

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