

Oklahoma Employment Security Commission
Workforce Integrated Programs Division

MEMORANDUM #M-11-2010

TO: WIA Board Staff
WIA Fiscal Agents
Local Area Managers

FROM: Richard J. Gilbertson, Director
Workforce Integrated Programs Division

DATE: August 23, 2010

SUBJECT: Reallocation of Administrative Costs for Local Workforce Investment Boards, Local Grant Subrecipients, Local Fiscal Agents and One-Stop Operators

Over the years, the duties of the One-Stop Operator have changed and their roles have become larger than we had anticipated. Therefore, OESC is issuing this memorandum to ensure compliance with OETI #23-2000 and guidance we have received from the U.S. Department of Labor to make sure a quick and timely response to this request is carried out without delay.

Title 20 CFR §667.220(a) provides that the WIA administrative cost limitation is applied to states, local workforce investment boards, local grant subrecipients, local fiscal agents and one-stop operators. 20 CFR §667.220(b) provides that administrative costs may be direct or indirect and includes such items as general administration, accounting, budgeting, financial and cash management, procurement, purchasing, property management, personnel management, payroll, general legal services, audit function, monitoring or administrative functions, etc.

Effective July 1, 2010, WIA Fiscal Agents must ensure costs are properly classified including those costs of the One-Stop Operators. This process may well require the revision of budgets and cost allocation plans related to administrative functions and administrative costs. The failure of Local Workforce Investment Areas to track and report the cost of One-Stop Operator's administrative functions puts the Local Workforce Investment Area at risk of exceeding its 10 percent administrative cost limit. Any administrative functions (e.g. payroll, personnel, procurement, etc.) provided by an entity that is a One-Stop Operator and a Service Provider, or provided by an entity that is only the One-Stop Operator, whether billed as indirect costs or direct costs, must be charged to the proper cost category. If adjustments are reclassified, this process must be completed by September 30, 2010.

The Title I cost classifications are administration and program. These cost classifications are described in general in 20 CFR 667.220 of the WIA Regulations. Allowable costs shall be charged (allocated) to the appropriate cost classification to the extent that benefits are received by such cost objective/category.

Note: Staff and related costs should be classified against the appropriate cost category or program activity based on the job duties actually being performed. If staff members perform duties related to more than one category or activity, then the costs should be allocated on the basis of actual time worked or another equitable method. [20 CFR 667.220(c) (2)] A job description alone would not be sufficient to support the personnel compensation costs. Both OMB Circulars A-87 and A-122 contain requirements for activity reports or periodic certifications.

Please contact Jackie Younge @ Jackie.younge@oesc.state.ok.us or Tami Decker at tami.decker@oesc.state.ok.us if you have any questions regarding this memo.

RG/TD/jy