I. REFERENCES:

II. PURPOSE:
The purpose of this Policy Guidance Letter (PGL) is to reinforce the WIA statutory and regulatory requirements regarding the MOU description of how cost of services and operating costs will be funded. In addition, this PGL provides the Federal Designated Workforce Investment Boards (WFBs) and each of their One-Stop center(s) with general guidelines for the development of the methods of allocation that may be used for allocating costs among the One-Stop partners.

III. BACKGROUND:
The One-Stop delivery system is designed to be a seamless service delivery system for the customer. Additionally, available services will be provided from various entities with different funding accountability responsibilities. Because of these various funding streams and to ensure that each One-Stop partner contributes its fair share of the costs of maintaining the center, each One-Stop center’s Memorandum of Understanding (MOU) must describe the funding arrangements for services and operating costs. As stated at 20 CFR 662.270, there are a number of methods, including allocations based on direct charges, cost pooling, indirect cost rates and activity-based cost allocations plans, consistent with the requirements of the relevant OMB circulars, that may be used for allocating costs among the partners.
IV. POLICY/ACTION:
In accordance with Section 121(c)(2) of the WIA and 20 CFR 662.300(b) of the Interim Final WIA Regulations, how the costs of services and the operating costs will be funded must be included within each MOU. In accordance with 20 CFR 661.350(a)(3)(ii), the Workforce Region’s (WR’s) five-year plan must include a copy of the local MOU(s) between the WFB and each of the One-Stop partners. Therefore, as part of the review of the WR’s plan, the MOUs are subject to State review to ensure the costs of services and operating costs are adequately described.

In accordance with the Cost Principle OMB Circulars, to be allowable, costs must be allocable to Federal awards in accordance with the provisions of the OMB Circular. A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.

This PGL provides the WFBs and their One-Stop operators with general guidelines of the minimum requirements of and assistance in the development of the methods of allocation that may be used for allocating costs among the One-Stop partners. Implementing such an allocation method will help ensure each partner is contributing a fair share of the operating costs of the One-Stop center proportionate to the use of the system by individuals attributable to the partner’s program and enhance the One-Stop’s compliance with the Cost Principle OMB Circulars. One-Stop centers will be subject to the review of their methodology for allocating costs among its One-Stop partners during CDLE’s on-site monitoring reviews.

V. IMPLEMENTATION DATE:
The PGL is effective July 1, 2000.

VI. INQUIRIES:
Inquiries concerning this PGL, should be directed to the Office of Finance, 303-318-8050 or the Office of Employment and Training Programs, 303-318-8800.

Elise Lowe-Vaughn, Director
Workforce Programs, Policy, and Strategic Initiatives

ATTACHMENTS:
1. Cost Allocation Guidelines