

- SUBJECT:** **Memorandum of Understanding**
- REFERENCE:** Workforce Investment Act of 1998, Sec. 121 and 134; Federal Register/Vol. 65, No. 156/Aug. 11, 2000; “Cost Allocation and Resource Sharing for a One-Stop Delivery System” policy; and One-Stop Comprehensive Financial Management TAG.
- BACKGROUND:** The Memorandum of Understanding (MOU) provides the local Workforce Investment Board (WIB) an opportunity to insure that all One-Stop partners are aware and accountable for the operation and performance of the One-Stop delivery system.
- POLICY:** The local board, with the agreement of the chief elected official, shall develop and enter into a memorandum of understanding (between the local board and the One-Stop partners), consistent with Section 121(c)(2) of the Workforce Investment Act of 1998, concerning the operation of the one-stop delivery system in the local area. The Workforce Investment Act emphasizes full and effective partnerships between local boards, chief elected officials, and One-Stop partners. Local boards and partners must enter into good-faith negotiations.

Single or Multiple Agreements

- A single “umbrella” Memorandum of Understanding may be developed that addresses the issues relating to the local One-Stop delivery system for the local board, chief elected official, and all partners, or
- The local board, chief elected official, and the partners may decide to enter into separate agreements between the local board (with the agreement of the chief elected official) and one or more partners.

Under either approach, the Memorandum of Understanding must contain the provisions described in Section 121(c)(2).

Contents

Each Memorandum of Understanding shall contain the following provisions:

1. The services to be provided through the One-Stop delivery system;

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

provided to the customers and specify those partners delivering the services. At a minimum, the core services that are applicable to the program of the partner under 20 CFR 662.220, and that are in addition to the basic labor exchange services traditionally provided in the local area under the Wagner-Peyser program, must be made available to individuals attributable to the partner's program who seek assistance at the comprehensive One-Stop center. Under the MOU, the provision of applicable core services at the center by the One-Stop partner may be supplemented by the provision of such services through the networks of One-Stop partners described in WIA Section 134(c)(2). A required One-Stop partner must enter into an MOU only in those local areas in which the partner's program provides services. The adult and dislocated worker program partners are required to make all of the core services listed in 20 CFR 662.240 available at the center.

In addition to the provision of core services, the One-Stop partners must provide access to the partners' other activities and programs. This access must be described in the local MOU to ensure a seamless, comprehensive workforce development system. Co-location of certain services at the center may be the most user-friendly approach to providing access in some areas, while other areas may rely more on electronic and other affiliate connections to ensure access. That is a matter to be determined among the partners in the local area through the MOU. 20 CFR part 663 describes the specific requirements relating to the provision of core, intensive, and training services through the One-Stop system that apply to the adult and the dislocated worker programs.

The MOU shall identify procedures for sharing of information and reporting. In addition, it should address how the One-Stop system will insure compliance with Americans with Disabilities Act to provide accessibility to customers with disabilities and other pertinent special populations within the local Workforce Investment area. The MOU must also include the issuance of Individual Training Accounts (ITA's).

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

The MOU must describe the particular funding arrangements for services and operating costs of the One-Stop delivery system. These financial requirements may be addressed through inclusion of a clause in the MOU that summarizes the financial commitments made by each partner and incorporates the Resource Sharing Agreement (RSA), with its attendant documentation, by reference. The MOU may also contain specific financial information, such as the shared costs budget, cost allocation plan, and resource sharing plan, as elements of the MOU. Each partner must contribute a fair share of the operating costs of the One-Stop delivery system proportionate to the use of the system by individuals attributable to the partner's program.

In addition, the responsibility of the partner for the provision of core services must be proportionate to the use of the services at the comprehensive One-Stop center by the individuals attributable to the partner's program. The specific method of determining each partner's proportionate responsibility must be described in the MOU. In determining when individuals should be considered "attributable to the partner's program," consideration may be given to (1) individuals referred through the comprehensive One-Stop center and enrolled in the partner's program after the receipt of core services. (2) individuals enrolled in the partner's program prior to receipt of the applicable core services at the center, (3) individuals who meet the eligibility criteria for the partner's program and who receive an applicable core service, or (4) individuals who meet an alternative definition described in the MOU.

The MOU should include an identification of the method to be used to allocate the cost of services and operating costs, along with a detailed description of the payment system, and identification of the cost sharing method for all partners. There are a number of methods, consistent with the requirements of the relevant Office of Management and Budget (OMB) circulars that may be used for allocating costs among the partners. The "Cost Allocation and Resource Sharing for a One-Stop Delivery System" WIA policy provides guidance on this issue. Some of these methodologies include allocations based on direct charges, cost pooling, indirect cost rates, and activity-based allocation plans. The resources of each partner may only be used to provide services that are authorized and provided under the partner's program to individuals who are eligible under such program. An explanation should be given as to how those electronic One-Stop partners will contribute in the One-Stop operating costs. The MOU should distinguish between services delivered at the One-Stop site and services delivered within the One-Stop system through the agreed upon systematic referral of services. Since funds are generally appropriated annually, financial agreements may be negotiated with each partner annually to clarify funding of services and operating costs of the system under the MOU.

The local Workforce Investment Board and partner agencies, with the agreement of the CEO, must decide which One-Stop model will work best, given local conditions. However, whichever model is chosen by the LWIB and One-Stop partners, changes to the MOU will be required if additional partners begin to share in the costs, partners choose not to participate in shared costs, there are any funding changes that will affect the services and activities to be offered through the One-Stop system, or there are changes in the One-Stop delivery system that require substantive changes to the cost information contained in the Resource Sharing Agreement.

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

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

Describe who will provide the intake, enrollment, and assessment process, and how the initial referral for services will take place. Address who will be the point of contact for the customer. Explain how this system will always be to the advantage of the customer and what follow-up action will be taken to insure the customer was provided the service.

4. The duration of the MOU and the procedures for amending the memorandum during the term of the memorandum;

While the purpose of the One-Stop MOU is not to increase the administrative burden of the local WIB or the One-Stop partners, it is clear that the MOU must be in place to clarify the operational procedures of the One-Stop systems. Timeframe for withdrawal, resolution process, and signatory processes should be included in this section. It would seem prudent to review the terms of the MOU a minimum of annually, or the local WIB may amend the MOUs on an as needed basis. Local boards, chief elected officials, and partners may request assistance from a State agency responsible for administering the partner program, the Governor, State board, or other appropriate parties. State agencies, the State board, and the Governor may also consult with the appropriate federal agencies to address impasse situations after exhausting other alternatives. The local board and partners must document the negotiations and efforts that have taken place. Any failure to execute an MOU between a local board and a required partner must be reported by the local board and the required partner to the Governor or State board, and to the state agency responsible for administering the partner's program. The Governor or the State board and the responsible state agency will then report to the Secretary of Labor and to the head of any other federal agency with responsibility for oversight of a partner's program. If an impasse cannot be resolved and a partner fails to execute an MOU, then that partner may not be permitted to serve on the local board. In addition, any local area in which a local board has failed to execute an MOU with all of the required partners is not eligible for State incentive grants awarded on the basis of local coordination of activities.

Other provisions, consistent with the requirements of the Act and regulations, may be added to the memorandum if the parties to the agreement determine them to be appropriate. For example, the parties may use the MOU to address the coordination of equal opportunity responsibilities such as the handling of discrimination complaints or other grievances relating to the One-Stop system.