AMERICA'S WORKFORCE NETWORK SM

One-Stop Comprehensive Financial Management Technical Assistance Guide

July 2002

One – Stop

Comprehensive Financial Management Technical Assistance Guide

U.S. DEPARTMENT OF LABOR

Employment and Training Administration

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Preface

INTRODUCTION

This Comprehensive Financial Management Technical Assistance Guide (TAG) is designed to provide operational and financial management guidance for an integrated workforce investment system operating in a One-Stop environment as required by the Workforce Investment Act (WIA or "the Act").

The WIA of 1998 provides the framework for a reformed national workforce investment system designed to meet the needs of the nation's employers, job seekers, and those who want to further their careers. Title I of the legislation is based on the following elements:

- Training and employment programs must be designed and managed at the local level where the needs of businesses and individuals (customers) are best understood.
- Individual customers must be able to conveniently access the employment, education, training, and information services they need at a single location in their neighborhoods.
- Individuals should have choices in deciding which training program best fits their needs and which organizations will provide that service. They should have control over their own career development.
- Individuals have a right to information about the success of training providers in preparing people for jobs. Training providers will provide information on their success rates.
- Businesses will provide information and leadership and play an active role in ensuring that the system prepares people for current and future jobs.

A key reform is that the Act establishes a comprehensive network for the delivery of employment and training services through a system of One-Stop career centers within each Local Workforce Investment Area (LWIA). Each local area establishes a One-Stop delivery system to provide both core services and access to other employment and training services funded under the Act and other Federal programs. There must be at least one comprehensive center within each local area, which may be supplemented by networks of affiliated sites. Customers benefit from a One-Stop delivery system with career centers in their neighborhoods where they can access core employment services and be referred directly to job training, education, or other services.

As specified in Section 121(b)(1)(B)(i-xii) of the Act and 20 Code of Federal Regulations (CFR) 662.200 of the implementing regulations, the Federally funded programs that must provide core services and participate as "partners" in the creation and maintenance of the One-Stop system are:

(1) Programs authorized under Title I of WIA, serving
  (i) Adults
  (ii) Dislocated workers
  (iii) Youth
  (iv) Job Corps
  (v) Native Americans
  (vi) Migrant and seasonal farm workers
  (vii) Veterans (WIA Section 121(b)(1)(B)(i))
(2) Programs authorized under the Wagner-Peyser Act (29 United States Code (U.S.C.) 49 et seq.) (WIA Section 121(b)(1)(B)(ii))
(3) Adult education and literacy activities authorized under Title II of WIA (The Adult Education and Family Literacy Act) (WIA Section 121(b)(1)(B)(iii))
(4) Programs authorized under Parts A and B of Title I of the Rehabilitation Act (29 U.S.C. 720 et seq.) (WIA Section 121(b)(1)(B)(iv))
(5) Welfare-to-Work (WtW) programs authorized under Section 403(a)(5) of the Social Security Act (42 U.S.C. 603(a)(5) et seq.) (WIA Section 121(b)(1)(B)(v))
(6) Senior community service employment activities authorized under Title V of the Older Americans Act of 1965 (42 U.S.C. 3056 et seq.) (WIA Section 121(b)(1)(B)(vi))
(7) Post-secondary vocational education activities under the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.) (WIA Section 121(b)(1)(B)(vii))
(8) Trade Adjustment Assistance and North American Free Trade Agreement (NAFTA) Transitional Adjustment Assistance activities authorized under Chapter 2 of Title II of the Trade Act of 1974 (19 U.S.C. 2271 et seq.) (WIA Section 121(b)(1)(B)(viii))
(9) Activities authorized under Chapter 41 of Title 38, U.S.C. (local veterans' employment representatives and disabled veterans' outreach programs) (WIA Section 121(b)(1)(B)(ix))
(10) Employment and training activities carried out under the Community Services Block Grant (42 U.S.C. 9901 et seq.) (WIA Section 121(b)(1)(B)(x))
(11) Employment and training activities carried out by the Department of Housing and Urban Development (WIA Section 121(b)(1)(B)(xi))
(12) Programs authorized under State unemployment compensation laws (in accordance with applicable Federal law) (WIA Section 121(b)(1)(B)(xii)).

Within each local One-Stop center, the programs may be administered by State or local governmental agencies, nonprofit organizations, post-secondary educational institutions such as community colleges, and for-profit organizations. Each One-Stop environment is unique, dependent upon the needs of the local community. The types of partners may also vary by One-Stop center.

This TAG has been developed to provide the One-Stop system with appropriate guidance on the administrative and financial management requirements applicable to the required Employment and Training Administration (ETA)-funded partner programs. Additionally, the TAG provides operational guidance for all partner programs on implementing the uniform policy on Cost Allocation and Resource Sharing contained in the *Federal Register* notice titled "Resource Sharing for Workforce Investment Act One-Stop Centers: Methodologies for Paying or Funding Each Partner Program's Fair Share of Allocable One-Stop Costs." (66 Fed. Reg. 29638, May 31, 2001)

BACKGROUND

Why the TAG Was Developed

The Act, the regulations, and the Office of Management and Budget (OMB) circulars contain specific provisions that guide the planning, design, operation, documentation, and assessment of a sound financial management system. This TAG amplifies the Act and the accompanying regulations, clarifies expectations, addresses issues commonly occurring in the field, identifies operational problems and possible solutions, models promising practices, and provides suggestions and techniques to ensure compliance. It is intended to help those responsible for financial management in effectively carrying out their responsibilities.

How the TAG Was Developed

Financial management under government grants is a highly technical and specialized field. In January of 1995, ETA published and disseminated the *JTPA Financial Management Technical Assistance Guide* to support the implementation of Job Training Partnership Act (JTPA) programs. JTPA was the predecessor program to the WIA, and this TAG draws heavily on the approach that was used in developing the JTPA TAG. In June of 1999, for use by WtW grantees, the ETA published the *Welfare-to-Work Financial Management Technical Assistance Guide,* based on the required application of the OMB circulars. With the implementation of the WIA, ETA believes that a Comprehensive Financial Management TAG would be beneficial to a wider audience and would provide assistance in the development of the required financial systems of the One-Stop career centers. Part I of this TAG is designed to provide guidance on cost allocation and resource sharing issues that have arisen with the implementation of WIA. This part has been reviewed by the Federal partner agencies specified in WIA and by the OMB. With this part, ETA has sought to incorporate lessons from the implementation of WIA thus far. The guidance is drawn from the *Federal Register* notice dated May 31, 2001, containing the uniform Federal policy on cost allocation and resource sharing for One-Stop career centers. Part II of the TAG is designed to provide guidance on the financial and grant management requirements for the ETA programs that are required partners in the One-Stop system. This Part is modeled on both the JTPA and WtW TAGs and is based on the OMB circulars applicable to all ETA grant programs.

INTENDED AUDIENCE FOR THE GUIDE

The Comprehensive Financial Management TAG targets State, local, and other grant staff responsible for ensuring that the One-Stop system programs not only provide the necessary program services but also are properly managed and fiscally sound. While financial management personnel may be the primary and most frequent users of this TAG, program administrators and staff are also part of the intended audience. Any individual within the WIA or required partner system who is responsible for some aspect of financial management, fiscal accountability, program accounting, or program management, or who is new to the program, is likely to need and use this resource.

HOW THE TAG IS ORGANIZED

This Comprehensive Financial Management TAG is organized as follows:

Part I provides additional guidance for implementing the cost allocation and resource sharing policy contained in the *Federal Register* notice dated May 31, 2001. Part I consists of six chapters that describe the methodologies for cost allocation and resource sharing within the One-Stop environment. The specific chapters and their contents are described in the Introduction to Part I.

Part II provides the financial and administrative requirements applicable to ETA-funded employment and training programs functioning as required partners in the One-Stop system. Part II consists of 15 chapters that describe financial requirements such as fund distribution, financial systems, allowable costs, cost allocation, program income, and grant management requirements such as reporting, property management, procurement, and audit.

Appendices. Appendices A through E provide additional resources for the user, including a reference for administrative requirements, a listing of applicable regulations and OMB circulars, Internet resources, a comprehensive glossary with acronyms, and subrecipient/vendor distinctions.

All three parts of the TAG have separate introductions that identify the chapters and/or highlight the information to be specifically addressed within the relevant part.

HOW TO USE THE TAG

Readers are advised to use the TAG as a reference and technical assistance tool to ensure sound financial management and consistency in program and fiscal accountability. Users may want to familiarize themselves with each part of the TAG as applicable to their programs in order to understand what it contains and where information may be found.

Once again, users are cautioned that this TAG is for guidance in implementing the requirements of the WIA and the ETA-funded programs that are required partners in the One-Stop system. It does not replace or supplant the Act or the regulations.

CAUTIONS

Special care has been taken to differentiate for the reader what the WIA and other ETA-funded grant programs require, what the regulations require, and what is simply good advice based on experience and sound judgment. Wherever the TAG is quoting the Act or the program regulations, citations are provided immediately following the reference.

The TAG contains a comprehensive glossary in Appendix D. Within the regulations, legislation, and circulars, there may be more than one definition of a single term. To the extent possible, this TAG uses the more extensive definition or the definition found in the legislation. In addition, there are terms that may have similar definitions but may be named differently, i.e., grant and award. If, in any instance, the definitions or their use in this TAG appear to conflict with the Act or Federal regulations, the conflict must be resolved in favor of the Act and the regulations, which take ultimate precedence.

It is impossible to anticipate every eventuality that might occur in administering the various programs. The examples are provided to support explanations in the TAG but are sufficiently generic to assist decision-makers in a variety of circumstances. Still, at best, these examples are merely illustrations of a principle or a method of approaching a particular legislative or regulatory provision. The TAG has been written to assist the One-Stop system and the partner organizations in complying with the cost-sharing provisions of the Act and the regulations, and to provide operational guidance to ETA-funded programs on the financial and grant management aspects of their grants.

ACKNOWLEDGMENTS

This TAG was produced by DTI Associates, Inc., under the terms of Contract Number F-6829-8-00-80-30 with the Employment and Training Administration. The principal author of the TAG is Judi Fisher.

Ed Donahue, Chief of the Division of Financial and Grants Management Policy and Review within the ETA's Office of Grants and Contract Management, was instrumental in reviewing drafts and provided innumerable helpful suggestions. Amy Knight, also of the Division of Financial and Grants Management Policy and Review, reviewed drafts and provided critical clarifying editorial comments.

Staff from the Department of Labor's Office of Cost Determination made important comments on the chapters, especially pertaining to Part I of the TAG. Numerous staff members from the ETA's national and regional offices reviewed draft chapters, and their collective comments helped clarify the concepts and methodologies contained in the document. Finally, financial staff from the Departments of Education and Health and Human Services reviewed Part I of the TAG, and their input is appreciated.

PART I

ONE-STOP FINANCIAL MANAGEMENT

INTRODUCTION

Part I of the One-Stop Comprehensive Financial Management Technical Assistance Guide (TAG) provides guidance for the required partner programs on implementing the *Federal Register* notice on cost allocation and resource sharing titled "Resource Sharing for Workforce Investment Act One-Stop Centers: Methodologies for Paying or Funding Each Partner Program's Fair Share of Allocable One-Stop Costs" published at 66 Fed. Reg. 29638 (May 31, 2001). The Workforce Investment Act (WIA or "the Act") requires each local workforce area to establish a One-Stop system for the provision of certain core services as specified in the legislation. The Act further requires that entities responsible for the operation of additional Federal funding source programs such as educational, human resource, and other workforce investment programs participate as partners in the operation of the One-Stop career centers, thereby creating a seamless delivery system. Within the One-Stop environment, the required partners are the recipients and subrecipients providing services through the following programs:

(1) Programs authorized under Title I of WIA, serving
  (i) Adults
  (ii) Dislocated workers
  (iii) Youth
  (iv) Job Corps
  (v) Native Americans
  (vi) Migrant and seasonal farm workers
  (vii) Veterans
(2) Programs authorized under the Wagner-Peyser Act
(3) Adult education and literacy activities authorized under Title II of WIA (The Adult Education and Family Literacy Act)
(4) Programs authorized under Parts A and B of Title I of the Rehabilitation Act
(5) Welfare-to-Work (WtW) programs authorized under Section 403(a)(5) of the Social Security Act
(6) Senior community service employment activities authorized under Title V of the Older Americans Act of 1965
(7) Post-secondary vocational education activities under the Carl D. Perkins Vocational and Applied Technology Education Act
(8) Trade Adjustment Assistance and North American Free Trade Agreement (NAFTA) Transitional Adjustment Assistance activities authorized under Chapter 2 of Title II of the Trade Act of 1974

(9) Activities authorized under Chapter 41 of Title 38, United States Code (local veterans' employment representatives and disabled veterans' outreach programs)
(10) Employment and training activities carried out under the Community Services Block Grant
(11) Employment and training activities carried out by the Department of Housing and Urban Development
(12) Programs authorized under State unemployment compensation laws.

The WIA regulations further stipulate that the required partner programs are to provide funds for the creation and maintenance of the One-Stop system. [20 Code of Federal Regulations (CFR) 662.230(b)] The funding arrangements are then incorporated into the Memorandum of Understanding (MOU). The Act is clear that the One-Stop system is to serve as the primary vehicle for the provision of employment and training services, regardless of funding sources, within a local area. As a result of the WIA mandate that several employment and training programs funded under a number of different laws by various Federal agencies collaborate and work together as One-Stop partners, the Office of Management and Budget (OMB) directed that the Department of Labor (DOL) take the lead in developing a uniform policy on acceptable methodologies for cost allocation and resource sharing in the WIA One-Stop environment. This uniform policy is contained in the *Federal Register* notice dated May 31, 2001, on cost allocation and resource sharing. The policy was developed in cooperation with the Departments of Education and Health and Human Services, as well as the DOL's Office of Cost Determination and Office of the Inspector General. In developing this policy, the Federal agencies addressed an underlying problem of the One-Stop system: how to assure the appropriate accumulation of cost information and payment for these shared costs in a single location. The concepts embodied in the policy are distinct. Cost allocation is addressed in the OMB circulars and is based on the premise that Federal programs will bear their equitable proportion of shared costs based on the benefit received by that program. Resource sharing is the methodology through which One-Stop partners will pay for, or fund, their equitable or fair share of the costs. The *Federal Register* notice contains an explanation of both concepts and acceptable methodologies for both cost allocation and resource sharing within the One-Stop environment.

There are references to the various One-Stop models—Full Integration, Co-Location with Coordinated Delivery of Services, and Electronic Data Sharing—throughout the TAG. The guidance in the TAG was designed and developed to provide program administrators and practitioners with the tools to assist them to more fully develop the One-Stop operations within their jurisdictions and move toward development of the Full Integration model. Notwithstanding ETA's desire to fully develop One-Stop operations and provide cohesive and comprehensive services within the One-Stop setting, the TAG also provides guidance, ideas, and tools that may be used by all One-Stop partners regardless of the program design, including the Co-Location model or any combination of models.

The guidance in this section of the TAG is presented as a series of sequential steps to be undertaken by the One-Stop partners to fully develop the shared funding. Each of the first five chapters presents a separate step, culminating with the development of the Resource Sharing Agreement (RSA). The RSA is the funding document for the MOU and contains the financial information on shared One-Stop costs, including the cost allocation methodologies and payment mechanisms, which have been developed by the partners within the One-Stop system or center. Each of the chapters is described more fully later in this introduction. Attachment I-Intro-1 is a schematic presentation of the five steps.

This section of the Comprehensive Financial Management TAG addresses the policy contained in the aforementioned *Federal Register* notice. Part I of the TAG has been developed with the input and comments from those Federal agencies involved in the development of the *Federal Register* notice in order to provide operational guidance and examples that implement this uniform policy for cost allocation and resource sharing within the One-Stop delivery system.

INTENDED AUDIENCE

This section of the TAG is designed for use by all required partners in the One-Stop to aid them in identifying the shared costs of a One-Stop center and in developing appropriate methodologies for cost allocation and resource sharing. While the TAG targets financial management staff, this section of the TAG may also be appropriate for program managers, One-Stop operational staff, Local Workforce Investment Boards (LWIBs), and other Federal agency staff with the responsibility for developing the One-Stop system within their local jurisdictions.

HOW PART I IS ORGANIZED

This Introduction describes the One-Stop required partners, partner responsibilities for costs, and the *Federal Register* notice that is the basis of this part. This chapter also provides the user an overview of Part I and cautions for use of the guide.

Chapters I-1 through I-6 describe the methodologies for cost allocation and resource sharing within the One-Stop environment. An overview of what is contained in each chapter is given in the following paragraphs.

Chapter I-1, *Identification of Shared Costs*, describes the types of costs that might be considered as shared costs within the individual One-Stop centers and discusses the impact of One-Stop participant flow and service design on shared costs. It provides an overview of the different types of One-Stops (i.e., fully integrated, co-located) and their impact on shared costs, including electronic data sharing and technology costs. There are also discussions of what to do when partners cannot agree on costs, and of allowable and unallowable costs as they relate to partner organizations.

Chapter I-2, *Shared Costs Budgets*, describes the process used to develop a standard budget format for shared costs, including the exclusion of direct program costs of each partner program and the manner in which the shared budget relates to the partner agencies' budgets. The chapter includes sample templates for budget development.

Chapter I-3, *Proportionate Share and Cost Allocation*, discusses determination of a proportionate share for each/all partner(s) and methodologies for determining relative benefit received by the partner programs. The chapter also describes cost allocation requirements as found in the OMB circulars, focusing on the shared costs of the One-Stop. It contains a discussion of the different methodologies for cost allocation and determining the proportionate share attributable to each partner, the cost allocation agreement, data sharing, and reconciliation of actual costs, including adjustments to the resources to be contributed by each partner as may be required. A discussion is also included of costs benefiting a nonparticipating partner organization and shared costs that are unallowable to one/multiple partner's program when there is a direct benefit to the partner.

Chapter I-4, *Resource Sharing,* describes the various methodologies that might be used to pay for the shared costs. The chapter contains a discussion of different types of resources (i.e., goods, services, cash, or in-kind contributions) that each partner might use to fund its proportionate share of the costs, methods that might be used when partner organizations are unable to provide full funding of their proportionate share, and the use of cash contributions to fully fund proportionate shared costs, as well as a discussion of required adjustments based on actual costs.

Chapter I-5, *Resource Sharing Agreements*, discusses the elements of the RSA, dispute resolution, data sharing and privacy considerations, modification processes, and the audit responsibilities related to RSAs. It also discusses the relationship of the RSA to the MOU, including modification, and the cost items required by legislation and regulations.

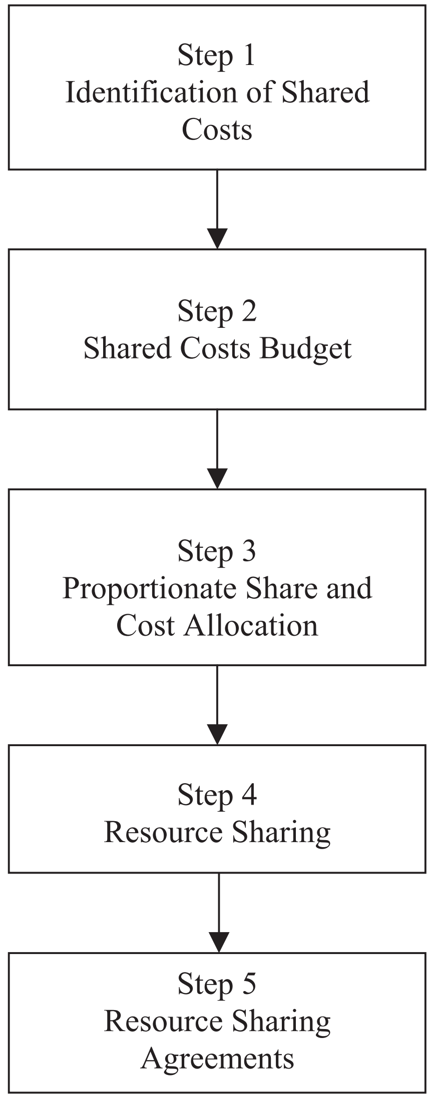
Chapter I-6, *Case Studies*, contains four case studies designed to illustrate in practical terms the concepts contained in Part I. The case studies reflect a number of different types of One-Stop models and resolution of problems encountered in the processes.

CAUTIONS

The information provided in Part I of the TAG is intended to aid One-Stop partner agencies in developing funding mechanisms for the One-Stop shared costs. It is not intended to supplant or replace regulations and requirements contained in applicable OMB circulars but to provide practical examples and clarification of the uniform policy contained in the *Federal Register* notice on cost allocation and resource sharing. Wherever the TAG is quoting the Act or the regulations, citations are provided immediately following the reference.

Partner agencies utilizing the information in this TAG to develop the MOU and RSAs are urged to provide their independent auditors with adequate information about the processes they have followed to develop an RSA. Costs incurred in support of the One-Stop operation must be available for an audit in accordance with the requirements of OMB Circular A-133.

Appendices A through E provide additional resources for the user. Appendix D contains a comprehensive glossary. Within the regulations, legislation, and OMB circulars, there may be more than one definition of a single term. When possible, this TAG uses the more extensive definition or the definition found in the legislation. In addition, some terms may have similar definitions that may be named differently, i.e., grant and award. If in any instance the definitions or their use in this TAG appear to conflict with the Act or Federal regulations applicable to each ETA-funded program, such conflict must be resolved in favor of the Act and the regulations, which take ultimate precedence.


Step 1
Identification of Shared Costs
Step 2
Shared Costs Budget
Step 3
Proportionate Share and Cost Allocation
Step 4
Resource Sharing
Step 5
Resource Sharing Agreements

Chapter I-1

Identification of Shared Costs

INTRODUCTION

Part I of the TAG is designed to provide operational guidance on the cost allocation and resource sharing requirements of the WIA. The first step in the process is identification of the shared costs. This chapter discusses the types of One-Stop service delivery designs, the types of costs that might be considered as shared costs, the impact of program design on identification of costs, allowable costs, and partner restrictions. The chapter also contains sample lists of costs and the following sections:

- One-Stop System Design
- Identification of Shared Costs
- Uses of Shared Costs
- Allowable Cost Considerations
- Attachment I-1-1—Identifying the Shared Costs Process Flow
- Attachment I-1-2—Sample List of Shared Costs.

ONE-STOP SYSTEM DESIGN

The One-Stop system described in the WIA and the implementing regulations requires the collaboration of a number of Federally funded workforce development activities. The Act and the regulations further stipulate that the required partners in One-Stop activities share in the costs of the system. The shared costs of the One-Stop center or system are those costs that benefit multiple partners. In order to comply with these requirements, WIA One-Stop operators and their partners must first identify what the shared costs of the local One-Stop are, how they are defined and dollar values attached, and subsequently, how those costs will be funded. The design of the local One-Stop system, including the number of physical centers, the access to and flow of services, and the types of services to be provided, will have a major impact on the types of shared costs. It is important to note that, because the WIA One-Stop program is intended to achieve maximum local programming flexibility to meet the needs of each area's customers, the shared costs and resources needed to pay for those costs will vary. The discussion in this TAG is designed to provide options to all partners as they develop the One-Stop system.

As stated earlier, the design of the local program has a tremendous impact on the costs. As described in the *Federal Register* notice dated May 31, 2001, the three basic types of One-Stop systems are:

- **Co-Location with Coordinated Delivery of Services.** Under this model, several or all of the partners coordinate the delivery of program services and share space. Each program retains control of its own resources and maintains a separate identity. While the program services may be coordinated to prevent duplication or overlap, each program pays for its costs as direct program costs to its own program. The only pooled costs are those shared jointly with other partner agencies.

- **Full Integration.** Under this model, all partner programs are coordinated and administered under one management structure. There is joint delivery of program services. As there is also full integration of resources, the costs would then be pooled and allocated back to the partner programs using an appropriate cost allocation methodology.

- **Electronic Data Sharing.** With this model, there is no co-located staff or shared space; only program information is provided. On its own, this model will not comply with the requirements for a full-service One-Stop center. It should be used as a means of supplementing or augmenting the activities and services available at a full-service One-Stop.

The ETA's vision of One-Stop systems is the Full Integration model. The model is customer driven, and the integration of services and management structures will lead to more efficient and effective delivery of services and will increase available services through cost savings. The model may be implemented in phases as partners within the One-Stop system realize the benefits of operating in this manner.

Whatever model is used within a local workforce area, the delivery system impacts on shared costs. For example, in the Co-Location model shared costs may be limited to facilities costs, equipment and some operational costs related to the resource center, while in the Full Integration model, all the costs of the One-Stop, such as facilities, personnel, equipment and supplies, and services or activities such as career counseling, intake, job development, etc., would be pooled and considered to be shared costs. The Full Integration model maximizes the resources available to serve both employers and job seekers and provides for the truly seamless delivery of these services.

IDENTIFICATION OF SHARED COSTS

With the exception of costs under the Full Integration model, not all the costs of operating the One-Stop system will be considered shared costs. Each program will have some direct program costs for those services provided to customers eligible only for its program. This section of Chapter I-1 discusses those costs that might be considered as shared depending on the system design in place at an individual One-Stop center or within a One-Stop system. The more items of cost are considered as shared costs, the easier it will be for partners to fund those costs through available resources.

Those partner agencies providing the services through the One-Stop model for their local area have the responsibility to identify shared costs. For purposes of this TAG and the discussions on cost allocation and resource sharing, shared costs are defined as those costs of the

One-Stop center or system that benefit multiple partners and are incurred in support of the services delivered through a One-Stop. Many of these costs, such as facilities, will be easier to identify, while others, such as the costs of system development, may be more difficult to both identify and define.

The first step in identifying the costs is to determine what costs might be included and to write a preliminary list of the shared costs. Attachment I-1-1 is a schematic showing the tasks in this process. The list of costs in Attachment I-1-2 provides examples of shared costs in a preliminary list format. It is important to note that this listing is not all-inclusive but is intended to provide examples of shared costs.

- **Facilities.** This includes the costs of rent, maintenance, janitorial services, utilities, tenant improvements, etc., that would be incurred for co-located or fully integrated One-Stops.

- **Telecommunications.** This includes the costs of telephone systems, data lines, Internet access, etc.

- **Universal Access.** These costs might include the cost of providing information in the resource center, information on available employer services and on available training providers, developing the marketing plan, labor market information, and the costs of America's Career Kit (Career One-Stop as of September 2002), America's Job Bank, electronic job search information, etc.

- **Common Supplies and Equipment.** These costs include the costs of furniture and other equipment such as computers, fax machines, copiers, etc., as well as those supplies such as paper, printing of brochures, One-Stop center letterhead, signage, etc., that will be used by multiple partner agencies (staff resources) or available for use by customers.

- **Resource Center.** These costs are associated with providing universal access and a common area for self-directed job search, information on available programs, common workshop space, computer labs, distance learning facilities, and other types of client resources.

- **Common Employer Services.** These costs would include the costs of providing specialized screening for employers, initial interviews to determine qualifications, local employer roundtables, or other types of employer-specific services.

- **Common Program Services Staff.** These costs are the salary and benefit costs associated with the common eligibility determination and intake function performed for multiple customers. They also include the staffing costs associated with initial reception at the One-Stop, staffing the resource center, staffing shared core and intensive services, and operational management of the One-Stop center. These costs are designed to maximize program activities and services available at the One-Stop center. The following chart displays a number of programs that have authorized the same or similar common core services. Partner agencies should use this chart as a beginning point in integrating common core services as a shared service and cost.

Based on a review of the legislation and regulations, each of the programs listed in the table provide core and intensive services (regardless of whether the services are labeled by each program as core or intensive). Services are listed in the left-hand column. Programs are listed across the next six columns. A blank indicates only that the specific service is not listed for a specific program, not that the cost item is unallowable. It may be part of another service.

Examples of Common Services

Services	WIA Adult	WIA Dis Wkr	Wagner Peyser*	UI	Welfare to Work	Voc Rehab
Intake & Eligibility	Y	Y	Universal	Y	Y	Y
Indiv. Employment Plan Indiv. Development Plan	Y	Y	N	N	Y	Y
Initial Assessment	Y	Y			Y	Y
Counseling & Guidance/Career Counseling**	Y	Y	Y			Y
Support Services	Y	Y			Y	Y
Outreach	Y	Y			Y	N
Needs-Related Payments	Y	Y				N
Case Management	Y	Y			Y	N
Career Counseling	Y	Y				N
Job Search	Y	Y	Y		Y	Y
Placement Assistance	Y	Y	Y		Y	Y
Job Retention		N			Y	Y
Follow-Up Services	Y	Y			Y	Y
Transportation		Y			Y	Y

* Wagner-Peyser authorizes WIA core and intensive services.
** Career Counseling is not included in Vocational Rehabilitation; however, Counseling and Guidance is included.

When developing this preliminary list of shared costs, partner agencies should also be aware of the provisions of Section 134(a)(2)(B) of the WIA. This section states that assisting in the establishment and operation of the One-Stop delivery system is a required statewide activity. This provision lists a number of activities that may be funded, including the payment of such costs as equipment for the resource room or the One-Stop manager. These activities are also examples of costs that might be considered as shared costs. If the State provides such funding to the LWIA as an enhancement of the local One-Stop system or as an incentive for participation by partner agencies, then the costs associated with these activities would not be included in the shared costs to be allocated to partner agencies. They may also be shown as shared costs that are funded by non-partner resources. This provision is also discussed in Chapter I-4, *Resource Sharing*.

In identifying the costs of the One-Stop, partner agencies should designate fiscal staff with a working knowledge of their program funding and operations to work together to identify, value, and negotiate the shared costs. Once the preliminary list of costs has been identified, a function and benefit statement should be developed for each cost or group of costs. These statements provide the documentation to support the allowability and allocability of shared costs under partner programs.

When defining what comprises the shared costs, grantees and other partner agencies should consider the following:

- **Facilities.** Defining the costs of facilities will depend on a number of factors. If the building is owned by one of the partner agencies, the allowable cost standards will dictate how the requirement for the consistent treatment of costs must be resolved. If the building is leased by one of the partner agencies, then the portion of the lease attributable to the One-Stop operation would be considered as the shared cost. Partner agencies must also determine what the lease/rent payment is in support of and whether the costs include such items as maintenance, security, and janitorial services. If tenant improvement costs are included, the length of the agreement, whether the cost should be depreciated and over what period of time, and whether the improvements comply with regulations on real property and capital assets must also be considered.

- **Technology Costs.** When defining technology costs, the number of workstations, networking capabilities, software needs of partner agencies, licensing fees, and hardware (computers, servers, common printers, scanners) must be considered.

- **Supplies.** When defining shared supplies costs, consideration should be given to such items as letterhead stationary, unique signage for the One-Stop center, brochures (and the associated printing costs) describing services available at the One-Stop, and supplies like copier paper that benefit all co-located staff.

- **One-Stop Management.** The costs of the One-Stop center director would be included as a shared cost benefiting all co-located partners. If the center director also has program management responsibilities such as the WIA program, then WIA would bear a greater share of the cost. Also included in the shared One-Stop management costs would be the staff who greet the public, staff the resource center, and other common operational staff such as information technology (IT) professionals responsible for maintaining the computers and telecommunications.

- **Integrated Program Staff.** If the One-Stop model used in the local area includes integrated services such as the provision of core services or a common intake and eligibility determination system, then the costs associated with these programs or services would be considered shared. Examples of these costs would include salary and benefit costs of staff performing the services, costs associated with developing a common intake form, the costs of automating the eligibility determination system, and costs of core services such as job search assistance or workshops on financial health.

- **Resource Center.** Costs associated with setting up and maintaining a resource center will vary depending upon the size of the resource center and types of activities and services available to the public within it. Consideration should be given to including the equipment necessary to provide electronic access to job postings such as the Wagner-Peyser-funded listings; conference room/classroom furniture and equipment such as liquid crystal display (LCD) projectors, flip charts, etc.; the costs of subscriptions to newspapers and periodicals; and reference books or tools such as job search software or computer learning software. Staffing the resource center could be included in this listing or as separate category. The shared costs of the resource center would not include such items as information relating to a single partner program, one-on-one program services provided by a partner agency staff person, or any other costs that benefit only a single program.

- **Electronic Data Sharing.** The composition of shared costs associated with electronic data sharing will also vary based on program design and the physical layout(s) of the chosen One-Stop model. Consideration should be given to including the costs of necessary hardware and software to create and maintain electronic data sharing, the costs of Web site development, including the necessary electronic links to partner programs (whether they are co-located or not), networking costs such as servers, staff to maintain the electronic system, the development of common data systems such as intake and eligibility and the training needed for staff to utilize them, the costs of computer-assisted learning for customers, etc. Additionally, similar costs will be associated with providing electronic job search or One-Stop information through a system of computer terminals located within the community such as at kiosks in a local shopping mall or within government buildings such as a courthouse.

USES OF SHARED COSTS

Using a preliminary list of shared costs, partners should then begin the process of identifying how the costs are of benefit to each of the partner programs. This is done through the development of function and benefit statements for each cost item or group of costs. The function and benefit statement provides each partner with an understanding of how the shared costs will benefit its particular program. Under some models, not all shared costs will benefit all partners. For example, within the resource center, costs associated with printed forms and documents may benefit only a single program. Inclusion of these materials within the resource center does not mean that the cost must be shared. Often, a partner will not see the benefit to be derived from participating in some of the shared costs. When a partner or partners refuse to participate in a shared cost, then they must bear their own direct costs for the activity or function until the remaining partners demonstrate the benefit of sharing the cost. This issue is also discussed in Chapter I-3, *Proportionate Share and Cost Allocation*.

The next important step in the identification of shared costs is developing the dollar value for costs. It is important that grantees and partner agencies do not develop the actual cost data through assigning the resources each agency will need to provide to support the One-Stop system. One problem that has been encountered within the One-Stop system is the tendency of partners to decide in advance how they will provide resources to fund shared costs, without taking the first step of defining what those costs should be or how much they are.

If the One-Stop operator is responsible for incurring operational costs such as rent for co-located space or payment of the janitorial costs, then these costs will be known. If equipment has been bought in the recent past by a partner program, then these costs will be known. When no hard cost information is available, the partner agencies should estimate or use averages (for example, using fair market value to determine the cost or to develop use allowances) to cost out the items in question. Once the costs have been estimated, they can be refined through the budget development and cost allocation processes to follow.

ALLOWABLE COST CONSIDERATIONS

Grantees and partner agencies are required to adhere to the cost principles embodied in the OMB circulars and reflected in program regulations. Each partner should bear the responsibility for determining the allowability of shared costs under its own program requirements. Each partner is also responsible for ensuring that the costs receive consistent treatment across programs as required by the Federal cost principles. For all Federally funded required partners, the OMB circulars will apply. Therefore, unless the costs are prohibited under program legislation, regulations, or the OMB circulars, the shared costs identified in this step should be allowable for all required partners. If the shared costs relate to the purchase of equipment, capital improvements, or other services requiring the approval of the awarding agency, that approval requirement is met by the agency providing the resource. For ETA formula grantees, that approval authority has been delegated to the Governor. These requirements are more fully discussed in Chapter I-4, *Resource Sharing*.

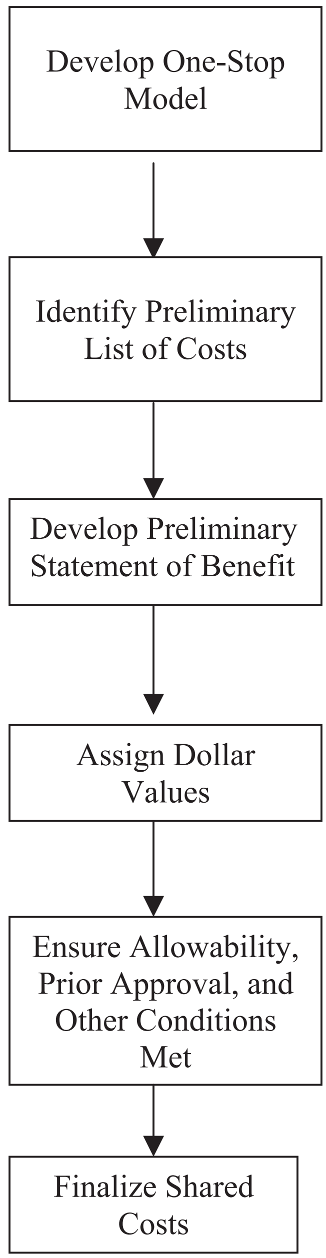
Occasionally, a shared cost is unallowable under the Federal program regulations of a partner agency. Unless the cost does not benefit the partner with the prohibition, it must be allocated to all benefiting partners. The partner under whose program the cost is unallowable would be responsible for identifying a non-Federal source of funds to cover the cost(s). The cost could not be allocated to only those partners under whose programs the cost is allowable, as this would signify that they had paid more than their fair share of the cost, in violation of the Federal cost principles. This concept is discussed again in Chapter I-3, *Proportionate Share and Cost Allocation*.

ATTACHMENTS

There are two attachments to this chapter. Attachment I-1-1 shows the progression of activities in the task of identifying shared costs. Attachment I-1-2 is a sample list of shared costs with dollar values and function and benefit statements provided for a few of the costs. The list is not all-inclusive but is intended to provide grantees and partner agencies with a beginning point to develop their own lists of shared costs. This list will also be used in Chapter I-2, *Shared Costs Budgets*.

Attachment I-1-1

Identifying the Shared Costs
Process Flow



Sample List of Shared Costs

Cost Item	Yearly Cost	Benefit
Facilities Costs		
Rent	$100,000	Leased space provides central access to services, thereby benefiting all co-located partners.
Tenant improvements (Length of Agreement)	$25,000 ($50,000 total costs) 2 years	Changes will enhance service delivery, provide for universal access and compliance with the Americans with Disabilities Act (ADA). Improvements spread over life of agreement.
Building maintenance		
Building security		
Operations Costs		
Telephone costs		
Data/communications cost		
IT maintenance		
Shared equipment		
Copier (staff use)		
Fax (staff use)		
Common supplies		
Paper for copier, fax, etc.		
Pens, pencils, other supplies		
Equipment maintenance		
Resource Center		
Supplies		
Software		
Hardware		
Printed materials		
Other (List Each Cost)		
Employer services		
Electronic data sharing		
Common Staff (Position)	Expressed as $$ or full-time equivalent (FTE)	
Center director		
Receptionist		
Core services staff		

Chapter I-2

Shared Costs Budgets

INTRODUCTION

This chapter discusses the second step in the process—the development of a shared costs budget. It includes a discussion of how the shared costs budget will differ from partner agency budgets, the structure of the budget, and the relationship of the shared costs budget to each partner agency budget. It also includes budget templates and a sample budget. The chapter contains the following sections:

- Budget Development and Structure
- Relationship to Partner Agency Budgets
- Modification and Adjustment
- Benefits
- Attachment I-2-1—Developing a Shared Costs Budget Process Flow
- Attachment I-2-2—Sample Budget Format 1
- Attachment I-2-3—Sample Budget Format 2.

BUDGET DEVELOPMENT AND STRUCTURE

As part of the process for determining the shared costs and the resources available to fund the One-Stop operations, the One-Stop operator and partner agencies need to develop a common budget document that displays the agreed-upon shared costs. A common budget document gathers the shared costs of the One-Stop center or system into a single document and provides all partner agencies with a roadmap of the One-Stop costs that they will share in funding. The budget provides all partners with a standard plan for One-Stop expenditures over time. A schematic showing the steps in the budget development process is Attachment I-2-1 to this chapter.

Any number of budget formats may be used. The key in this step is for the partners to agree upon a single format that may be used to trace costs to their own agency budget documents and that reflects only the shared costs identified by the partners. Budget structures vary among organizations but usually contain listings of proposed costs for operation and services grouped within either line items or cost pools.

The use of a single standardized budget format helps all partners to develop and present the costs in a way that is understood by all the partner agencies. Without this standardization, it is difficult to be sure that the costs are appropriately identified and costed. A standardized set of budget forms makes coordinating and compiling the shared financial information much easier because it gives all partners the same basic pattern for presenting the information, the same set of questions to answer, and the same detailed instructions for completion. A standard format also provides partners with an easier method to review and adjust the budgets based on actual expenditures or to modify the budgets with the addition of new partners or integrated services.

Whatever format is chosen or used by the partners to display the shared costs, the information required to complete the budget process comes from the list of shared costs discussed in Chapter I-1, *Identification of Shared Costs*. The costs would be grouped by services, cost objects, line items, etc., and projected over the budget period. The information in the budget will form the basis for determining the proportionate share attributable to each partner and the cost allocation among the partners, and will indicate the types of resources that will be needed. The resource sharing step of the process is discussed in Chapter I-4, *Resource Sharing*.

Prior to finalizing the shared costs budget, partner agencies should ask the following questions and make any adjustments to the budget that might be necessary:

- How valid are the assumptions used in calculating the budget figures? Are the assumptions used consistently across the whole budget? Examples of some assumptions used in developing the budget would be the number of customers using the center on a monthly basis, the need for audio-visual equipment, the need for staff to provide common services or conduct intake and eligibility determinations, maintenance needs, or utility costs based on weather, etc.

- What supporting information or documentation was used in developing the budget? How accurate was the information? The partners, as a group, must decide what source of information will be used to determine the dollar amounts for each shared cost.

- What process was used to develop estimates used in developing the budgets? Are controls in place to ensure accurate estimates based on supporting documentation rather than estimates tailor-made to generate a preconceived bottom line?

- How will possible changes in operation, client flow, need for services, etc., influence the assumptions and calculations used in developing the budget?

- What is the impact of partner agencies coming on board at different times or partner agencies withdrawing from participation?

- How closely does the overall budget and its specific numbers compare with similar or related budgets within the same area or organization? **Note:** This question may not be relevant during the first year of operation as a One-Stop but will be necessary to ask in subsequent program years or budget periods.

RELATIONSHIP TO PARTNER AGENCY BUDGETS

The shared costs budget developed for the individual One-Stop center or for the One-Stop system as a whole is distinct from the budgets traditionally prepared by an agency. It provides a roadmap of shared services and costs but is not tied to a revenue source. The revenues that will be used to fund the budget are, in fact, the resources each agency will provide. It is critical that the shared costs budget information (cost items and amounts) developed by the partner agencies can be traced to a partner agency budget, and then to the partner agency books of account, in order to comply with the OMB circular requirements for cost principles and cost allocation. Consistency with partner records is not independent, but interdependent. The shared costs also need to be available for audit under the provisions of OMB Circular A-133.

Partner agencies may wish to code line items or object classes in such a way that the costs may be traced to each partner's own agency budget. Partners could develop a code listing all the budget items within the shared costs budget and cross-reference the items to each partner agency's budget items.

> **Example:** The shared costs budget could list salaries of common staff positions as Classification 1000. The cross-reference list would display the classification thus:
>
> 1000 Salaries
> Partner A – 2330
> Partner B – 5001
> Partner C – 5000
> Partner D – 7000

Many of the costs contained in the shared costs budget will require the prior approval of the granting agency. These items should be designated as prior approval condition items. The agency initiating the purchase of the item when the actual resources are identified will have the responsibility for obtaining the appropriate approval from its grantor agency. This requirement is also addressed in Chapter I-1, *Identification of Shared Costs*, and Chapter I-4, *Resource Sharing*.

MODIFICATION AND ADJUSTMENT

Once the budget document has been finalized and approved by all the partner agencies, it will not just sit on a shelf gathering dust. The budget is a dynamic document, subject to change as programs and service needs change within the One-Stop environment. The One-Stop operator and partner agencies must also decide what process will be used to modify or adjust the budget as the need arises during the program year. There are numerous reasons why a budget might need to be modified. For example, as the One-Stop moves from simple co-location to a model of fully integrated services, the budget will need to be modified to include the additional shared costs of providing common services. Also, the budget is usually developed using estimated dollar values. As the costs become known, and as the One-Stop operation becomes more refined, the budget will need to be adjusted. The decision on when the budget is to be modified remains a local decision of the One-Stop operator and the partner agencies. However, a budget modification or adjustment does not require a modification to the MOU unless required by the terms of the MOU. The MOU modification process is spelled out in the MOU and will relate to the services, relationships, and terms discussed in the MOU. A simple adjustment to the budget based on actual costs would not alter the relationships or referral mechanisms contained in the MOU. If, however, the MOU is modified, partner agencies are cautioned that they should review the shared costs budget, allocation process, and the RSA, and modify them as necessary. If, for example, an additional partner begins providing services at the One-Stop center, then the RSA and the MOU would both be modified.

The budget should be reviewed and adjusted on a periodic basis, at least quarterly, by all the partner agencies. As most Federal grant programs require quarterly financial reporting, it would be easy to schedule a review and adjustment of the shared costs budget in the month following the report submission.

> **Example:** The shared costs budget for a One-Stop center indicates a need for an LCD projector. At the time the projector is acquired, the partner providing the resource is able to combine the purchase with a similar purchase for its agency and receives a discount. Thus, the original planned cost is less than estimated. The budget would be adjusted to reflect this in the quarter following the purchase.

BENEFITS

The development of a shared costs budget is an important planning and managerial tool. Properly done, it involves a careful review of the One-Stop center's programs, activities, and goals and allows judgments to be made about which are relatively more important than others and what resources to commit to each one. Budgeting is a natural component of the overall One-Stop planning and management process in at least four ways:

- A budget shows the LWIB and partner agency managers all the work of the One-Stop, places these programs in relation to one another, and provides a clear illustration of the overall direction and effort of the One-Stop.

- All of the One-Stop's projects, commitments, services, and customer flow are reflected somewhere in the budget. It affords the LWIB and managers a place to start when they want to combine services or provide a more comprehensive system of services to customers.

- The budget shows all the proposed shared expenditures and thus gives a very clear picture of the resources needed by the One-Stop center or system during the upcoming budget period. By consolidating the needs for different types of services, managers may achieve economies of scale and make use of equipment, training resources, or staff that might otherwise be underutilized.

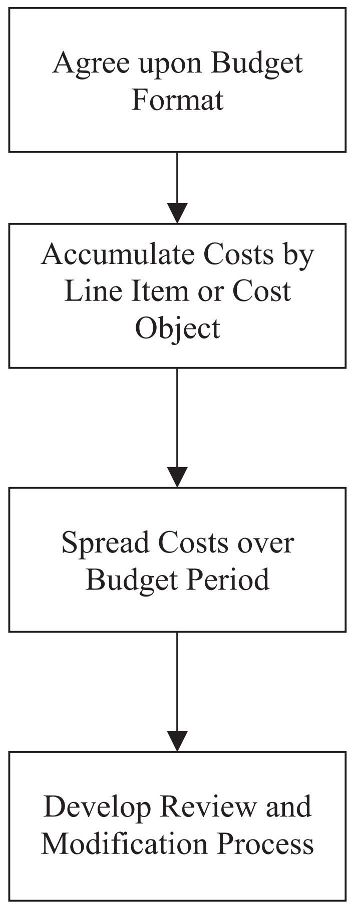
- As the budget is a visual reminder of the shared costs and services of the One-Stop center or system, it provides a "checklist" that the LWIB and partner agencies can use to ensure they know and approve of the services being conducted.

The development of a shared costs budget will also make the move to a Full Integration model easier to accomplish, as partner agencies will be aware of all the costs.

ATTACHMENTS

There are three attachments to this chapter. Attachment I-2-1 provides the progression of activities that must be undertaken to develop a shared costs budget. Attachments I-2-2 and I-2-3 are sample budget formats that might be useful for partner agencies. Each format displays the required information in a slightly different manner. These formats may be modified as needed to meet local One-Stop design and management considerations.

Developing a Shared Costs Budget
Process Flow



Sample Budget Format 1

Date:_________________________________

One-Stop Name:_________________________

Location:______________________________

Cost Item	Cost Basis	Monthly Cost	Yearly Cost
Facilities Costs			
Rent	Actual	$5,000	$60,000
Tenant improvements			
(Length of agreement)			
Building maintenance			
Building security			
Operations Costs			
Telephone costs			
Data/communications cost			
IT maintenance			
Shared equipment			
Equipment maintenance			
Resource Center			
Supplies			
Software			
Hardware			
Printed materials	Estimate	n/a – one-time cost	$5000
Other (List Each Cost)			
Common Staff (Position)			

For each of the costs listed in the budget, complete the following:

Cost Item	Description of Cost	Partner Benefit
Rent	Rent for leased space of One-Stop center, includes all utility costs.	Leased space provides central access to services, thereby benefiting all co-located partners.
Tenant improvements		
Telephone costs		
Data/communications cost		
IT maintenance		
Shared equipment		
Equipment maintenance		
Resource Center		
Supplies		
Software		
Hardware		
Printed materials	This cost includes a unique letterhead designed for the One-Stop center and two brochures for distribution to employers and the general public.	Identification of a comprehensive One-Stop will provide single point of access for employers and clients, increasing performance.

Attachment I-2-3

Sample Budget Format 2

Cost Item	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Totals
Shared Services Staff					
Staff salaries					
Fringe benefits for staff					
Staff travel					
Facilities					
Rent					
Utilities					
Security					
Maintenance					
Communications					
Base telephone					
Long distance					
T-1 lines					
Etc. for All Shared Costs					

Chapter 1-3

Proportionate Share and Cost Allocation

INTRODUCTION

This chapter discusses the third step in the process: the determination of proportionate share and allocation of the shared costs by partner agencies. It includes a discussion of the various methods that might be used by the One-Stop operator and partner agencies to determine their proportionate share of the costs. It also includes a discussion of cost allocation requirements for Federal grants, cost allocation in the One-Stop setting, allocation bases, and their application to shared costs. The chapter contains discussions on the use of spreadsheets, the cost allocation plan for shared costs, and includes sample allocation formats. It also contains a discussion of what steps should be taken when costs benefit non-participating partners or when the identified shared costs are unallowable to a particular partner. The chapter contains the following sections:

- Determining Proportionate Share
- Cost Allocation Requirements
- Allocation Methodologies
- Allocation Bases
- One-Stop Cost Allocation Plans
- Additional Considerations
- Attachment I-3-1—Steps in the Cost Allocation Process
- Attachment I-3-2—Shared Costs by Partner
- Attachment I-3-3—Cost Allocation by Item of Cost
- Attachment I-3-4—Sample Allocation Table
- Attachment I-3-5—One-Stop Center Shared Costs by Program.

DETERMINING PROPORTIONATE SHARE

The WIA regulations require that each partner contribute a fair share of the operating costs of a One-Stop system proportionate to the use of the system by customers who are attributable to the partner's program. [20 CFR 662.270] While this requirement is intended to ensure that partners establish standards for whether or not each partner program is required to share in a particular cost, it does not prescribe the exact methodology to be used to allocate shared costs nor determine each partner's proportionate share. In fact, the regulations make it clear that partner agencies may choose from any number of methods, provided they are consistent with the OMB circulars. Any method that initially uses estimated numbers, whether participants, data elements, space use, or other costs that must use pre-budgeted amounts, must be adjusted to actual data when it is available.

Determining the proportionate shares attributable to the specific partner programs is the preliminary phase in the process. In this preliminary stage, the partners review the shared costs budgets, determine which methodologies are acceptable, and, from the acceptable methodologies, which method should be applied to the shared costs. In other words, the partners are selecting the appropriate allocation base for the shared costs.

One simple method that may be employed to determine proportionate share would be based on participation by eligible customers. Under this method, in its most basic form, the proportionate share would be determined by comparing the number of individuals either eligible for or receiving services from a partner to the total number of participants served.

> **<u>Example:</u>** The One-Stop center provides for a common core service of career counseling for six partner agencies. The costs of the shared service have been identified within the shared costs budget and pooled for a total dollar amount of $100,000. The six participating agencies determine the estimated number of participants attributable to their particular program. The results of this cost allocation are displayed below:

		Proportionate Share	
Partner	No. of Participants	Percent (%)	Dollars ($)
1	150	15	15,000
2	100	10	10,000
3	50	5	5,000
4	300	30	30,000
5	200	20	20,000
6	200	20	20,000
Total	1,000	100	100,000

This same method could be applied to the total shared costs to calculate an equitable share by partner. However, caution should be used when using unweighted participant counts to the exclusion of other methods. This is because the number of participants does not always, nor even very often, equate to effort. Using the above example, the amount of time spent on counseling Partner 1's clients may be quite different from the amount of time spent counseling Partner 2's clients. If this were the case, participant counts would result in a disproportionate share of the costs being borne by one or more of the partners. Participant counts might be more useful if used to determine the proportionate share of universal access costs separate from other types of shared costs such as space or staff effort. Another way to make participant counts more useful is to weight the counts based on some measurable base such as time or effort.

Another method that might be used to determine the proportionate share of common services such as intake and eligibility determination would be the use of data elements. Distributing the costs of a common intake system may result in a considerable savings to the partner agencies. Rather than each agency spending its resources on eligibility determination, a common system, with a single intake form, is developed by the partners. The *Federal Register* notice dated May 31, 2001, provides such an example. Even if one partner program chooses not to participate in the activity, the costs of the shared activity may still be considered shared by the participating partner programs.

There are a number of methods and bases that might be used to determine proportionate share. Once the methods have been developed, negotiated, and approved by the partner agencies, they may be used in cost allocation to distribute the shared costs.

COST ALLOCATION REQUIREMENTS

The costs of the One-Stop may be categorized in one or more of the following ways:

- Direct costs, where the final cost objective is known or a single cost objective or program benefits
- Shared costs that may be readily allocated to the benefiting cost objectives or partners through either direct charges or application of a cost allocation methodology
- Indirect costs, incurred for common or joint purposes benefiting more than one cost objective, but which are not readily identified or assigned to the benefiting cost objective (and usually recovered through an indirect cost rate).

The cost allocation guidance provided in this chapter relates to the shared costs of the One-Stop. Direct costs attributable to a single grant program or partner would not be reflected in the shared costs budget, nor would they need to be allocated. Indirect costs are attributable to an organization or entity and likewise would not be reflected in the shared costs budget, nor would they need to be allocated.

The requirements and guidance for cost allocation in Federal grant programs is found in the OMB circulars containing the cost principles. These are:

- OMB Circular A-21 – Institutions of higher education
- OMB Circular A-87 – State and local governments
- OMB Circular A-122 – Nonprofit organizations
- 48 CFR Part 31 – Commercial organizations.

Each of the circulars requires that costs be allocated on the basis of benefit received. Benefit received is usually expressed through the application of a mathematical formula to a cost item or pool, resulting in the distribution of the cost to a number of final cost objectives. A cost objective is an activity for which separate cost measurement is performed. A further distinction is made between intermediate and final cost objectives.

An <u>intermediate</u> cost objective can be a cost pool, center, or area established for the accumulation of costs and may be assigned within the One-Stop to such dissimilar categories as functions, objects, or items of expense. <u>Final</u> cost objectives include specific funding sources, cost categories, grants, program activities, projects, contracts, and/or other activities. The final cost objectives discussed in this chapter are the partner programs and organizations that will fund the shared costs.

Measuring benefit is the critical requirement and central task to be performed in allocating costs. It is important that the One-Stop partners understand and agree that costs are allocable to a particular cost objective or program only to the extent of benefits received by that partner program. Likewise, costs that do not benefit a particular cost objective are not allocable to and cannot be charged to that cost objective.

For a cost to be allocable to a particular cost objective, it must be treated consistently with other costs incurred for the same purpose in like circumstances. A cost may not be assigned to an award as a direct cost if any other cost incurred for the same purpose, in like circumstances, has been allocated to an award as an indirect cost. Costs identified specifically with awards are direct costs of the awards and are to be assigned accordingly. Costs identified specifically with other final cost objectives of the organization are direct costs of those cost objectives and are not to be assigned to other awards directly or indirectly.

Within the One-Stop system, costs may be aggregated in any manner agreeable to the partners, provided that the costs are accumulated and treated consistently, as required by the OMB circulars. Once the cost pools have been determined, the partners must develop and agree upon allocation methodologies to distribute these costs among the partners.

ALLOCATION METHODOLOGIES

Within the One-Stop system, the costs may be aggregated and allocated using any methodology agreed upon by the partners and which reflect the best measure of benefit received by the partner programs. These shared costs may be allocated:

- **In the aggregate.** Using this approach, the shared costs of the One-Stop center or system are totaled. A single allocation base is chosen by the partners and applied to the total costs. The resulting distribution constitutes the total shared costs of each partner. For example, all the shared costs of the One-Stop center are pooled and allocated using a cost per hour of operation basis. Pooling the costs in the aggregate may also be appropriate for large local areas such as a Balance of State Workforce Investment Area or a single Local Workforce Investment Area (LWIA) State where the preponderance of funds comes through one or two State agencies. For example, a State agency is responsible for administering the LWIA as well as the local partner programs under Wagner-Peyser, Unemployment Compensation, Veterans' Employment programs, Trade Adjustment Act, and WtW programs, and another State agency has the responsibility for administering both the Education and Rehabilitation Services programs.

- **On an activity basis.** Using this approach, the costs associated with a particular function or activity are pooled. An allocation base is developed for each pool, usually related to the costs being allocated, and applied. The resulting distribution of costs reflects each partner's share of the activity or function. The costs for each function or activity being allocated would be added together for the total shared costs by partner. For example, the costs of a combined intake and eligibility determination system could be pooled and allocated on the basis of data bytes on common forms attributable to each program, or the costs of common core services such as career counseling could be pooled and allocated on the basis of a time distribution system.

- **On an item of cost basis.** Using this methodology, each item of cost is allocated to the benefiting partner program using a separate allocation methodology. Examples of this basis would be building rental costs allocated on a square footage basis or telecommunication costs allocated on a number of units used basis.

- **On a combination basis.** Grantees and partners may also allocate costs on a combination of the above bases by allocating some costs on an activity basis and other shared costs on an individual item of cost basis.

Whatever methods the One-Stop operator and partner agencies use to allocate the costs, the methodologies or allocation bases used to distribute the costs among the partner programs must:

- Result in an equitable distribution of shared costs. In other words, no partner may be charged more than its fair share of the costs.
- Correspond to the costs being allocated.
- Be efficient to use.
- Be consistently applied over time.

These requirements apply to any costs that are allocated to Federal grant programs, not just the shared costs of the One-Stop. Thus, these requirements and the following standards should be familiar to the partner programs sharing the costs. In addition, any methodology that is used must meet the following standards:

- Be consistent with Generally Accepted Accounting Principles (GAAP), a set of standards that governs the treatment of costs, revenues, assets, etc., within an organization's books of account.
- Be consistent with the applicable OMB circulars and the uniform administrative requirements. Additional information on these requirements may be found in Chapter II-8, *Cost Allocation and Cost Pooling*, of this TAG.
- Be accepted by each partner's independent auditor to satisfy the audit testing required under the Single Audit Act (SAA). Each partner bears the responsibility to provide the cost allocation and resource sharing information to its independent auditor to ensure acceptance.
- Be supported by actual cost data. As part of the RSA (discussed in more detail in Chapter I-5, *Resource Sharing Agreements*), each partner must provide information on actual resources used or costs incurred, and these are reconciled with the estimates used in the preliminary allocations.

- Be consistent with the overall program design and services approach utilized within the One-Stop system.

ALLOCATION BASES

Within these requirements, there are a number of methods or allocation bases that may be used to distribute the shared costs. These methods may be designated as input-based allocation bases or output-based allocation bases.

Inputs are the resources used in a process, activity, or service and are the most commonly used allocation bases. Using inputs, the cost is allocated at the same time it is incurred, and the usage must be documented. Examples of input bases include staff time allocated on the basis of time sheets and time distribution records, facilities allocated on the basis of square footage, accounting services allocated on the basis of transactions, and equipment or supplies allocated based on usage. Chapter II-8, *Cost Allocation and Cost Pooling*, contains a list of the most commonly used input bases and their application.

Outputs are the results of an activity or service. Examples of output allocation bases include participants eligible for or receiving services under a specific program, number of customers obtaining employment after self-directed job search, and number of clients receiving a specific core service. One of the problems associated with output-based allocations is that they will vary over time, usually based on client flow. For this reason, output-based allocations may result in major changes in the resources needed to fund the shared costs when the budgets are adjusted to actual costs and should be used with caution.

> **Example:** The partners agree to have a common job development and placement activity. The shared costs of the activity, including the salaries, fringe benefits, support costs, and any participant-related costs are combined for all partners participating in the provision of the service. The costs could then be allocated either on the basis of clients served by partner program or on the basis of job placements attributable to each program. An example of an input-based allocation base for distributing these costs might be based on the average time spent on services to a customer that results in a placement.

Another example of an allocation base that may be appropriate for use in allocating some of the shared costs of a One-Stop center or system is an "equal access" allocation base. Using this base, access to the services or function being considered as a shared cost is determined by the partners to be of equal benefit to all participating partners; therefore, the costs are allocated on an equal share to each participating partner. This base may be suitable for use by the partners in allocating universal services costs or the costs associated with the display and provision of information related to the services available within the One-Stop center.

> **Example:** The partners have agreed to aggregate the costs associated with the resource center in the One-Stop and use a single allocation base to distribute the costs. The resource center costs include the costs of equipment and supplies such

as furniture; computer terminals and appropriate software; display racks for information on employers, jobs, and available services; as well as the personnel costs associated with staffing the resource center function. In this case, the partners have further agreed that access to the resource center is of equal benefit to all participating partners. The total costs of the resource center are then allocated equally to all participating partners.

OMB Circular A-87, Attachment A, paragraph C.3.c states, "Any cost allocable to a particular Federal award or cost objective under the principles provided for in this circular may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the Federal awards, or for other reasons. However, this does not preclude governmental units from shifting costs that are allowable under two or more awards in accordance with existing program agreements…" The language of the circular does not mean that unrecovered costs of one grant may be unilaterally shifted to another or that costs do not have to be allocated based on relative benefits derived. The intent is to recognize that some programs cover or include identical populations meeting the same eligibility requirements and whose programs allow the same services. For example, Program A eligibility requirements are the same as those for Program B. When an eligibility determination is completed that satisfies the requirements of both programs and the participant is determined eligible for both, a portion of the costs attendant to the eligibility determinations could be allocated to each. If both programs allowed the reimbursement of transportation costs to seek a job interview, then those costs could be charged, in their entirety, to either. This can be particularly useful when, for example, one program places a limitation on the amount of transportation expenses and the other does not. Once the limitation on benefits has been reached on one program, reimbursement from the other would begin (assuming eligibility continues in the latter program).

Additional guidance on this concept has been issued by the United States Department of Health and Human Services, Assistant Secretary for Management and Budget (ASMB). The guidance is found in ASMB C-10, *An Implementation Guide to OMB Circular A-87*. Agencies may charge such costs directly to any of the programs under which they are allowable, in whole or in part, using an allocation method. 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 costs in this manner may be more appropriate for program services when the clients are enrolled in and receiving services from multiple partner programs.

There is no single best base to use to allocate shared costs. Each One-Stop is structured to meet local needs and is therefore unique. The base that is chosen will depend on the type of cost being allocated, be consistent with program design, and should be directly related to the allocated costs.

Utilizing the concepts for cost allocation presented in this chapter, the following table shows examples of shared costs and methods for allocation that may be used by One-Stop operators and partner agencies.

Cost Pool	Allocation Base
Facilities: Building rent, maintenance costs, utilities, tenant improvements, or any other similar costs related to the physical structure housing the One-Stop center.	Square footage occupied by each partner agency as compared to the total space, workstation usage by partners as compared to total workstations.
Telecommunications: Monthly telephone costs, telephone system equipment, data lines, T-1 lines, and other similar costs.	Dedicated telephone units as compared to all units. Equal access to Internet for data costs.
Information Technology: Shared equipment, software, IT maintenance costs, Internet access, and other similar costs.	Number of dedicated computers (including all necessary equipment) as compared to total.
Resource Center: Costs of shared equipment, displays, computer learning, specialized software for computer learning, furniture, copier, fax machine; may also include related staff costs.	Equal access by customers of all partner programs results in equal costs for each partner. Customers attributable by partner program. Number of customers receiving services within the resource center.
Common Intake System: Costs of developing common intake data formats, preparation and interview of customers, and similar costs.	Use of common data formats and bytes of information required for each program. Use of a time study to determine the amount of time required for specific program data compared to the time needed to complete the process for an individual customer.
One-Stop Center Management: Costs of the center director, receptionist, staff of the resource center.	Number of customers eligible for or receiving specific program services. Direct costs by partner. Total costs by partner as compared with total of all partners.
Shared Equipment and Supplies: Staff copier, fax, associated supplies, furniture.	Usage by staff of each partner program. Occupancy (square footage) basis; numbers of staff workstations.
Common Core Services: Staff and benefit costs, development of common forms for case management, and similar costs.	Time distribution system (time sheets, work sampling, time and motion studies); numbers of clients eligible for specific program; weighted participation numbers.

It is important to note that each of the possible cost allocation bases listed in the above table would be acceptable. However, each of the listed bases may result in a somewhat different dollar amount allocated to each partner when applied to the pool. This may result in one or another of the partners preferring the use of an allocation base that results in lower shared costs for their programs. This will no doubt be unacceptable to the other partners whose costs are higher though the application of the base. The allocation base used to determine proportionate share must be negotiated and agreed upon by all the partners and must bear a relationship to actual benefits received by each partner.

Cost allocations or the results of the application of an allocation methodology to a cost pool are often displayed through the use of spreadsheets. One reason to use the spreadsheets is that, once the data has been entered, it is easy to modify the projected allocations based on actual cost or participant data over the period covered by the agreement.

ONE-STOP COST ALLOCATION PLANS

The cost allocation plans utilized in the One-Stop setting may not be the same as the standard cost allocation plans required by an organization. The cost allocation plan for the shared costs will address only those shared services and operating costs of the One-Stop system, and the allocations will cover more than one agency. However, it is important that the allocation plan developed by the partners contains the information required by the WIA regulations, i.e., a description of the allocation methodologies used to distribute the shared costs. Partners must be able to support the level of participation in the shared costs and services in terms of the benefit received by each partner. The cost allocation plan discussed here is a required and integral part of the RSA developed to fund the shared costs. The partners may either integrate the plan into the RSA or reference the plan as an attachment to the RSA. The cost allocation plan for One-Stop shared costs should include the following elements:

- The costs pools used to accumulate the shared costs. Each pool should contain the specific cost items and the dollar values attributable to each item. A benefit statement should be developed for each pool. This step should have been completed when the shared costs were first identified.
- A description of the allocation methodologies used to distribute each pool. The description should be specific enough to trace the costs from the pool to the final cost objective or partner program and should clearly demonstrate the equitability of the allocation methodology. Data resources necessary to perform the allocations must be identified.
- A spreadsheet that displays the application of the allocation base to the shared costs. The spreadsheet reflects the costs attributable to each partner.
- A description of the process to be used by the partners to reconcile actual costs to any cost projections used in the initial allocations and to adjust allocation methods based on service delivery changes or partner participation.

ADDITIONAL CONSIDERATIONS

It is important to remember that cost allocation must be done with actual costs. While the partners may agree on a methodology(ies) to determine the proportionate share of costs by partner and conduct preliminary allocations based on estimates or the shared budget, these estimates <u>must</u> be reconciled to actual costs on a periodic basis, coinciding at a minimum with Federal quarterly reporting requirements. An integral part of this step in the process is developing a schedule for the provision of information and the reconciliation process.

In order for the cost allocations to be performed, partner agencies must share information that may be used in the allocation methodology. For example, if the allocation base requires numbers of customers receiving a specific service from a partner agency, then that information must be made available to all partners in a timely manner. There may be privacy considerations associated with the provision of this information, and these issues should be resolved before the process is completed.

The reconciliation and adjustment process will require the provision of actual financial information by partner agencies. As with customer information, this data must be provided to all partners on a timely basis. Any issues related to privacy considerations must be resolved before the cost allocation and resource sharing process is completed, and the time frames for providing the information should be included in the reconciliation process.

There may be times during the negotiations among partners on the identification of shared costs when a partner organization refuses to participate. The partner may indicate that the refusal is based on the fact that the cost is unallowable under its program regulations, or it may refuse on the grounds that it believes no benefit is derived from its participation. When this occurs, the remaining partners are faced with funding the cost. There are three classes of non-participation, one or more of which may apply in any given situation:

- The cost is unallowable under the partner program
- The partner receives no benefit from the shared cost
- The partner refuses to fund a share of the cost, even when there is a demonstrated benefit.

If a partner agency claims that a shared cost is unallowable under its program legislation or regulations, it should provide the appropriate citation. However, if the cost benefits a partner agency, and that benefit has been demonstrated in the function and benefit statement included in the shared cost budget, then the partner agency has the responsibility to pay its fair share of the cost even if the cost is unallowable to that partner for payment with Federal funds. To remove a partner from the allocation or distribution of the cost would require the remaining partners to pay more than their fair share, in violation of the Federal cost principles. In this instance, the cost would be allocated to all benefiting partners, and the partner for whom the cost is unallowable would be required to provide a non-Federal resource for its share of the cost.

> **Example:** One of the shared costs of the One-Stop center is printing. The printing costs are for brochures listing all the participating partner agencies. Printing costs are unallowable under Agency X's program regulations. The costs are allocated among all partner agencies, as they and the services they provide are all contained in the brochure. In this example, Agency X would need to identify a non-Federal source of revenue for its share of the cost.

If, on the other hand, a partner agency claims that no benefit is derived from participating in the shared cost, then the remaining partners are responsible for allocating and paying for the cost among themselves. If the partner chooses not to participate, then it is responsible for incurring any cost for the activity or function as a direct cost to its program.

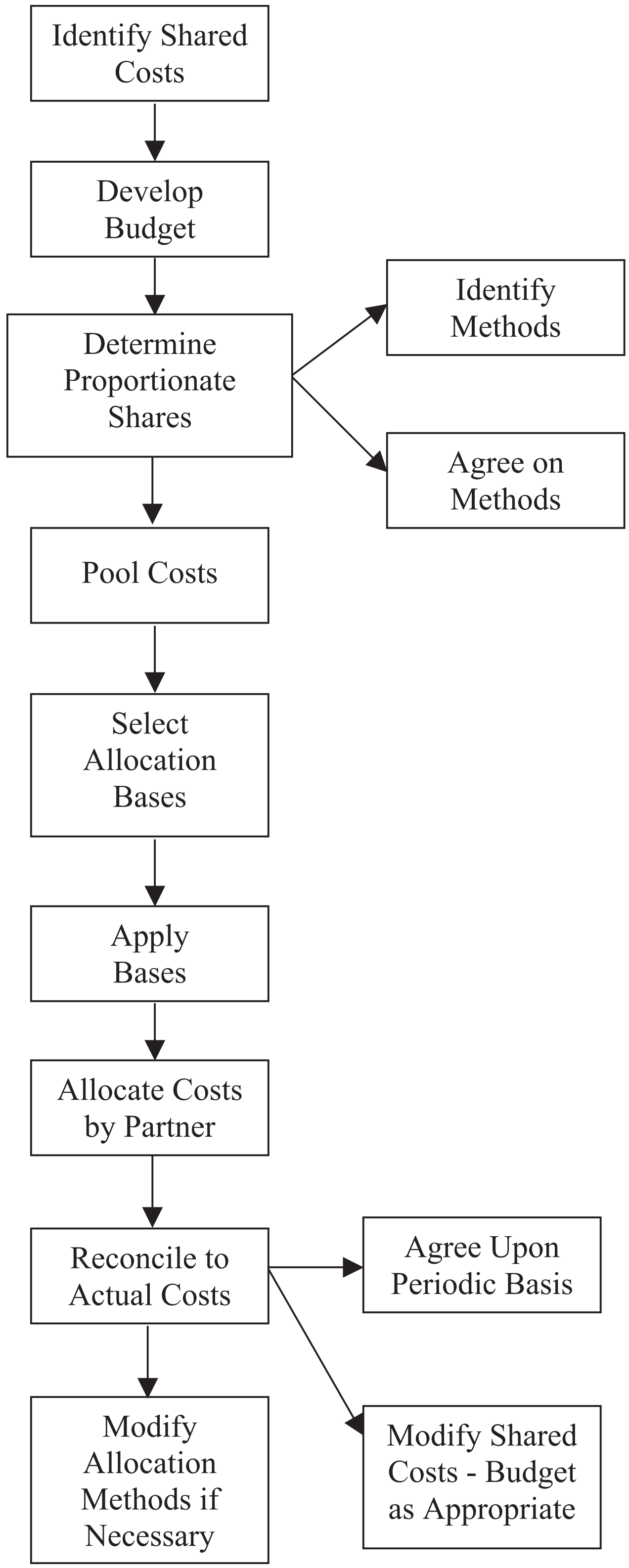
Example: One of the shared costs of the One-Stop center is associated with availability of program information and One-Stop services within the resource center. Agency Y claims that this cost does not benefit it because it is not located at the center. The participating partners would pay only for the costs associated with providing information related to their shared services or specific services within the One-Stop. Agency Y would need to pay to display any program information in the resource center related to its services as a direct cost to its program.

If the partner refuses to participate in a shared cost, then it is responsible for providing the service or activity within its specific program. Often, the remaining partners can demonstrate the benefit to shared programs in terms of reduced individual program costs, and this demonstration of benefit may be useful in subsequent negotiations on the inclusion of such costs in a shared costs budget.

Example: Partners within a One-Stop center have agreed to fund a common intake and eligibility determination process. They have identified the common data elements and designed a common intake form, and staff from the various partners are trained in the eligibility requirements of all participating partner programs. One partner refuses to participate, stating that it must control the collection of data to assure validity, even though the information collected on the common intake form is critical to determining eligibility for its program. The non-participating partner must conduct its own independent intake and incur all the costs of collecting the information for its program although this is a duplication of effort, resulting in increased program costs.

Attachment I-3-1 to this chapter is a schematic display of the steps followed in the process of determining proportionate share and cost allocation. Attachments I-3-2 through I-3-5 provide examples of cost allocation spreadsheets and sample cost allocation methodologies that might be used by partner programs to determine how shared costs should be allocated. Each sample spreadsheet is preceded by a description of the chart, its possible uses, and how the chart would be completed.

Steps in the Cost Allocation Process



Shared Costs by Partner

The chart displays the results of allocating the aggregate shared costs of the One-Stop using a single allocation base. In this sample cost allocation, the shared costs are allocated using the estimated hourly cost of operation for each cost item. The estimated hourly operating rate is determined by dividing the total shared costs by the months of operation and the average number of hours per month.

The partner's share of the costs is then determined by multiplying the estimated hourly operating rate by the total number of hours the partner participates as compared to the total hours of participation by all partners.

The actual calculations and the supporting information are listed on the sample chart. The following legend refers to the calculations in the sample chart:

(A)	Estimated hourly operating rate
(B)	Shared costs budget
(C)	Months of operation
(D)	12 month average of hours per month
(E)-(L)	Partner average number of hours
(M)	Partner share of costs.

Shared Costs by Partner

	Shared Budget (B)	Est Hourly Operating Rate (A)	Partner 1	Partner 2	Partner 3	Partner 4	Partner 5	Partner 6	Partner 7	Partner 8
Total monthly estimated hours of operation, (E) through (L)			216 (E)	216 (F)	150 (G)	160 (H)	60 (I)	20 (J)	110 (K)	110 (L)
COSTS & EXPENSES										
FACILITY COSTS										
Rent	120,000	46.30	(M)	(M)	(M)	(M)	(M)	(M)	(M)	(M)
Utilities (included in the rent amount)										
Repairs and other										
Maintenance contracts	2,000	0.77								
Security	12,000	4.63								
Property tax										
Furniture and fixture (desks, chairs, cabinets, etc.)	20,000	7.72								
Computer hardware, data line, software, phone)	40,000	15.43								
Telephone	22,000	8.49								
Pagers	400	0.15								
OPERATIONS										
General supplies (office, water, alarm, janitorial supplies)	24,000	9.26								
Freight & messenger	2,000	0.77								
	1,000	0.39								
	80	0.03								
Printing (outreach, community awareness, common signage)	3,000	1.16								
Other outside services	1,000	0.39								
Recruiting, marketing (outreach, community awareness)	16,000	6.17								
Staff/partner training (Baldrige Principles, CQI)	20,000	7.72								
		……………	……	……..	………..	………….	………….	…………….	………..	…………

NOTES:	Months of operation	12	(C)
	Average number of workdays per month	24	
	Business hours per day (Mon - Fri 8am - 6pm)	10	200
	Business hours per day (Sat 8am - 12pm)	4	16
	12 month average number of hours per month	216	(D)

Estimated hourly operating rate = {Total shared costs/Months of operation}/average number of hours per month, or (A) = {(B)/(C)}/(D)

Partner's share = Estimated hourly operating rates × Partner's hours, or (M) = (A) × (E), (M) = (A) × (F), etc.

Cost Allocation by Item of Cost

This chart displays the allocation of an item of cost or cost pool, in this example the Facilities Pool, using a single allocation base. In this example, the Facilities Pool has been allocated to the partner organizations based on workstation usage. The shared costs of the Facilities Pool are divided by the amount of square feet of the facility, resulting in a cost per square foot. The cost per workstation is determined by the number of square feet occupied by the workstation multiplied by the cost per square foot. This is the direct cost to the partner that occupies the space. The number of workstations occupied by a partner, compared to the total number of workstations, is then used to determine the partner share of common space.

In this example, the chart displays the results of a single pool of costs as distributed to all partners. A separate worksheet would be completed for each cost pool at the One-Stop.

Cost Allocation by Item of Cost

Pool Type: Facility

Cost Included in Pool	
Per square foot charge includes rent, utilities, janitorial, security	$4.00
Monthly cost per workstation	$933.33
Yearly cost per workstation	$11,200.00
Total shared facilities costs	$168,000.00

Allocation Base: Occupancy, Funding Streams, & Partner Agency	**Share of Costs ($)**	**Stations**	**Percent (%)**
Unemployment Compensation—Employment Service	16,800.00	1.5	10
Wagner-Peyser—Employment Service	33,600.00	3.0	20
Trade Act/NAFTA	5,600.00	0.5	3
Veterans' Employment Program	2,240.00	0.2	1
WIA Adult and Dislocated Workers	44,800.00	4.0	27
WIA Youth Programs	11,200.00	1.0	7
Welfare-to-Work	22,400.00	2.0	13
Adult Education & Literacy	2,240.00	0.2	1
Rehabilitation Act	4,480.00	0.4	3
Carl Perkins Act	3,360.00	0.3	2
Older Americans Employment Program	5,600.00	0.5	3
HUD Employment & Training	11,200.00	1.0	7
WIA Title ID: INA	4,480.00	0.4	3
TOTAL	168,000.00	15.0	100

Total square footage: 5,000
Square footage per workstation = 100
Direct charged # of workspaces = 15
Common area square footage = 3,500
Cost per square foot = $4.00

Sample Allocation Table

This allocation table displays the shared costs of a One-Stop center and the results of application of different bases to the costs in the remaining columns. This table would be completed for each partner participating in the shared costs. This chart is a summary chart of the allocations for each partner.

Instructions

List the shared costs and the total dollar amount for each cost item in the first column.

List the percentage (%) and resulting dollar share attributable to the partner under the appropriate methodology in one of the following five columns.

Attachment I-3-4

Sample Allocation Table

Partner Name: ________________

Check and/or complete the appropriate box. Include the specific percentage or dollar amount as appropriate.

Cost Item & Amount	Allocation Methodologies				
	Direct Charge	Space %	Position %	Estimated Usage	Other Method (Specify)
Rent =					
Resource room					
Supplies					
Software					
Hardware					
Printed materials					
Other					
Telephone					
Data lines					
IT maintenance					
Shared equipment					
Equipment maintenance					
Common staff (position)					
Other (specify)					

One-Stop Center
Shared Costs by Program

This table is used to display the shared costs by cost item that are allocated to each required partner program. All required partner programs are listed as column headings. Not all of the partner programs may be present at each One-Stop center, and the form should be modified as necessary to fit local circumstances and program design.

Attachment I-3-5

One-Stop Center
Shared Costs by Program

Center Name:

Required Partners Costs	WIA- Adult & Dis. Wkr	WIA – Youth	Welfare to Work	Adult Ed & Literacy	Perkins Post-Sec Activities	Wagner Peyser	WIA – Veterans	Trade Act NAFTA	UI	CSBG	HUD E&T	Older American	Title 38 VETS	Rehab Svcs	Native American	Job Corps	Migrant/ Seasonal Fmwkr
Contact:	(name)																
Facilities Pool																	
Operations Pool																	
TOTAL COSTS																	

Chapter I-4

Resource Sharing

INTRODUCTION

This chapter discusses the fourth step in the process: resource sharing, or how the shared costs of the One-Stop center or system will be paid. It includes a discussion of the distinction between cost allocation and resource sharing, resource sharing methodologies, resolution of payment issues, reconciliation of actual resources used to project or estimate resources, and the link to cost allocation. It also provides sample resource sharing methodologies and formats used to display the resources. It contains the following sections:

- Cost Allocation and Resource Sharing
- Resource Sharing Methodologies
- Reconciliation and Adjustment Processes
- Attachment I-4-1—Resource Sharing Process Flow
- Attachment I-4-2—Sample Resource Sharing Format
- Attachment I-4-3—Sample Monthly Resource Sharing Format.

COST ALLOCATION AND RESOURCE SHARING

As discussed in the previous chapter, the process of cost allocation is used to determine the total shared costs attributable to each of the partner organizations. Resource sharing is defined as the process that will be used to pay for those costs or the funding of shared costs. Resources may be in the form of cash transfers, provision of goods and services that benefit multiple partners, or, when permitted by the program's authorizing legislation, through the provision of third-party in-kind contributions. The use of full-time equivalents (FTEs) in lieu of salary and benefit costs for shared staff functions may also be used as resources. Each of these types of resources will be discussed further in this chapter.

Resource sharing in One-Stop operations is a concept that allows partner agencies to fund shared costs through mechanisms in addition to cash transfers. This concept of resource sharing has been authorized as One-Stop financial policy in the *Federal Register* notice dated May 31, 2001. This concept is applicable within the One-Stop environment as well, provided that its use is consistent with the partner programs' governing statutes and regulations and is agreed to in the MOU.

Application of this concept allows the partner organizations to decide how they will pay for each partner's allocable share of the total common costs of the One-Stop. Once each partner's proportionate share has been determined through the cost allocation process discussed in the previous chapter, the partners may then negotiate the payment methods. For example, one partner may pay for 100 percent of the equipment, another partner pays 100 percent of the rent, and a third partner pays 100 percent of supplies, etc.

> **Example:** A One-Stop customer is eligible to receive services under both the WIA Title IB Dislocated Worker program and the Veterans' Employment and Training program. Under this scenario, the grantees may choose which program is to pay for services, as the customer is equally eligible under both programs. For example, the WIA Title IB Dislocated Worker program may pay for the costs of case management and job development, and the Veterans' program might pay for the costs of training. The grantee decisions and payment agreements are to be reflected in the MOU.

The resources that are used to pay for the shared costs must also meet the following standards. Partner organizations are cautioned to carefully review their resource sharing methodologies to ensure compliance.

- Each partner must pay an amount equal to its allocable share of the costs,
- No partner may pay for a cost that does not benefit its program as determined in the cost allocation process,
- No program may pay for a cost that is unallowable under its governing statutes and regulations, and
- Costs may not be allocated if they benefit only one program or if the costs of the activity serve a single program purpose.

RESOURCE SHARING METHODOLOGIES

There are a number of methods that may be used to fund the shared costs of the One-Stop center or system. These are cash payments, provision of goods and services, use of FTE staff positions, and third-party in-kind contributions. Each of these methods is discussed below. The final payment or resource sharing methodologies agreed to by the partners in the One-Stop may include any, all, or any combination of methodologies. The availability of resources and their use in funding One-Stop operations is a local decision that must be made and agreed to by the partners and based on local program needs. The resources provided by each partner must be identified in the RSA and be in support of the shared costs of the One-Stop.

Cash Payments

Under this methodology, one entity is responsible for incurring and paying for all the shared costs when payment for these costs is due. The partners determine which of them will have this responsibility, whether on a permanent or, possibly, a rotating basis. This entity would then become the "managing partner" for purposes of shared costs financial activity. This same entity is also responsible for maintaining the documentation for the shared costs and notifying partners of their share of the costs as they are incurred. This may be done on a monthly or quarterly basis as determined by the partners. The entity incurring the costs would issue an invoice on this predetermined basis to each participating partner. The partners would then pay the invoice as they would any cost. Documentation to support the cost would be the invoice and the supporting shared costs budget, cost allocation plan, and the actual costs as they are incurred. Using this methodology, the entity incurring the costs would be responsible for maintaining all supporting documentation and reconciling the actual costs to the budget. It would also provide each partner with the reconciliation information.

> **Example:** In the local One-Stop center, the partners have agreed that the Job Service will be the managing partner for all funding issues. The partners have agreed upon the shared costs, prepared a shared costs budget with appropriate function and benefit statements, and agreed upon the cost allocation methodologies to be used to determine each partner's proportionate share. The Job Service fiscal staff prepares a monthly invoice based on the actual costs incurred against the shared costs budget, allocates these costs using the agreed-upon methodologies, and bills each partner for its fair share. The partners may issue warrants, checks, or electronic transfers to pay the invoices. The managing partner then reconciles the payments and provides each partner with updated budget and cost information.

Full-Time Equivalents

When the costs of staff functions for common services such as intake and eligibility determination, staffing the resource center, or core services such as case management or job development are included in the shared costs budget, it may be more equitable to pay for these costs through the use of FTEs. Staff of the One-Stop may include State or local governmental employees, employees of nonprofit organizations, for-profit commercial entities, and educational institutions. Each of these entities will have different pay scales, pay levels, and fringe benefit costs. By using FTEs as a payment method, partner organizations need not address these differing pay scales or any privacy concerns.

In order to use FTEs as a payment method, all of the partner programs benefiting from the shared function must provide the necessary staff resources in the same proportion as their allocable share. It is also appropriate to use FTEs only for payment of common staff functions. Partners may not use FTEs as payment for non-staff costs such as facilities. Using this methodology, the partners would determine the total number of staff hours necessary to fully staff the function. The hours would be allocated using an agreed upon allocation methodology, with a resulting number of hours attributable to each participating partner. The partners then provide the staff as needed in relation to their allocable share of the total hours. When the partners have agreed to use FTEs as a payment function, then the results of the cost allocation and resources to be provided are the same. For example, if a partner's share of the One-Stop Center receptionist is 15 hours per week based on the allocation process, then the partner's resource is 15 hours per week.

Cautions:

- If FTEs are used as a payment method, then all benefiting partners must provide the staff resources. This means that the staff functions must be calculated and allocated separately from other shared costs of the One-Stop.
- Again, the use of FTEs as a payment mechanism is appropriate only for staff functions. If a partner organization provides staff services as payment for non-staff costs, then it is the costs of that staff function used as the resource, not the hours worked by the staff (FTE).
- Partner organizations are responsible for providing the staff resources. They should agree as part of the resource sharing methodology on how the staff will be scheduled. Each partner would document the total of the staff hours worked for each shared function as part of the reconciliation process.
- Partners should also agree on how the staff functions will be covered in the event of leave. This includes all types of leave such as sick, vacation, emergency, and long-term. For example, if a staff person uses sick leave, then that person's agency must either cover the time with another staff person or repay the agency that provided coverage. This process should also be addressed in the RSA.
- When FTEs are used as a payment mechanism, the agency providing the resource remains responsible for all personnel functions for its staff. The ancillary costs of staff benefits, leave systems, etc., are not a factor.

Example: The One-Stop operator and partners have agreed that the costs for staffing the resource center and the One-Stop receptionist are to be shared. Taking into account the hours that the One-Stop center is open, they have determined the total number of hours for the staff functions. The hours are allocated to each partner using an allocation base of participants served by each program compared to total served. The partners further agree on the scheduling of hours for each partner and the coverage to be provided in the event of emergency or sick leave. Each partner is responsible for tracking the staff resources and providing this information on a quarterly basis to all partners. If adjustments were needed in the subsequent quarter based on participant counts, the schedule could then be adjusted accordingly.

Example: The partners within the One-Stop have developed a common eligibility determination system. The partners have further agreed that the staff costs associated with this function will be a shared cost and that all partners will provide staff to perform the function, using FTEs to determine the proportionate share and necessary resources. They have determined an estimated number of hours for the function and agreed to allocate these hours to each participating partner on the basis of the number of participants eligible for each of the partner programs compared to the total participants for whom eligibility is determined. The partners further agree on the scheduling of hours for each partner and the coverage to be provided in the event of emergency or sick leave. Each partner is responsible for tracking the staff resources and providing this information on a quarterly basis to all partners. As this is an output-based allocation methodology, the initial estimates of time would need to be adjusted in subsequent quarters based on the number of eligible participants.

Goods and Services

Payment of shared costs through the provision of goods and services by each of the partner programs will likely be the most common method of payment. Using this payment method, the partners prepare the shared costs budget and allocate the costs using agreed-upon allocation methodologies, with a resulting total shared costs attributable to each partner. Within the budget, the partners agree on how those costs will be funded. One partner may pay all the facilities costs, including rent, utilities, and maintenance, while another partner provides the telephone system to be used by all the partners, and a third partner provides additional core services such as eligibility determination for all participating partner programs. This flexibility in payment allows the partners to determine which payment method works best for their particular agency and takes into consideration the available resources of each program.

Cautions:

- The resources provided to support the shared costs must equal the total proportionate share of the partner. If, during the reconciliation process, the partners determine that one or more partners either over-fund or under-fund their proportionate share, then the share must be "made whole" through cash payments. For example, if Partner 1 pays 100 percent of the telephone system and this cost is less than its fair share of the total shared costs, then it must pay an additional amount to the partner who incurred a cost in excess of its fair share (for example, Partner 2 paid 100 percent of the rent and this cost is in excess of its fair share).
- Using this methodology, the goods and services must be in the form of costs to the partner agency. Each partner is then responsible for maintaining documentation of the actual cost of the goods or services and providing this information to all partners as part of the reconciliation and adjustment process.
- If a partner provides equipment as its share (or part of its share) of the resources, then the partner acquiring the property is responsible for adhering to the prior approval requirements of the applicable OMB circulars.

Example: The chart on the following page shows how the resources needed to support shared costs might be displayed.

Proportionate Share of Costs	**Partner 1**	**Partner 2**	**Partner 3**
Contributions:			
Partner 1	**$32,000**		
Copier	$15,000		
Supplies	$8,000		
Cash to Partner 3	$9,000		
Partner 2		**$50,000**	
Telephones		$20,000	
Computer terminals		$22,000	
IT maintenance		$8,000	
Partner 3			**$108,000**
Rent			$60,000
Utilities			$14,000
Furniture			$17,000
Software			$26,000
Cash from Partner 1			($9,000)

In-Kind Contributions

Under certain circumstances, partners may provide third-party in-kind contributions as resources to pay for their fair share of the costs. In-kind contributions are discussed in the cost sharing or matching provisions of the Uniform Administrative Requirements codified at 29 CFR 97.24 and 95.23 and are defined as donations of goods, services, or volunteer time from a third party. They are not a cost to the receiving organization. They may be used only as resources to pay for the partner agency's share of costs if their use is not prohibited by the agency's governing statute or regulations. Some programs participating in the One-Stop, such as the Temporary Assistance to Needy Families (TANF) program, do not allow the use of third-party in-kind. The partner agency proposing to use in-kind contributions must determine the allowability of in-kind use. If allowable, the in-kind is then valued in accordance with the requirements of 29 CFR 97.24 or 95.23. These regulations address donations of time (volunteers) as well as goods (equipment and supplies). It is important to note that the value of goods is usually based on the fair market value of the item at the time it is used. Donations of goods that are used as resources must be treated by the partner that provides them in the same manner as purchased goods. They are subject to the requirements for property management found in 29 CFR Parts 95 and 97. Further guidance on the treatment of goods (i.e., equipment and supplies) is found in Chapter II-11, *Property Management*. It is the determined value of the contribution that would serve as the resource for payment of shared costs.

Example: A small nonprofit organization serves as a partner in the local One-Stop center. Its proportionate share of the costs is $15,000. The nonprofit does not have sufficient cash or other resources to fully fund its share, and it wishes to provide (not for its own individual use) computers donated by a local business to the nonprofit as resources. The computers are valued (in accordance with the requirements of 29 CFR 95.23(c)(1) or (2)) at $8,000. The nonprofit would be able to use the $8,000 value as part of the resources it will provide to fund the shared costs.

Example: An entity wishes to use a van used to provide client transportation to job interviews and other off-site services as a resource for funding its allocated share of common One-Stop costs. The van was donated to the entity by a local car dealership. The value of the van (as determined by application of the requirements of 29 CFR 95.23 or 97.24) could be used by the entity as a resource to fund a portion of their shared costs.

Example: A nonprofit organization provides assistance with resume preparation. These services will be provided in the resource center and are in addition to the core services the organization otherwise provides in the One-Stop. The resume preparation assistance is provided by human resource professionals who donate their time to the nonprofit. The amount of the resources is valued in accordance with the requirements of 29 CFR 95.23(d) and may be used by the organization as resources to fund its share of common costs.

In each of the above examples, the value of the in-kind contribution would be determined at the time it is provided.

Program Income

While technically not a resource sharing methodology, program income earned at the One-Stop center as a result of shared activities or shared costs is attributable to all partners. Program income is governed by the Uniform Administrative Requirements that are codified for ETA-funded programs at 29 CFR 97.25 and 95.24. Partner organizations are governed by the program income requirements of their funding source. If program income is earned at the One-Stop through a shared cost, then that income must be distributed to all partner organizations. The program income should be allocated in the same proportion as the shared costs. Program income must be expended on allowable grant activities. The earning, allocation, and use of program income should be addressed in the RSA. Partners may agree to use program income to reduce their share of costs or resources needed to fund the costs if that is allowable under the partners' authorizing statutes and regulations. WIA grantees and subgrantees are reminded that they must use the addition method in expending program income. The requirements for program income are more fully described in Chapter II-7, *Program Income*.

Example: A local employer conducts preliminary interviews and screenings of potential employees at the One-Stop center. The local employer uses a classroom that is part of the resource center and pays a room rental charge to the One-Stop operator. The One-Stop operator, as one of the partners, is responsible for providing the information on the program income to partners, and that program income would be distributed to all partners that share in the costs of the resource center.

Non-Partner Funding

As was discussed in Chapter I-1, *Identification of Shared Costs*, the State may make funding available under Section 134(a)(2)(B) of the WIA. Should the State make such funds available, they are used to reduce the amount of shared costs that are allocated to each partner, thereby reducing the resources each partner must provide. As with program income, this is not technically a resource sharing methodology. With this funding mechanism, the total shared costs to be allocated to partners are reduced by the costs of activities to be funded from Statewide Activities funds. The remaining shared costs are then funded by partner agencies using the resource sharing methodologies previously discussed in this chapter. This use of these funds should also be addressed in the Resource Sharing Agreement.

> **Example:** The State has made funds available to an LWIA to pay for the costs of specialized software for use in the resource room. These costs had initially been identified as shared costs by the partner agencies. In developing the cost allocation and resource sharing methodologies, the total shared costs are reduced by the amount of funding received from the State for One-Stop activities, reducing the resources needed by each partner to fund their share of the costs.

RECONCILIATION AND ADJUSTMENT PROCESSES

As the cost allocation and resource sharing processes are based on the actual costs incurred by partner agencies, they must include provisions for the reconciliation of actual costs paid by the partner agencies. The resource sharing provisions may then need to be adjusted based on actual costs.

The reconciliation and adjustment process will require the provision of actual financial information by partner agencies, and this data must be provided to all partners on a timely basis. Any issues related to privacy considerations must be resolved before the cost allocation and resource sharing process is completed.

At a minimum, this reconciliation and adjustment process should be conducted on a quarterly basis to coincide with the Federal financial reporting requirements. It is best to reconcile both the cost allocation process and the resultant adjustments to resource sharing at the same time.

> **Example:** As part of the resources used to pay for its share of the One-Stop costs, Partner 1 is responsible for procuring and paying for software site licenses for common case management software. At the time of developing the cost allocation, the agency is to procure 15 site licenses at a cost of $1,500 per license. During the next quarter, an additional five staff needed the software, thus

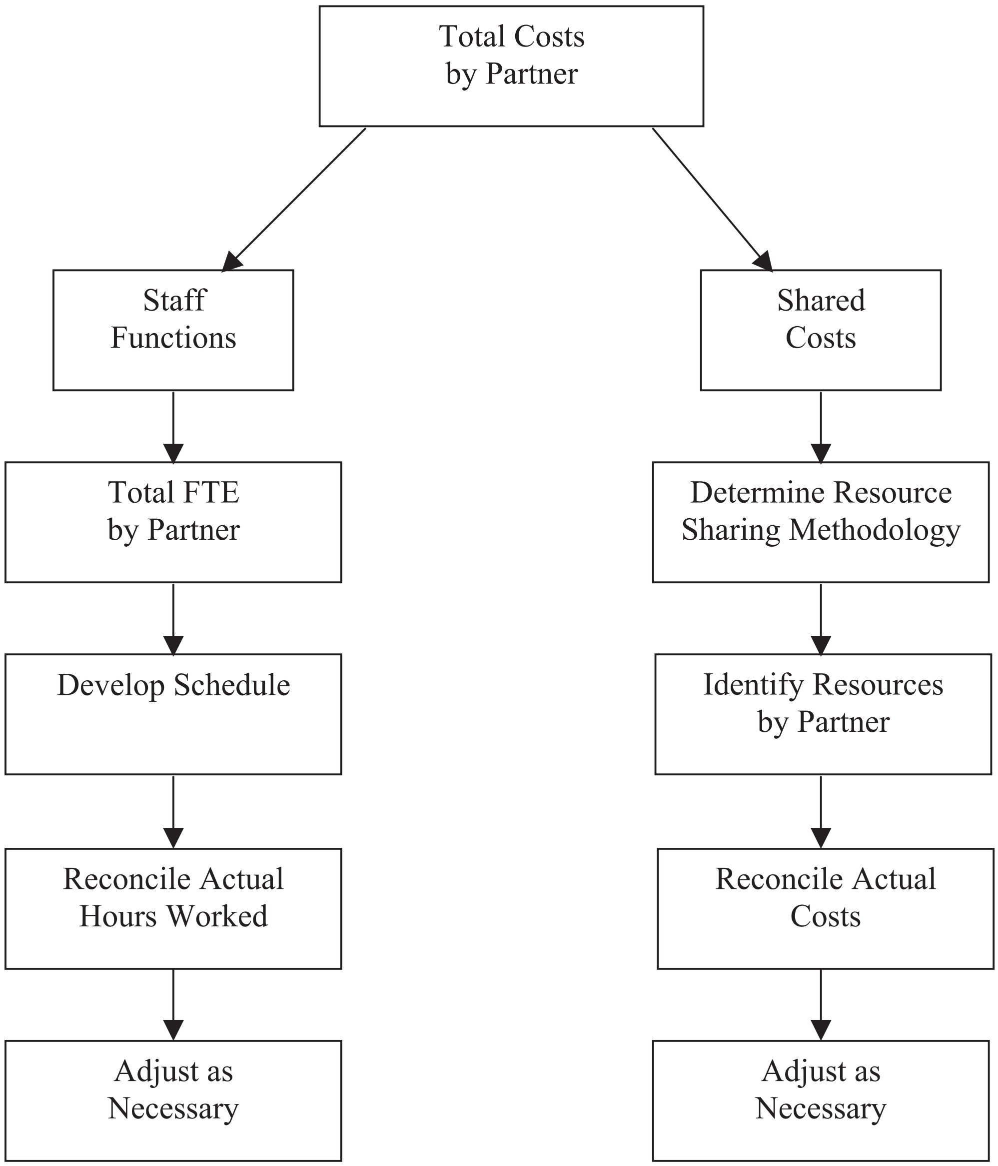
increasing the costs by $7,500. This cost increase would need to be distributed to all benefiting partners during the reconciliation process and would necessitate each partner providing additional resources.

ATTACHMENTS

There are three attachments to this chapter:

- Attachment I-4-1 is a schematic showing the steps in the resource sharing process.
- Attachments I-4-2 and I-4-3 are sample resource sharing formats.

Resource Sharing Process Flow



Sample Resource Sharing Format

This chart is used to display the resources provided by each partner to fund its share of the costs. In this sample chart, the costs are displayed in the format contained in the shared costs budget. The total shared costs are contained in the Costs column. The total shared costs attributable to each partner are displayed in the first row under each partner. The resources to be provided by each partner are displayed in the Partner column against the appropriate shared cost item.

Sample Resource Sharing Format

Cost Item	Costs	Partner 1	Partner 2	Partner 3
Total Costs	**$268,000**	**$107,720**	**$80,140**	**$80,140**
Shared Services Staff	**$187,000**			
Staff salaries	150,000	30,000	60,000	60,000
Fringe benefits for staff	35,000	7,000	14,000	14,000
Staff travel	2,000		500	1500
Facilities	**$81,000**			
Rent	60,000	60,000		
Utilities	12,000	12,000		
Security	6,000		6,000	
Maintenance	3,000			3,000
Communications	**Etc.**	**Etc.**	**Etc.**	**Etc.**
Base telephone				
Long distance				
T-1 lines				
Etc. for All Shared Costs				
Payments to/(from) Partners		(1,280)	(360)	1,640

Sample Monthly Resource Sharing Format

The sample format on the following page may be used to display the resources to be provided by partners on a monthly basis. The shared costs are listed in the first column. The total costs, year-to-date costs, and monthly costs are also listed on the spreadsheet. Each partner's total share of the monthly costs is provided in the first row in each Partner column. The resources provided by the partner are then listed in the column against the appropriate budget item. This spreadsheet may also be used to reconcile both actual and proposed costs on a monthly basis.

Attachment I-4-3

Sample Monthly Resource Sharing Format

Shared Costs										
Month of August	Shared Budget			Partner 1	Partner 2	Partner 3	Partner 4	Partner 5	Partner 6	Partner 7
			Costs	(D)	(D)	(D)	(D)	(D)	(D)	(D)
COSTS AND EXPENSES										
FACILITY COSTS	(A)	(B)	(C)	(E)	(E)	(E)	(E)	(E)	(E)	(E)
Rent	$120,000									
Utilities (included in the rent amount)										
Repairs and other										
Maintenance contracts	2,000									
Security	12,000									
Property tax										
Furniture and fixture (desks, chairs, cabinets, etc.)	20,000									
Computer hardware, data line, software, phone	40,000									
Telephone	22,000									
Pagers	400									
OPERATIONS										
General supplies (office, water, alarm, janitorial supplies)	24,000									
Freight and messenger	2,000									
Printing (outreach, community awareness, common signage)	3,000									
Other outside services	1,000									
Recruiting/marketing (outreach, community awareness)	16,000									
Staff/partner training	20,000									
NOTES:										
(A) Total costs										
(B) Year-to-date costs										
(C) Current month cost										
(D) Total monthly shared costs by partner										
(E) Resources provided by partner (against appropriate item)										

Chapter I-5

Resource Sharing Agreements

INTRODUCTION

This chapter discusses the last step in the process of cost allocation and resource sharing in the One-Stop: developing the Resource Sharing Agreement (RSA). It includes a discussion of the necessity for an RSA, the structure and content of the RSAs, and modification or adjustment processes. It also provides a discussion of the links between the Memorandum of Understanding (MOU) and the RSA. It contains the following sections:

- Resource Sharing Agreements
- RSA Structure and Content
- Additional Considerations
- Links to the MOU.

RESOURCE SHARING AGREEMENTS

The RSA may be defined as the plan and supporting documentation for the processes used by the One-Stop operator and partners to define, allocate, and fund the shared costs of the One-Stop. While there are no statutory or regulatory requirements specifically for the RSA, both the statute and the regulations require the MOU to address how the costs of the One-Stop system will be shared and how those costs will be paid by each of the partners. As the cost allocation and resource sharing processes require the adjustment of projected costs and resources based on actual costs incurred, the RSA is a document that may be adjusted or modified to actual costs without the need to formally modify the MOU. The RSA should contain all the financial data and documentation to support the funding arrangements that must be addressed in the MOU. If the LWIB does not require the completion of an RSA for the local One-Stop(s) shared costs, then it may be necessary for the MOU to contain financial information and supporting documentation related to how costs of services and operating costs of the system will be funded, in addition to the remaining requirements specified by the WIA at Section 121(c), which may make the MOU more difficult to revise and use as a working document.

RSA STRUCTURE AND CONTENT

The structure used by LWIBs, operators, and partners to collect the funding information will vary. Again, the design and flow of services, the number of required and non-required partners participating in the One-Stop(s), and the degree of program integration and shared costs will determine the type of information needed in the RSA. At a minimum, however, the following elements should be included:

- **List of all partners.** The RSA should contain a list of all the partner programs participating in the shared costs of the One-Stop. Partners should be identified by name and funding stream. For example, a State employment security agency that has the responsibility for the Wagner-Peyser, Unemployment Compensation, and Veterans' Employment programs is one entity but three partner programs. The name and telephone number of a contact person for each partner should also be included.

- **List of all shared costs.** Each shared cost should be defined. For example, a shared cost might be *subscriptions*, which includes magazines, periodicals, and newspapers. Each shared cost should also have a function and benefit statement that describes how the shared cost is of benefit to multiple partners. This process is discussed in detail in Chapter I-1, *Identification of Shared Costs*.

- **Shared costs budget**. The RSA should also include a formal budget document that includes all the shared costs of the One-Stop with appropriate dollar values. The budget should include all the costs included in the list of all shared costs. The shared costs budget is discussed in detail in Chapter I-2, *Shared Costs Budgets*.

- **Cost allocation plan.** The plan should include a description of the cost pools used to accumulate the shared costs, the allocation methodologies that will be used to distribute the costs to each partner, a description of the data resources needed to perform the allocations, and a spreadsheet that displays the allocation process. The cost allocation plan may be included as a part of the RSA or as an attachment to the RSA. Whichever method is used, the information in the cost allocation plan is the same. The cost allocation plan is also discussed in more detail in Chapter I-3, *Proportionate Share and Cost Allocation*.

- **Shared costs (by partner).** The application of the allocation methodologies to the pools of shared costs will result in a dollar value attributable to each partner participating in the cost. This information may be included in the spreadsheet discussed in the cost allocation plan. The concept of proportionate share is also discussed in Chapter I-3, *Proportionate Share and Cost Allocation*.

- **Resources.** Resources are the goods and/or services provided by each partner to pay for its fair share of the costs. This section should detail the payment methodologies used by each partner to fully fund its proportionate share. It may also be displayed in spreadsheet format. The resources provided by each partner must match the partner's allocated share of the costs. The information may also be displayed in summary form for all partners. Resource sharing is discussed in more detail in Chapter I-4, *Resource Sharing*.

- **Reconciliation and modification.** Reconciliation and modification is a description of the process used by partners to reconcile the proposed budget costs to the actual costs incurred by the partners in providing resources. The description of the reconciliation process must include the types of cost information to be provided by each partner, as well as time frames for reconciliation and adjustment. The process should also describe the circumstances for modification of the agreement and address how disputes will be handled by the partners.

ADDITIONAL CONSIDERATIONS

The RSA contains financial commitments by each of the partners in the form of the resources to be used in support of the shared costs. Local areas and their partner agencies should decide if these financial commitments require the separate signature of authorized agency officials or whether referencing the RSA in the MOU will satisfy legal requirements for commitment of funds.

The RSA (including the cost allocation plan) should be provided to each partner agency's independent auditors. The cost allocation methodologies that are used must be accepted by each partner's independent auditors in order to satisfy the audit testing required under the Single Audit Act and OMB Circular A-133. In addition, it is expected that Federal agency auditors will utilize these agreements as additional criteria for audit and resolution purposes. All partners sharing costs will be responsible for resolving any audit issues related to the shared costs.

As discussed in previous chapters, the cost allocation and resource sharing processes will require partner agencies to provide actual cost data. Any privacy and data integrity considerations should be resolved before the RSA is finalized, and information on how these issues are addressed included in the RSA.

The RSA must contain provisions for the reconciliation and adjustments of actual shared costs and resources to the budget and planned resources. Budget adjustments would not necessarily require a modification to the MOU, provided the adjustments do not materially affect the terms of the MOU. However, the RSA should indicate the circumstances under which the MOU must also be modified. These circumstances are discussed later in this chapter.

The RSA should also describe the process to be followed by the partners in the event of a dispute. Disputes may arise over the allocation methodologies to be used, the inclusion of costs in the shared costs budget, or for other reasons. This process would be used only for disputes related to information sharing, costs, or other requirements of the RSA and would differ from the dispute resolution process required by regulation for the MOU.

The RSA, containing or supported by budgets, cost allocations, and other documentation, represents the agreement on funding shared costs. Partners may wish to designate a partner fiscal officer as the "agreement manager." The designated fiscal officer would have the responsibility for gathering actual cost data from all partner agencies, preparing the reconciliations discussed throughout Part I, and providing updated information on adjustments to partner agencies. The costs of performing this function could be included as part of the shared costs of the One-Stop system, or the responsibility could be rotated among the partner agencies.

LINKS TO THE MOU

Section 121 of the WIA addresses the requirements for One-Stop delivery systems. Section 121(c) contains the requirements for the MOU and specifies that the MOU is an agreement between the local board and the One-Stop partners, with the agreement of the chief elected official (CEO). The agreement must address how services will be provided through the One-Stop delivery system, the methods for referral of customers between the One-Stop operator and partner agencies for services and activities, how the costs of services and One-Stop operations will be funded, the duration of the memorandum, and procedures for modification. The MOU may also contain locally developed provisions, consistent with the requirements of WIA, as agreed to by the local board and One-Stop partners.

As stated above, the MOU must contain information on funding. 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 RSA, with its attendant documentation, by reference. The MOU may also contain the specific financial information of the RSA, such as the shared costs budget, cost allocation plan, and resource sharing plan, as elements of the MOU.

The RSA is a fiscal document that provides the details necessary to allocate the shared costs and track the resources provided by each partner agency. By design, the RSA is a document that will change as the actual costs incurred by the partners become known. As the MOU is a formal agreement on the roles and responsibilities of partner programs, as well as the flow of program services to be provided within the One-Stop system, modification to the MOU requires signatures of authorized agency officials, the CEO, and the LWIB. **Caution:** If the contents of the RSA are included as specific elements of the MOU, changes in resources based on actual costs might require an amendment to the MOU.

The LWIB 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 RSA.

> **Example:** The LWIB, in coordination with partner agencies, has incorporated the RSA into the MOU by reference. After six months, additional services are to be provided through co-location by a new partner agency. The additional operating costs associated with these services must be included in the RSA, and the cost allocation and resource sharing methodologies must be revised based on participation by an additional partner. As these changes affect both the terms of the MOU (services to be provided and referral mechanisms) as well as the funding arrangements addressed in the RSA, both documents would need to be modified accordingly.

Example: Again, the MOU includes the RSA by reference. On a quarterly basis, the actual costs are reconciled to the planned costs contained in the shared costs budget. The reconciliation indicates that one partner has underpaid its share through a cost reduction on equipment. The RSA would need to be modified to reflect the need for additional resources by that partner. However, as the adjustment does not involve funding changes, or changes in the services and activities provided through the One-Stop center, the MOU would not need to be modified.

If, in this example, an RSA is not used and the shared costs budget information is contained in the MOU, any changes to the budget may require a modification to the MOU. This may be administratively burdensome and time consuming to achieve.

Chapter I-6

Case Studies

INTRODUCTION

Part I of the One-Stop Comprehensive Financial Management TAG has been written to provide the One-Stop system, including operators, partners, and boards, with clarification of the requirements for funding the One-Stop operation. The previous five chapters have outlined these requirements as a series of logical processes and presented a variety of methods and techniques that might assist the system. This chapter is designed to provide readers with case studies relating to the concepts and processes previously discussed. Each of the case studies in this chapter applies the concepts discussed in the previous five chapters and provides sample data that may be useful in developing the local cost allocation and RSAs. The case studies begin with a set of assumptions for the One-Stop, include a shared costs budget, apply cost allocation methodologies, and provide the resources from each partner. The chapter contains the following sections:

- Case Study No. 1—Co-Located Services and Operating Costs
- Case Study No. 2—Common Staff Functions Using FTEs
- Case Study No. 3—Electronic Data Sharing Costs
- Case Study No. 4—Common Services and Associated Costs.

CASE STUDY NO. 1
Co-Located Services and Operating Costs

Assumptions

1. There are four partners.
2. All staff are employees of one or another of the partners. This includes center management and services staff such as the receptionist, resource librarian, intake staff, etc.
3. Each partner pays its own bills.
4. Each partner contracts with service providers and does its own purchasing/procurement.
5. The facility is currently leased by one of the partners. Utility costs are paid separately.
6. Each partner will provide appropriate workspace furniture for staff; however, some new furniture will be purchased.
7. The new telephone system will be procured by one of the partners.

Shared Costs Budget

As each partner provides and pays for core services related to its program, the shared core services are outreach and intake, provision of information, and unassisted job search assistance. The partners agree that the shared costs to be pooled and allocated will be as follows:

- Facilities Pool
  - Rent, utilities, maintenance/janitorial
- Equipment and Supplies Pool
  - Common use computer terminals (4)
  - Software costs for resource center
  - Communications costs (includes telephones and data access costs)
  - Copier
  - Fax machine
  - Tables and chairs for the resource center (3 tables and 9 chairs)
  - Supplies (including intake forms, copier supplies, etc.)
- Salaries and Benefits Pool
  - Center manager (half time)
  - Resource librarian
  - Intake staff (3)
  - Receptionist.

The following tables illustrate how these costs will be accumulated and pooled.

Facilities Pool

Rent	$20,000
Utilities	8,000
Maintenance/Janitorial	4,000
Total	**$32,000**

Equipment and Supplies Pool

Copier	$15,000
Computer terminals (all hardware costs) (4 @ $3,000 ea)	12,000
Software (all common use software)	8,000
Telephones and communications costs	5,000
Fax machine	1,000
Supplies	4,000
Furniture	5,000
Total	**$50,000**

Salaries and Benefits Pool

Center manager (half-time position @ $60,000)	$30,000
Receptionist	22,000
Resource librarian	28,000
Intake staff (3 positions @ $31,000)	93,000
Total	**$173,000**

Cost Allocation Methodology

The partners agree that the facilities pool will be distributed on the basis of square footage occupied by each partner as compared to all square footage occupied (5,000 square feet in the table below, which includes a proportionate share of common space). This results in the following allocation:

	Square Feet	Percent	Proportionate Share of Costs
Partner 1	1,600	32	$10,240
Partner 2	1,200	24	7,680
Partner 3	1,200	24	7,680
Partner 4	1,000	20	6,400
Total	5,000	100	$32,000

The partners agree to allocate the costs of the supplies and equipment pool on the basis of participants eligible for each program as compared to the total number of participants served (2,500 participants in the tables below). Each partner uses historical data to determine the planned number that will be served. These planned numbers must be reviewed and adjusted to actual participation in order to comply with cost allocation requirements. The results of these calculations are shown in the table below.

	Number of Participants	Percent of Total Participation	Proportionate Share of Costs
Partner 1	1,000	40	$20,000
Partner 2	600	24	12,000
Partner 3	500	20	10,000
Partner 4	400	16	8,000
Total	2,500	100	$50,000

The partners agree to use the same methodology to distribute the costs of the staff salary and benefit pool. This results in the following allocation:

	Number of Participants	Percent of Total Participation	Proportionate Share of Costs
Partner 1	1,000	40	$69,200
Partner 2	600	24	41,520
Partner 3	500	20	34,600
Partner 4	400	16	27,680
Total	2,500	100	$173,000

The results of the pool allocations are summarized in the following table:

	Facilities	Equip. & Supp.	Sal. & Benefits	Totals
Partner 1	$10,240	$20,000	$69,200	$99,440
Partner 2	7,680	12,000	41,520	61,200
Partner 3	7,680	10,000	34,600	52,280
Partner 4	6,400	8,000	27,680	42,080
Total	$32,000	$50,000	$173,000	$255,000

Resource Sharing

Using allowable resource sharing methodologies, the partners have funded their share of the common costs as follows:

Resource Sharing Agreement				
Proportionate Share of Costs	**Facilities**	**Supplies**	**Salaries**	**Total**
Partner 1	$10,240	$20,000	$69,200	$99,440
Partner 2	7,680	12,000	41,520	61,200
Partner 3	7,680	10,000	34,600	52,280
Partner 4	6,400	8,000	27,680	42,080
Total	$32,000	$50,000	$173,000	$255,000
Contributions				
Partner 1	**$99,440**			
Center manager	30,000			
Resource librarian	28,000			
Copier	15,000			
Intake staff	31,000			
Cash from Partners 2, 3 & 4	(4,560)			
Partner 2	**$61,200**			
Rent	20,000			
Utilities	8,000			
Telephones	5,000			
Receptionist	22,000			
Maintenance	4,000			
Cash to Partner 1	$2,200			
Partner 3	**$52,280**			
Intake staff (1)	31,000			
Computer terminals	12,000			
Supplies	4,000			
Furniture	5,000			
Cash to Partner 1	$280			
Partner 4	**$42,080**			
Intake staff	31,000			
Software	8,000			
Fax machine	1,000			
Cash to Partner 1	2,080			

As may be seen from the examples, the partners have used a variety of payment mechanisms to fund their proportionate share of the costs, including providing equipment, payment of rent, and cash transfers. This case study is intended to show how the cost of co-located services and operating costs of a One-Stop center might be defined, allocated, and paid for by each of the participating partners.

CASE STUDY NO. 2
Common Staff Functions Using FTEs

Assumptions

1. There are five partners.
2. The partners have agreed to share the costs of providing a One-Stop center receptionist, staff to assist customers in the resource center, common intake and eligibility staff, and common case management staff.
3. All staff are employees of one or another of the partners. Each partner is responsible for the personnel, salary and benefit payments, and leave policies related to its staff.
4. All partners will benefit from and participate in the shared costs related to the center receptionist and the staff of the resource center and for the common intake and eligibility staff.
5. All but one partner will benefit from and participate in the case management services. The remaining partner does not provide case management as a core service and will therefore not participate. The remaining four partners will fund all costs related to the function.
6. The partners have agreed to use FTEs as the basis for funding the staff functions.
7. The center is open ten hours per day (Monday through Friday) and each Saturday for five hours, for a total of 55 hours per week.
8. As this is a case study, holidays and other center closures have not been accounted for in the tables.

Shared Costs Budget

As the partners have agreed to use FTEs as the basis for funding the staff positions, the budget is based on the total hours needed to staff the functions as opposed to the dollar value of salaries and benefits. The following table shows how these staff services would be contained in the budget.

Staff Function	Number of Positions	Hours per Week	Hours per Year to Staff Function
Center receptionist	1	55	2860
Resource center staff	1.5	82.5	4,290
Case managers	8	440	22,880
Intake & eligibility determination staff	4	220	11,440
Total	14.5 FTE	797.5	41,470

Cost Allocation Methodology

As the partners will share in funding the costs of the center receptionist/resource center staff, the case managers, and the intake/eligibility determination staff in different ways, they have divided the FTE hours into three pools. The first pool contains the staff resources needed for the center receptionist and the resource center. The partners have agreed to allocate the hours based on an allocation methodology of equal access to services by customers is of equal benefit to all partners. The results of this methodology are displayed in the following table:

Function	Hours	Partner 1	Partner 2	Partner 3	Partner 4	Partner 5
Receptionist	2,860	572	572	572	572	572
Resource center	4,290	858	858	858	858	858

The second pool contains the FTE hours for the case managers. These hours will be allocated among the four benefiting partners, and the partners have agreed to use the estimated number of participants eligible for services for each program as compared to the total estimated number of participants. The results of this allocation methodology are shown below.

	Number of Participants	Percent of Total	Proportionate Share of FTE Hours
Partner 1	1,500	42.9	9,815
Partner 2	900	25.7	5,880
Partner 3	450	12.8	2,929
Partner 4	650	18.6	4,256
Total	**3,500**	**100**	**22,880**

The third pool contains the FTE hours for the intake and eligibility staff. The partners have developed a common intake and eligibility determination process and utilize a computerized format. The intake form has a total of 400 bytes of information. The form contains standard information such as name and address that accounts for 100 bytes, and these are attributable to all programs. The remaining 300 bytes of information are used in different amounts by the partner programs. The partners have analyzed the data required by the format and attributed the data bytes required to determine eligibility for each of the four partner programs. They have agreed to use the percent of bytes attributable to each program as compared to the total bytes for all programs as the cost allocation methodology. The results of the allocations are displayed in the following table:

	Data Bytes Used			Percent of Total	Proportionate Share of FTE
	Common	Other	Total		
Partner 1	100	90	190	19	2,174
Partner 2	100	120	220	22	2,516
Partner 3	100	180	280	28	3,203
Partner 4	100	70	170	17	1,945
Partner 5	100	40	140	14	1,602
Total			**1,000**	**100**	**11,440**

Resource Sharing

Each of the five partners benefiting from the first pool must provide the total number of staff hours for each of the positions indicated in the cost allocation table. The staff must be from comparable personnel classifications for each of the two types of positions that were allocated. Each of the four partners benefiting from the pooled costs for case managers must also provide the total number of staff hours indicated in the cost allocation table. However, as participant numbers will change over time, the partners must also agree on how the changes in participant counts will be handled in terms of scheduling and/or adjustments to the schedule. Finally, each of the five partners must provide the total number of staff hours for the common intake and eligibility determination staff as indicated in the cost allocation table. These requirements are summarized in the following table:

Function	Hours	Partner 1	Partner 2	Partner 3	Partner 4	Partner 5
Receptionist	2,860	572	572	572	572	572
Resource center	4,290	858	858	858	858	858
Case managers	22,880	9,815	5,880	2,929	4,256	N/A
Intake & eligibility	11,440	2,174	2,516	3,203	1,945	1,602

The RSA must contain the number of hours each partner will provide for each staff function. The partners must develop and include a schedule in the RSA. Provisions for leave taken by any of the partner staff must be described in detail. These provisions should address each type of leave such as emergency, sick leave, or vacation, and how the partners will either adjust schedules or reimburse their partners if the schedule is not adhered to because of unscheduled leave. Partners must track the hours worked by their staffs, and this information should be provided during the quarterly cost reconciliation process so that adjustments to the schedule may be made as necessary.

CASE STUDY NO. 3
Electronic Data Sharing Costs

Assumptions

1. Four partners are participating in sharing the costs of electronic data systems development, data collection, and use by both partner organizations and customers.
2. The system includes the network capabilities that link the partner programs, placement of 10 Internet-access-only electronic kiosks within the community and 10 terminals placed in the resource center, and a One-Stop Web site (and its maintenance) that provides a single point of entry to the electronic program services such as computer-assisted learning, links to specific partner programs or other community resources that are offered within the One-Stop, as well as the necessary hardware and software.
3. Web site development and maintenance will be procured through an outside contractor.
4. Each partner will be responsible for providing any program-specific links and the software to support them.
5. One or another of the partners will be responsible for maintaining the IT system.
6. Partners will provide resources to support the effort as described in the RSA.

Shared Costs Budget

The partners have agreed upon the types of needed hardware and software and the costs to develop, support, and maintain the system. The following table illustrates the shared costs and their dollar values as determined by the partners. **Note:** This table contains only some of the costs associated with electronic data sharing and is used to illustrate the concepts discussed earlier in this TAG.

Cost Item	Number	Value	Total costs
Computer terminals (complete)	20	$3,500 each	$70,000
Operating system site licenses	20	1,000 each	20,000
Printers	5	600 each	3,000
High-speed Internet access and service		500 per month	6,000
Network costs (servers, cables, etc.)		25,000	25,000
Web site development and maintenance		100,000	100,000
IT maintenance (system)	0.5 staff	80,000	40,000
Software licenses (resource center) (word processing, spreadsheets, etc.)	10	400 Avg.	4,000
Software licenses (resource center) (computer-assisted learning, resume preparation, etc.)	10	1,000 Avg.	10,000
Total			**$278,000**

Cost Allocation Methodology

The partners have agreed to pool all the shared costs into a single pool and use a single methodology to distribute the costs. Displayed below are three different methods the partners might use to distribute the costs.

Method 1: The access system for the Internet or use of the system by either staff or customers requires that each person who accesses the data system key an identification code. Total usage of the system may then be determined by taking the total hours accessed and linking the identification codes to specific partner programs. The results of this methodology are displayed in the following table:

Partner	System Use (%)	Cost
Partner 1	40	$111,200
Partner 2	30	83,400
Partner 3	20	55,600
Partner 4	10	27,800
Total	100	$278,000

Method 2: The partners have agreed that the costs should be allocated using the methodology of equal access to data by both partner organizations and potential customers that is of equal benefit to each of the programs. The results of this methodology are displayed in the following table:

Partner	Equal Benefit (%)	Cost
Partner 1	25	$69,500
Partner 2	25	69,500
Partner 3	25	69,500
Partner 4	25	69,500
Total	100	$278,000

Method 3: The partners will utilize a data recognition system that allows a tally of the inquiries ("hits") to a partner program Web page, links to a partner program, or information related to a partner program. The hits will then be totaled and the costs allocated on the basis of the hits for each partner as compared to the total hits to all partner program Web pages or links. The results of this methodology are displayed in the following table:

Partner	Hits	Percent	Cost
Partner 1	5,000	25	$69,500
Partner 2	8,500	42.5	118,150
Partner 3	3,000	15	41,700
Partner 4	3,500	17.5	48,650
Total	20,000	100	$278,000

Resource Sharing

Following are three ways in which the partners might choose to fund the costs. These funding methods correspond to the three cost allocation methods described in the previous section.

Method 1:

Cost	Partner 1	Partner 2	Partner 3	Partner 4
Computer terminals (complete)		$70,000		
Operating system site licenses				$20,000
Printers				3,000
High-speed Internet access and service	$6,000			
Network costs (servers, cables, etc.)			$25,000	
Web site development and maintenance	100,000			
IT maintenance (system)			40,000	
Software licenses (resource center) (word processing, spreadsheets, etc.)				4,000
Software licenses (resource center) (computer assisted learning, resume preparation, etc.)		10,000		
Cash to/(from) partners	5,200	3,400	(9,400)	800
Total	**$111,200**	**$83,400**	**55,600**	**$27,800**

Method 2:

Cost	Partner 1	Partner 2	Partner 3	Partner 4
Computer terminals (complete)	$70,000			
Operating system site licenses			$20,000	
Printers				$3,000
High-speed Internet access and service			6,000	
Network costs (servers, cables, etc.)				25,000
Web site development and maintenance		$100,000		
IT maintenance (system)			40,000	
Software licenses (resource center) (word processing, spreadsheets, etc.)				4,000
Software licenses (resource center) (computer assisted learning, resume preparation, etc.)				10,000
Cash to/(from) partners	(500)	(30,500)	3,500	27,500
Total	**$69,500**	**$69,500**	**$69,500**	**$69,500**

Method 3:

Cost	Partner 1	Partner 2	Partner 3	Partner 4
Computer terminals (complete)			$35,000	$35,000
Operating system site licenses	$20,000			
Printers			3,000	
High-speed Internet access and service	6,000			
Network costs (servers, cables, etc.)	4,500	$20,500		
Web site development and maintenance		100,000		
IT maintenance (system)	40,000			
Software licenses (resource center) (word processing, spreadsheets, etc.)			4,000	
Software licenses (resource center) (computer assisted learning, resume preparation, etc.)				10,000
Cash to/(from) partners	(1,000)	(2,350)	(300)	3,650
Total	**$69,500**	**$118,150**	**$41,700**	**$48,650**

The payment mechanisms agreed upon by the partners must then be included in the RSA. If one of the partners provides a third-party in-kind contribution as part of its resources, the value of the in-kind contribution must be valued at the time of the donation and in accordance with the requirements outlined in 29 CFR 97.24 or 95.23. If, in the above Method 3 example, Partner 3 provided donated printers as its resource, then the value of the printers would be determined at the time the printers were donated. If the value of the donation was less than the estimated cost of the printers, then Partner 3's resources would need to be further adjusted.

CASE STUDY NO. 4
Common Services and Associated Costs

Assumptions

1. Five partner programs are providing co-located services at the One-Stop center. Three additional partner programs are not co-located at the center but provide services both on-site and through referrals.
2. The co-located partners provide common services of intake/eligibility determination, initial assessment, job search and placement assistance, and career counseling. Note that these may be designated as core or intensive services by WIA and simply as allowable services by partner agencies.
3. The partners have also agreed to share the operational costs associated with co-location at the center.
4. The costs have been estimated on the basis of historical and current expenditure patterns for similar services, and the partners have agreed to reconcile actual costs on a quarterly basis. The costs are pooled for the purpose of this case study. Each pool would be comprised of line item costs.
5. The partners have further agreed that the costs of intake/eligibility determination and initial assessment will be based on the use of FTEs, with all partner agencies providing staff to perform the services.

Shared Costs Budget

The partners have followed the steps outlined in Part I of the TAG to develop the list of shared costs:

- Facilities costs composed of rent, building janitorial and maintenance costs, security costs, and grounds upkeep costs, exclusive of the facilities costs associated with the resource center.
- Operating costs composed of utilities (heat and lights), telephone system, staff and common area furniture, and common supplies (including signage, printed brochures, unique forms) exclusive of the share of operating costs associated with the resource center.
- Resource center costs composed of staffing costs, fax and copier, subscriptions, information displays, and employment workshops, and a proportionate share of the facilities and operations costs based on the square footage of the resource center and adjacent training rooms.
- One-Stop management costs composed of (a portion of) the center director and reception/appointments staff. The center director charges a program for the other portion of the costs as a direct cost of the program.
- Information technology costs composed of Web site maintenance, common data programs (eligibility determination, assessment), hardware and software to support resource center and common staff functions, computer-based training software.
- Shared services costs composed of staff and benefit costs expressed as both FTEs and dollar amounts.

The partners have developed a proposed shared costs budget and have pooled the costs as described on the previous page. Each pool is supported by backup documentation on cost calculations. Each pool also has a description of the costs (above) and a benefit statement. The budget is displayed below.

Cost Item	Yearly Cost	Benefit
Facilities Costs	$250,000	Common location will provide easier customer access to variety of services; single point of contact for employers will lead to increased partner program performance.
Operations Costs	$125,000	Operations costs are the costs required for a common or shared facility to fully function.
Information Technology	$260,000	Common data systems will enhance ability to coordinate programs and provide common services to customers more effectively and efficiently.
Shared Services		
Intake & Eligibility Determination	6 FTE	A common system for determining eligibility will enhance staff capabilities and provide seamless delivery of services to customers.
Initial Assessment	7 FTE	Provision of initial assessment services will streamline intake, provide a more effective referral to services, and enhance staff capability to understand the full range of One-Stop services.
Job Search & Placement Assistance	$225,000	Employers and clients will receive consolidated job-related services, enhancing the job-matching process and thereby increasing program performance.
Resource Center	$160,000	A fully functional resource center will provide customers with additional tools to assist in the job search and placement process as well as information on services available within the community.
One-Stop Management	$90,000	Responsibility for managing the overall operations of the One-Stop center will provide for more efficient program operation and provide a single point of contact to the public and partner management.

Cost Allocation Methodology

The partners have agreed to use a variety of cost allocation methodologies to determine the proportionate share attributable to each partner. The methods are:

- **Occupancy.** Calculation of the dedicated space occupied and used by a partner program as a percentage of the total dedicated space occupied. The percentage calculation is applied to common space as well.
- **Position usage.** Calculation of the number of a program's FTE staff as a percentage of all One-Stop staff. The FTE is based on authorized staffing levels.
- **Equal access.** A calculation based on the total number of partners sharing equally in the costs.
- **Program participation.** A calculation based on the number of participants eligible for and receiving services from a partner program as compared to all participants. Participants eligible for more than one program will be counted once in each program for which they are eligible.
- **Eligibility.** A calculation based on the number of participants eligible for a program compared to the total number of eligible participants.
- **Weighted time distribution.** A calculation based on the number of program eligible participants receiving a service weighted by the amount of time to perform the service as determined through a time study.

Facilities Pool: $250,000 Allocation Base: Occupancy

The One-Stop center is 9,000 square feet with 5,000 square feet of dedicated space, 2,500 square feet of common space, and an additional 1,500 square feet associated with the resource center. The proportionate share of the resource center facilities costs are included in the Resource Center Pool and are not included in the Facilities Pool.

	Square Footage	Common Area	Percent	Costs
Partner 1	2,500		50	$125,000
Partner 2	500		10	25,000
Partner 3	1,050		21	52,500
Partner 4	600		12	30,000
Partner 5	350		7	17,500
Total	5,000	2,500	100	$250,000

Operating Costs Pool: $125,000 Allocation Base: Position Usage

The pool does not include a proportionate amount of the operating costs attributable to the resource center, as those costs are included in the Resource Center Pool.

	Positions	Percent	Costs
Partner 1	10	40	$50,000
Partner 2	2	8	10,000
Partner 3	6	24	30,000
Partner 4	4	16	20,000
Partner 5	3	12	15,000
Total	25	100	$125,000

Resource Center Pool: $160,000 Allocation Base: Equal Access

This pool also includes the costs associated with 1,500 square feet of space used for the resource center and adjacent training rooms.

	Percent	Costs
Partner 1	12.5	$20,000
Partner 2	12.5	20,000
Partner 3	12.5	20,000
Partner 4	12.5	20,000
Partner 5	12.5	20,000
Partner 6	12.5	20,000
Partner 7	12.5	20,000
Partner 8	12.5	20,000
Total	100	$160,000

One-Stop Management Costs: $90,000 Allocation Base: Position Usage

	Positions (FTEs)	Percent	Costs
Partner 1	10	40	$36,000
Partner 2	2	8	7,200
Partner 3	6	24	21,600
Partner 4	4	16	14,400
Partner 5	3	12	10,800
Total	25	100	$90,000

Information Technology Pool: $260,000 Allocation Base: Position Usage

	Positions (FTEs)	Percent	Costs
Partner 1	10	40	$104,000
Partner 2	2	8	20,800
Partner 3	6	24	62,400
Partner 4	4	16	41,600
Partner 5	3	12	31,200
Total	25	100	$260,000

Intake and Eligibility Determination Pool: 6 FTE Allocation Base: Eligibility

The six FTEs are based on a 40-hour week and 52 weeks a year for a total of 12,480 hours needed to staff the function. This does not necessarily equate to the number of hours of center operation. Percents have been rounded to the nearest number for presentation purposes. The total hours have been calculated on the exact percentage attributable to each partner.

	No. Participants	Percent	Hours
Partner 1	300	41	5,073
Partner 2	38	5	643
Partner 3	180	24	3,044
Partner 4	130	18	2,198
Partner 5	90	12	1,522
Total	738	100	12,480

Initial Assessment Pool: 7 FTE Allocation Base: Weighted Time Distribution

The seven FTEs are based on a 40-hour week and 52 weeks a year for a total of 14,560 hours needed to staff the function. This does not necessarily equate to the number of hours of center operation. Percents have been rounded to the nearest tenth.

	No. Eligible	Weight	Total	Percent	Hours
Partner 1	300	1	300	37	5,346
Partner 2	38	1.5	57	7	1,016
Partner 3	180	.8	144	18	2,566
Partner 4	130	1.6	208	25	3,707
Partner 5	90	1.2	108	13	1,925
Total	738		817	100	14,560

Job Search and Placement Pool: $225,000 Allocation Base: Program Participation

Percents have been rounded to the nearest tenth. Costs have been rounded to the nearest dollar. Totals may not add due to rounding.

	No. Participating	Percent	Costs
Partner 1	150	36.1	$81,325
Partner 2	25	6	13,554
Partner 3	115	27.7	62,349
Partner 4	80	19.2	43,374
Partner 5	45	10.8	24,398
Total	415	100	$225,000

Summary Table of Shared Costs

Pool	Partner 1	Partner 2	Partner 3	Partner 4	Partner 5	Partner 6	Partner 7	Partner 8
Facilities	$125,000	$25,000	$52,500	$30,000	$17,500			
Operating Costs	50,000	10,000	30,000	20,000	15,000			
Resource Center	20,000	20,000	20,000	20,000	20,000	$20,000	$20,000	$20,000
One-Stop Management	36,000	7,200	21,600	14,440	10,800			
Information Technology	104,000	20,800	62,400	41,600	31,200			
Job Search & Placement	81,325	13,554	62,349	43,374	24,398			
Total	$416,325	$96,554	$248,849	$169,374	$118,898	$20,000	$20,000	$20,000

Summary Table of Shared FTEs

Pool	Partner 1	Partner 2	Partner 3	Partner 4	Partner 5
Eligibility Determination	5,073	643	3,044	2,198	1,522
Initial Assessment	5,346	1,016	2,566	3,707	1,925

Resource Sharing Methodology

The five partners have agreed to fund the shared costs through the provision of staff time (FTEs) and goods/services.

FTE Resources. Each of the five partners benefiting from the Intake and Initial Assessment Pools must provide the total number of staff hours for each of the positions indicated in the cost allocation table. The staff must be from comparable personnel classifications for each of the two types of positions that were allocated using FTEs. The partners will develop a schedule for the hours, including provisions for scheduled and emergency leave and hours of operation. The following table displays the required staff hours for each partner program:

Pool	Partner 1	Partner 2	Partner 3	Partner 4	Partner 5
Intake/Eligibility Determination	5,073	643	3,044	2,198	1,522
Initial Assessment	5,346	1,016	2,566	3,707	1,925

Goods/Services Resources. To fund the six cost pools, the partners have agreed upon the following provision of goods and services. Each partner will provide resources, and the partners will review the actual costs on a quarterly basis. Adjustments to the following quarter resources will be made as appropriate. Note that the pools have been summarized for this case study. The table below shows the total for each pool that the partners have agreed to provide. Each total is composed of individual line item costs that must be identified and tracked by the partner programs.

Pool	Partner 1	Partner 2	Partner 3	Partner 4	Partner 5	Partner 6	Partner 7	Partner 8
Facilities	$180,000			$70,000				
Operating Costs	80,000		$27,000			$18,000		
Resource Center	16,000		40,000	28,000	$56,000			$20,000
One-Stop Management		$90,000						
Information Technology			197,900	35,000		2,100	$25,000	
Job Search & Placement	136,000			27,000	62,000			
Cash to/(from) Partners	4,325	6,554	(16,051)	9,374	898	(100)	(5000)	
Total	$416,325	$96,554	$248,849	$169,374	$118,898	$20,000	$20,000	$20,000