



Montgomery County Workforce Investment Board

Policy: PROGRAM INCOME and FEE FOR SERVICE

Effective Date: July 1, 2013

Policy Number: 2012-24

SUBJECT: Program Income and Fee for Service

PURPOSE: To provide guidance for delivering fee-based services through the One Stop system.

REFERENCES: WIA Section 195(7); 20 CFR, Part 667, Section 667.200(a)(5)(6)(7) (WIA Final Regulations); 29 CFR, Part 95, Section 95.24 (Uniform Administrative Requirements, Non-Profit Organizations including Hospitals and Post-secondary Institutions, also Commercial Organizations); 29 CFR, Part 97, Section 97.25 (Uniform Administrative Requirements, State and Local Governments).

WIA Section 195 specifically states that the One Stop:

- May charge for intensive and/or training services for non-WIA eligible individuals
- May not charge an individual a fee for placement or referral in or to a WIA activity
- May charge employers for specialized services for incumbent workers; WIA Section 195[14] indicates that services, facilities, or equipment funded under Title I may be used on a fee for service basis by employers to provide employment and training activities to incumbent workers when they are not in use for eligible participants. The provision of fee for services must not have an adverse effect on services to eligible participants. Serving the eligible population comes before fee-based services for incumbent workers.

BACKGROUND AND DEFINITIONS: Diversifying and expanding resources through fee-based services is an acceptable and practical way to enhance the array of services offered through the One Stop system. Various U.S. Code provisions, OMB circulars, and government bulletins encourage charging fees as a way to diversify and increase system resources. The primary motivation is to:

- offer specialized services,
- serve more customers, and
- enhance service levels in the face of declining federal dollars.

A critical element in the development of a fee for service program is to identify those services that are provided at no charge and to identify additional services that can be provided on a fee for service basis. Fee-based services must be clearly identified as how they differ from those provided at no cost to the customer. The free services and fee for services can be packaged into one proposal meeting customer needs. Fee for service examples might include:

- offering specialized job fairs for employers (these could include job fairs for specific companies or groups of employers or special recruitment efforts for a targeted job classification);
- providing additional services (i.e., services above and beyond those normally provided via local, state and federal dislocated worker funds) to employers related to corporate downsizing and outplacement;
- providing customized applicant screening and testing;

- offering consulting services to public agencies, such as how to work with the private sector; and
- providing pre-employment skills training for new workers.

The U. S. Department of Labor is concerned that One Stop Centers do not charge for core services that are paid for with federal dollars. One Stop Centers must follow program income rules, track revenue and expense, and report accordingly. Workforce Investment Boards are responsible for the integrity of fee for service programs through local business plan approval. One Stop Centers may serve as a “one-stop shop” for customers by offering a comprehensive menu of no-charge services combined with fee for service enhancements

The program income shall be used for the purposes and conditions specified in the grant and/or the One Stop Operator Agreement.

Definitions

- Fee for Service – Amount charged to a customer for specialized services or goods.
 - Dollars received before costs.
- Program Income – Net revenue received from a fee-based activity.
 - Remaining dollars after costs.

See **Attachment A** for further definitions.

ACTION REQUIRED: Within 15 days of the receipt of this policy it is the recipient's responsibility to ensure all staff are informed of the policy and to create an internal process to ensure accountability.

EFFECTIVE DATE: July 1, 2013

POLICY: Income under any program administered by a public or private non-profit entity may be retained by such entity only if the program income is used for the purposes and under the conditions of the grant agreement for which it was received.

Requirements

- The business plan of the contractor or One-Stop operator agreement will define which fee-based services will be offered under the MontgomeryWorks name. The plan will explain how fee-based services will be marketed and how conflict of interest will be avoided.
- The business plan will also define what fee-based services will be offered under the partner's name outside the One Stop system. One Stop partners cannot individually offer fee-based services that duplicate One Stop services offered at no charge to the general public.
- WIA Section 195[14] indicates that services, facilities, or equipment funded under Title I may be used on a fee for service basis by employers to provide employment and training activities to incumbent workers when they are not in use for eligible participants. The provision of fee for services must not have an adverse effect on services to eligible participants. Serving the eligible population comes before fee-based services for incumbent workers.
- Fee-based services may vary with locations depending upon the local market conditions. Fees may be charged for services and consumable supplies used in connection with the

fee-based service. When calculating fee-based services, the fee may include provisions for revenue in excess of cost.

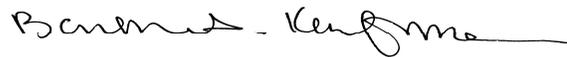
- Income from fee-based services must be defined as program income to the applicable funding source receiving the benefit and treated consistent with OMB circulars. If multiple funding sources from partners are used to develop fee-for-services, distribution and use of program income must be detailed in a Memorandum of Understanding. Providers of fee-based services must identify state-funded monies versus federal funded monies generating program income.
- Fee-based services should be treated as a fund and assigned a project code/number. Any staff time charges associated with the particular fee-based service and any direct non-personal services costs are to be captured as costs against said income.
- Each entity receiving WIA funds must maintain records sufficient to determine the amount of such income received and the purposes for which such income is expended.
- When planning and approving fee-based services, service providers, partners and the One Stop operator are cautioned that such services might not yield revenue in excess of cost. Potential losses must be covered by either an allowable charge to a program or with unrestricted funds. The business plan or One-Stop operator agreement will address the possibility of what recourse will be taken should a loss occur in a fee-based service environment. In no case will fee based service losses be covered with WIA funds.
- WIA Section 195[5] states: "no person or organization may charge an individual fee for the placement or referral of the individual in or to a workforce investment activity under this Title."

See **Attachment B** for core services.

Approved:

June 26, 2013

Date of Board Approval



Barbara Kaufmann, WIB Director

Attachment A: Program Income

Definition

Program income means gross income received by the grantee or sub-grantee directly generated by a grant-supported activity, or income earned as a result of the grant agreement during the grant period. The grant period is time between the effective date of the award and the ending date of the award reflected in the final financial report. If authorized by federal regulations or the grant agreement, costs incidental to the generation of program income may be deducted from gross income to determine program income.

Program Income Examples

Program income includes revenue from fees for services performed, from the use or rental of real or personal property acquired with grant funds, and from the sale of commodities or items fabricated under a grant agreement.

Program Income Exclusions

Except as otherwise provided in regulations of the federal agency, program income does not include interest on grant funds, rebates, credits, discounts, refunds, etc. and interest earned on any of them. Taxes, special assessments, levies, fines, and other such revenues raised by a grantee or sub-grantee are not program income unless the revenues are specifically identified in the grant agreement or federal agency regulations as program income. Interest income earned on funds received under WIA Title I must be included in program income [20 CFR, Part 667, Section 667.200(a)(7).]

Other Income/Proceed Amounts

Income from royalties and license fees for copyrighted materials, patents, and inventions developed by a grantee or sub-grantee is program income only if the revenues are specifically identified in the grant agreement or Federal agency regulations as program income. Proceeds from the sale of real property or equipment will be handled in accordance with the requirements under the applicable regulations.

Using Program Income

There are three methods for using program income: deduction, addition, and cost sharing [matching].

Deduction Method – Unless the federal awarding agency in its regulations or the grant agreement specifies otherwise, the deduction method is to be used. With the deduction method, program income is to be deducted from total allowable costs to determine the net allowable costs. Program income is to be used for current costs unless authorized otherwise. Program income not anticipated at the time of an award is to be used to reduce the federal and non-federal contributions rather than to increase the funds committed to the project.

Addition Method – The addition method is only to be used when authorized. Any program income generated may be added to the federal and non-federal fund committed under the grant agreement. The program income shall be used for the purposes and under the conditions of the grant agreement. An example of a grant that requires use of this method is WIA Title I as stipulated in 20 CFR, Part 667, Section 667.200(5). Any excess program income from using this method is to be deducted from outlays. However, WIA regulations further stipulate at Section

195(7) that a public or private non-profit entity can only retain income if it will continue to be used to carry out the program.

Cost Sharing [Matching] Method – When authorized, program income may be used to meet the cost sharing or matching requirement of the grant agreement. The amount of the federal grant award remains the same. Even if the cost sharing or matching method is used, excess program income is also to be deducted from outlays. Again, WIA regulations further stipulate at Section 195(7) that a public or private non-profit entity can only retain income if it will be used to carry out the program.

Attachment B: CORE ONE-STOP SERVICES

These services must be available universally at no charge through the Montgomery Works One Stop system.

Eligibility Determination

Obtain all information necessary to determine if an individual is eligible for any partner program, including information necessary to determine priority ranking, if any. Also, make the actual determination of eligibility and referral to the appropriate partner or service provider.

Outreach and Intake

Market the services of the One-Stop system. Inform customers about the services available through all the partners at the One-Stop Center and other service sites. Conduct orientation sessions regarding the services of the One-Stop system. Provide worker profiling to determine appropriateness for any partner services. Register clients for any publicly funded services.

Initial Assessment

Interview to obtain information about work history, skills, supportive service needs, and education levels.

Job Search and Placement

Offer internet access for job seekers to any internet-based job information or matching services. Refer clients to employers.

Employment Statistics

Provide non-customized labor market information, i.e. "Off the shelf" data that requires no additional calculations or analysis regarding job openings in the area, skills required for jobs in the area, occupations in demand and earnings for such occupations.

Training Provider Information

Offer access to the eligible training provider list or consumer report. Provide orientation for consumers and providers in use of the report. Provide performance information regarding eligible youth providers, vocational rehabilitation services, adult basic education and post-secondary education, and any provider under Carl Perkins funding.

One-Stop Performance

Provide information concerning the partner's individual program performance and the One Stop Center's performance on system measures.

Supportive Service Information

Provide information and assistance regarding child-care, transportation, financial aid for education, and offer referral to other supportive services in the community.

Unemployment Insurance

Provide information and assistance in filing for unemployment insurance. Provide information on tax and UI requirements for employers.

Follow-up Services

Review all services provided as part of a twelve-month follow-up for WIA Title I-B participants.