

South Central Workforce Development Board (SCWDB)



POLICY: PROGRAM INCOME AND FEE FOR SERVICE POLICY

EFFECTIVE DATE: JULY 1, 2018

POLICY NUMBER: 2018-28

SUBJECT: PROGRAM INCOME AND FEE FOR SERVICE

PURPOSE:

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

EFFECTIVE DATE: July 1, 2018

ACTION REQUIRED:

Within 15 days of the receipt of this policy it is the recipient's (e.g., vendors, partners) responsibility to ensure all staff are informed of the policy and to create an internal process to ensure accountability.

BACKGROUND AND DEFINITIONS:

WIOA also allows customized employer-related services to be provided on a fee-for-service basis. The joint regulations at 20 CFR 678.440, 34 CFR 361.440, and 34 CFR 463.440 clarify that there is no requirement that a fee-for-service be charged to employers, but there is no prohibition against doing so either. However, no fee may be charged for the career services that must be made available to local employers. The Local WDBs, however, should examine available resources and assets to determine an appropriate cost structure for those services for which it is permissible to charge a fee-for-service. Any fees earned for these services are program income, and the one-stop partners must expend the program income in accordance with the partner program's authorizing statute, implementing regulations, and federal cost principles in the Uniform Guidance.

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 basic career services that are paid for with federal dollars. One Stop Centers must follow program income rules, track revenue and expense, and report accordingly. Workforce Development 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.

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 contracts of vendors operating program and services and the One-Stop operator agreement will define which fee-based services will be offered under the SCWDB name. The plan will explain how fee-based services will be marketed and how conflict of interest will be avoided.
- The contract and agreement 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.
- 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 by the vendor and reported as such to the SCWDB. 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 WIOA 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.
- An individual fee may not be charged for the placement or referral of the individual in or to a workforce investment activity.

REFERENCES:

- **TRAINING AND EMPLOYMENT GUIDANCE LETTER WIOA NO. 3-15 OPERATING GUIDANCE for the WORKFORCE INNOVATION AND OPPORTUNITY ACT** (referred to as WIOA or the Opportunity Act) July 1, 2015
- Joint regulations at 20 CFR 678.440, 34 CFR 361.440, and 34 CFR 463.440
- 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).
- 2 CFR § 200.307 - PROGRAM INCOME SUBTITLE A - OFFICE OF MANAGEMENT AND BUDGET GUIDANCE FOR GRANTS AND AGREEMENTS CHAPTER II
- 20 CFR 683.200

See **Attachment B** which lists the **WIOA basic career** services. These are services for which a fee for service may not be charged.

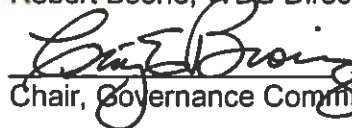
Approved:

1-11-19
Date of WDB Approval

12-19-18
Date of Governance
Committee Approval

Signed by:


Robert Boone, WDB Director


Chair, Governance Committee

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 WIOA Title I must be included in program income. Any agency that receives an advance to run a program and any interest earned on the advance is also treated as a program income.

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.

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.

Attachment B: WIOA BASIC CAREER SERVICES

These services must be available at no charge through the Kentucky Career Center and One Stop system.

Basic Career Services for Job Seekers and Workers

- Initial assessment of skill levels (including literacy, numeracy, and English language proficiency, educational levels), aptitudes, abilities (including skills gaps), self-reflection (including social/emotional skills), and supportive service needs (includes a “go to” person for basic needs resources)
- Labor exchange services, including job search and placement assistance, career counseling, provision of information on in-demand industry sectors and occupations, provision of information on nontraditional employment
- Workforce and labor market employment statistics information, including accurate information relating to local, regional, and national labor market areas, including job vacancy listings in labor market areas; information on job skills necessary to obtain the jobs; and information relating to local occupations in demand and the earnings, skill requirements, and opportunities for advancement for such occupations
- Information, in formats that are usable by & understandable to one-stop customers, relating to the availability of supportive services or assistance, including child care, child support, medical or child health assistance benefits under the supplemental nutrition assistance program, assistance through the earned income tax credit, assistance under State program for temporary assistance for needy families, and other supportive services and transportation provided through funds made available in the local area
- Outreach, intake and orientation to the information and other services available through the one-stop delivery system
- Appropriate recruitment and other business services on behalf of employers, including small employers, which may include providing information and referral to specialized business services not traditionally offered through the one-stop delivery system
- Performance information and program cost information on eligible providers of training services and eligible providers of youth workforce investment activities, providers of adult education, providers of career and technical education activities at the postsecondary level, and career and technical education activities available to school dropouts, and providers of vocational rehabilitation
- Provision of information and assistance regarding filing claims for unemployment compensation
- Eligibility determination
- Referrals to and coordination of activities with other programs and services, including programs and services within the one-stop delivery system and other workforce development programs
- Information, in formats that are usable by and understandable to one-stop center customers, regarding how the local area is performing on the local performance accountability measures and any additional performance information with respect to the one-stop delivery system in the local area
- Assistance in establishing eligibility for programs of financial aid assistance for education and training programs