

## TEXAS WORKFORCE COMMISSION LETTER

**ID/No:** WD 53-05

**Date:** September 15, 2005

**Keyword:** Fiscal Admin

**To:** Local Workforce Development Board Executive Directors  
Commission Executive Staff  
Integrated Service Area Managers

**Through:** Luis M. Macias, Director, Workforce Development Division

**From:** Randy Townsend, Chief Financial Officer

**Subject:** Use Fees for Texas Workforce Commission Buildings

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### **PURPOSE:**

To notify Local Workforce Development Boards (Boards) identified in Attachment 1 to this WD Letter that the Texas Workforce Commission (Commission) will begin assessing building use fees to Boards that occupy space in Commission buildings, effective **October 1, 2005**.

### **REFERENCE:**

U.S. Department of Labor Training and Employment Guidance Letter No. 7-04, issued October 20, 2004, and entitled "Issues Related to Real Property Used for ETA Program Purposes"

### **FLEXIBILITY RATINGS:**

**No Local Flexibility (NLF):** This rating indicates that Boards must comply with the federal and state laws, rules, policies, and required procedures set forth in this WD Letter and have no local flexibility in determining whether and/or how to comply. Federal and state laws, rules, policies, and required procedures with a "No Local Flexibility" rating are indicated by the acronym, **NLF**, in the margin to the right of the applicable paragraph. Additionally, all information with a "No Local Flexibility" rating is indicated by "must" or "shall."

Failure to comply with the federal and state laws, rules, policies, and required procedures with a "No Local Flexibility" rating may result in corrective action, up to and including sanction and penalty.

**Local Flexibility (LF):** This rating indicates that Boards have local flexibility in determining whether and/or how to implement guidance or recommended practices set forth in this WD Letter. All guidance or recommended practices with a "Local Flexibility" rating are indicated by the acronym, **LF**, located in the margin to the right of the applicable paragraph. Additionally, guidance or recommended practices with a "Local Flexibility" rating are indicated by "may" or "recommend."

Boards are not subject to corrective action for failure to comply with guidance or recommended practices with a "Local Flexibility" rating.

**BACKGROUND:**

On October 20, 2004, the U.S. Department of Labor Employment and Training Administration (DOLETA) issued Training and Employment Guidance Letter (TEGL) No. 7-04, which is available on its Web site at:

[http://wdr.doleta.gov/directives/corr\\_doc.cfm?DOCN=1611](http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=1611).

TEGL 7-04 concerns the accounting of real property acquired either in whole or in part with grant funds provided to a state agency that administers Wagner-Peyser and/or Unemployment Insurance programs (State Workforce Agency or SWA) for those programs. According to Section 10 of TEGL 7-04, it is not appropriate for the Commission, an SWA, to make these buildings available for Board use on a cost-free basis. Therefore, the Commission will enter into a contract with each Board for Commission-owned or lease-purchased buildings used in the One-Stop service delivery system. Effective October 1, 2005, the Commission will begin invoicing Boards to charge "building use fees" for the buildings.

Building use fees will be 2 percent of the capitalized cost of the portion of the building that the Board occupies based on full time equivalents (FTEs). For those Boards that occupy space in a building that the Commission is acquiring through a lease-purchase agreement, the Commission will also assess a proportionate amount of interest. Capitalized cost means the original cost of the building and any capital improvements. The FTE basis the Commission will use when determining the portion of the space the Board occupies includes Board staff, Board contractor staff, and state Veterans' Employment and Training Services (VETS) staff who occupy the building. State Employment Services (ES) staff assigned to the Board are not included in the calculation.

Example: If the Board occupies a \$500,000 building with 97 staff, the monthly building use fee would be \$833.33 per month ( $\$500,000 \times 2\% / 12$  months). If 3 state ES staff also occupy part of the space, the amount charged to the Board would be proportionate to its share of the space (97 percent) at \$808.33 ( $\$833.33 \times 97 / 100$ ). If the building is a lease purchase building, the proportionate amount of the interest due as part of the lease purchase agreement will be added to this fee.\*

\* Only two Boards occupy space in buildings the Commission is purchasing under a lease-purchase agreement as indicated in Attachment 1 to this WD Letter.

Boards will continue to be responsible for contracted facilities administration services that exist in Resource Administration Grants (RAGs), and ES and VETS contracts.

**PROCEDURES:**

**Beginning October 1, 2005**, Boards that occupy space in Commission buildings must pay quarterly building use fees by the payment due date of invoices received from the Commission. The payment due dates for the quarterly invoices are shown in the following table:

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Approximate Invoice Date	Period Covered by Quarterly Invoice	Payment Due Date
October 1, 2005	October 1, 2005 - December 31, 2005	October 15, 2005
December 15, 2005	January 1, 2006 - March 31, 2006	January 15, 2006
March 15, 2006	April 1, 2006 - June 30, 2006	April 15, 2006
June 15, 2006	July 1, 2006 - September 30, 2006	July 15, 2006

Boards must allocate building use fees to benefiting programs in accordance with applicable cost principles. The fees are allowable costs of Boards' available program funds. Building use fees allocated to VETS programs are allowable under Boards' VETS operating grants.

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Boards must not use Wagner-Peyser Act (ES) funds to pay the building use fees. Under the Texas Model, the Commission accounted for these FTEs in the TWC portion of the building cost.

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Boards must continue to conform to the terms, conditions and responsibilities of RAGS, and ES and VETS contracts for facilities where Commission employees are co-located with Board or service provider employees.

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Since use fees are charged on a per-capita basis, the Board must notify the Commission of any planned staff occupancy changes equal to or greater than ten (10) percent of current occupancy, at least thirty (30) days before the effective date of such change.

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**ACTIONS REQUIRED:**

Boards must ensure that appropriate staff is apprised of and complies with the requirements in this WD Letter.

**INQUIRIES:**

Direct inquiries regarding this WD Letter to Kimberly R. Emmerich, Director of Financial Operations, at (512) 936-3054 or [Fiscal.TA@twc.state.tx.us](mailto:Fiscal.TA@twc.state.tx.us).

**ATTACHMENT:**

Attachment 1: FY 2006 Building Use Fee Amounts by LWDA

Rescissions: None	Expiration: Continuing
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