



Housing & Community  
Services Department  
C O U N T Y O F O R A N G E

August 5, 2004

**To:** Workforce Investment Act (WIA) Contractors of the Orange County  
Workforce Investment Area

**From:** Andrew Munoz   
Special Programs Administrator/  
Workforce Investment Board  
Executive Director

**Subject:** Employee Payouts – Upon termination or layoff  
Workforce Investment Act  
Information Notice No.: OCWDA- 03-19

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**PURPOSE:**

The purpose of this policy is to provide guidance to WIA Contractors and their Subcontractors regarding how employee payouts are handled upon termination of employment.

**BACKGROUND:**

It is anticipated that Contractors will have employees that end their employment for various reasons throughout the duration of the contract. Employees with benefits may have accrued vacation, sick or leave time that need to be paid upon the employee's termination. During their employment, individuals may have worked in several different capacities for the contractor while being paid by various funding streams.

The intent of the WIA Final Rule, Title 20 CFR is to ensure that WIA funding streams only pay for WIA-related and accrued benefits. WIA Section 667 provides fiscal and administrative guidance for the administration of WIA programs.

**EFFECTIVE DATE:** Immediately

**REFERENCES:**

- Title 20 Code of Federal Regulations (CFR), WIA Final Rule, Section 667
- Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions
- OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments
- OMB Circular A-122, Cost Principles for Non-Profit Organizations



- One-Stop Comprehensive Financial Management Technical Assistance Guide (Department of Labor – July 2002)
- WIA Directive WIAD03-10, Subject: Allowable Costs (April 9, 2004)
- Orange County Workforce Investment Board Information Notice No.: OCWDA-18, Subject: Allowable Costs (April 19, 2004)

**POLICY AND PROCEDURES:**

When initiating employee benefit payouts, Contractors shall:

1. Ensure payouts are reasonable and necessary;
2. Calculate and charge the payouts based on the funding streams under which the employee was paid throughout the duration of their WIA employment to the extent possible.
3. Provide for anticipated employee payouts in the contract budget using reasonable and sound fiscal budgeting principles; and
4. Immediately communicate with the County Contracts Administrator upon knowledge of employee payouts that exceed anticipated budgeted line items.
  - a. The County reserves the right to ensure employee payouts do not adversely affect the overall performance of the contract.
  - b. The County reserves the right to modify the contract only when it is deemed to be in the best interest of the County.
  - c. The County reserves the right to modify the contract to include such funding streams as is deemed to be in the best interest of the County in order to ensure the employee payouts are reasonable and appropriate.

**ACTION:**

Notify appropriate staff and implement policy.

**ATTACHMENT(S):**

None.