

**ILLINOIS DEPARTMENT OF COMMERCE & ECONOMIC OPPORTUNITY
PROGRAM YEAR 2015 and 2016 WORKFORCE INNOVATION & OPPORTUNITY ACT
GRANT ACCOUNTABILITY & TRANSPARENCY ACT - LIMITED EXCEPTION**

BACKGROUND

The goal of the *Grant Accountability and Transparency Act (GATA)*, 30 ILCS 708/1 *et seq.*, is to increase accountability and transparency in the use of grant funds while reducing the administrative burden on both State agencies and grantees through adoption of the federal grant guidance and regulations codified at 2 CFR Part 200 (Uniform Requirements). The purpose of GATA is to provide for the development of a coordinated, non-redundant process for the provision of effective and efficient oversight of the selection and monitoring of grant recipients, ensuring quality programs, limiting fraud, waste and abuse, and defining the purpose, scope, applicability and responsibilities in the life cycle of a grant.

UNIFORM GRANT PROCEDURES

The Illinois Department of Commerce and Economic Opportunity is working to integrate the uniform GATA procedures, documents and systems into the grant-making workflow. Once fully-implemented, the uniformity in grant processes across State agencies will result in decreased administrative burden for both grant-making agencies and the provider community.

IMPLEMENTATION TIMELINE & WIOA EXCEPTION

The GATA requirements have been developed and will generally be effective for grants that are established after July 1, 2017. The Governor's Office of Management and Budget (GOMB) has approved a number of exceptions to the Illinois Department of Commerce regarding the processing of the Program Year 2014, 2015 and 2016 WIOA grant funds, including allowing the Department of Commerce to use the current grant agreement for these grants. This exception was approved because the Department addresses the requirements of the Uniform Guidance (2 CFR 200) in the current grant agreement. The exception allows more time to integrate the GATA procedures and standard documents into the grant processing and administration of the federal Workforce Innovation and Opportunity Act that is heavily regulated and complex.

Indirect Cost Rate/Cost Allocation Plans

In general, under GATA, grantees are permitted to receive reimbursement for indirect costs, unless prohibited by other federal or State statutes, rules or regulations. Grantees will not be reimbursed for indirect costs without an approved indirect cost rate--either a federally approved rate, State approved rate, or the 10% de minimis rate. The Department has received a **limited** exception to the indirect cost rate requirement from GOMB as follows:

- The Office of Employment and Training (OET) consulted with the US Department of Labor (DOL), Region V Fiscal Manager to address the indirect cost rate issue when Program Year 2015 WIOA grants were established. The OET has confirmed that Program Year 2015 and 2016 grantees that do not have an approved federally recognized indirect cost rate negotiated between the grantee and the federal government, may continue to use its current cost allocation methodology, provided the cost allocation plan is reviewed and approved by the Department of Commerce.
- **Limitations:** The exception granted for Workforce Innovation and Opportunity Act funds is strictly limited. If a grantee also receives funds from another State of Illinois agency, the grantee will be required to follow all GATA procedures including the indirect cost rate rules for the other grant(s) because the cost allocation plan will only apply to WIOA PY15 and PY16 awards.

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- Regarding grantees that choose to negotiate an indirect cost rate with the State, the State of Illinois Centralized Indirect Cost Unit is completing the procurement process for the vendor that will negotiate and approve indirect cost rates for the State. It is anticipated that it will take time to establish the indirect cost rate proposal training and procedures. All qualified applicants must submit their initial Indirect Cost Rate Proposal within 3 months after the effective date of the award.
- To summarize, the Program Year 2015 and 2016 WIOA grantees must choose one of the following options regarding indirect costs:
 1. Do not request reimbursement of indirect costs.
 2. Use an approved federally recognized indirect cost rate negotiated between the grantee and the federal government.
 3. Use a cost allocation plan that is submitted to, and approved by, the Department of Commerce (expressly limited to the WIOA Program Year 2015 and/or 2016 grants).
 4. Use the indirect cost rate that is negotiated with the State of Illinois (once the vendor has been selected and the procedures are established).
 5. Use the de minimis rate of 10% of the modified total direct costs. (This option is available only if the grantee has never received an approved federal or State indirect cost rate and does not receive more than \$35 million in direct federal funding. The de minimis rate calculation also must be approved by the State's indirect cost unit vendor.)

Grant Agreement

The limited GATA exception allows the Illinois Department of Commerce to use the Grant Agreement template that was used in Program Year 2015 for the WIOA Program Year 2016 grants. It is anticipated that any grants issued after 7/1/16 will be required to use the Standard Grant Agreement or Intergovernmental Agreement that are approved by the GOMB.

Reporting

All Grantees will be required to report on the fiscal and programmatic activity of the grant using the standard DGR forms. These reports are in addition to the activity that is reported in the Grant Reporting System and Illinois Workforce Development System. As GATA evolves, these requirements and reports will likely change.