ALABAMA WORKFORCE INVESTMENT SYSTEM

Alabama Department of Commerce
Workforce Development Division
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GOVERNOR'S WORKFORCE INNOVATION DIRECTIVE NO. PY2015-10, Change 04

SUBJECT: One-Stop Career Center Infrastructure Funding Agreement (IFA)

1. Purpose. This transmits the State's policy regarding funding of the infrastructure costs of the One-Stop Career Centers (Alabama's Career Center System).

2. Discussion. The Workforce Innovation and Opportunity Act (WIOA) Section 121(c)(1) requires the Local Board, with the agreement of the Chief Elected Official (CEO), to develop and enter into a Memorandum of Understanding (MOU) between the Local Board and the One-Stop Partners, consistent with WIOA Section 121(c)(2) concerning the operation of the One-Stop delivery system in a local area. This requirement is further described in the Workforce Innovation and Opportunity Act; Joint Rule for Unified and Combined State Plans, Performance Accountability, and the One-Stop System Joint Provisions: Final Rule at 20 CFR 678.500, 34 CFR 361.500, and 34 CFR 463.500, and in Federal guidance.

Additionally, the sharing and allocation of infrastructure costs among One-Stop partners is governed by WIOA Section 121(h), its Implementing Regulations, and the *Federal Cost Principles contained in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* at 2 CFR part 200. The Infrastructure Funding Agreement (IFA) is the document used to formalize the required infrastructure cost sharing of One-Stop Career Center infrastructure costs.

Infrastructure Costs are defined as: Non-personnel costs that are necessary for the general operation of each comprehensive One-Stop Career Center, including: rental of the facilities, utilities and maintenance, equipment (including assessment-related products and assistive technology for individuals with disabilities), technology to facilitate access to the One-Stop Career Center (including technology used for the center's planning and outreach activities), and common identifier costs if decided on by the Local Board and One-Stop Career Center partners (WIOA Joint Final Rule Section 20 CFR 678.700).

Local Workforce Development Boards and/or appropriate agency staff must first determine whether a One-Stop Career Center partner is receiving benefit(s) from the One-Stop Career Center System. If benefit(s) is being received, the One-Stop Career Center partner's proportionate share of infrastructure costs must be calculated in accordance with the *Uniform Guidance* and based on a reasonable cost allocation methodology, whereby infrastructure costs are charged to each partner in proportion to their use of the One-Stop Career Center(s). All costs must be allowable, reasonable, necessary, and allocable (WIOA Joint Final Rule Section 20 CFR 678.715).

Partners who are physically colocated in the One-Stop Career Center(s) (full-time or part-time) are considered to receive a direct benefit that is allocable; therefore, they must contribute their proportionate share towards infrastructure costs. Partners, who are not physically colocated in the One-Stop Career Center, may also be receiving benefit(s) from the One-Stop Career Center System. However, that benefit still has to be clearly allocable by way of reliable data and a cost methodology that demonstrates the partner's usage of and benefit(s) from the Center and its services.

Currently, there isn't a statewide data tracking system that can provide accurate and reliable data for allocating the benefit(s) received by non-colocated partners, such as the number of referrals to and from the One-Stop Career Center and/or usage of One-Stop Career Center based services and usage of the One-Stop Career Centers. ***In order to remain in compliance with Uniform Guidance cost allocability rules, the requirement to contribute to infrastructure costs at this time only applies to those partners who are physically colocated in the One-Stop Career Centers.***

The State is in the process of implementing the requisite statewide data tracking system; and once such data are available, all non-colocated partners, who are receiving benefit from the job centers, will also be required to contribute their proportionate share toward infrastructure costs. ***Consequently, the IFA must include an assurance from all non-colocated partners that they agree to pay their proportionate share of infrastructure costs once sufficient data are available.***

However, it is important to note that non-colocated partners are still required to contribute to other system costs based on their proportionate share of applicable career services as identified in the IFA, as well as any additional line items the Local Boards and One-Stop Career Center partners agree to include in the other system costs budget.

The Local Board (via appropriate agency staff) is responsible for ensuring that all of the One-Stop Career Centers' infrastructure costs are paid according to the provisions of their signed IFAs. The estimated proportionate share of costs for each partner are based on budgeted expectations. Until the actual costs are known, and the usage and benefits are calculated, each partner's true proportionate share of costs will be unknown. Therefore, all One-Stop Career Center partner contributions, regardless of the type, must be reconciled on a regular basis (e.g., monthly or quarterly), comparing expenses incurred to relative benefits received. The reconciliation process is necessary in order to ensure that the proportionate share each partner program is contributing remains consistent with the cost methodology, is up to date, and in compliance with the terms of the IFA. The IFA must also identify who will be responsible for this regular reconciliation.

In addition to jointly funding infrastructure costs, One-Stop Career Center partners must use a portion of funds made available under their authorizing Federal statute (or fairly evaluated in-kind contributions) to pay the additional costs relating to the operation of the One-Stop Career delivery system. These costs may be shared through cash, non-cash, or third-party in-kind contributions (WIOA Joint Rule 20 CFR 678.760).

The other system costs budget must include applicable career services, and may include any other shared services that are authorized for and commonly provided through the One-Stop Career Center partner programs to any individual, such as initial intake, assessment of needs, appraisal of basic skills, identification of appropriate services to meet such needs, referrals to other One-Stop partners, and business services. Shared operating costs may also include shared costs related to the Local Board's functions.

As with infrastructure costs, other system costs must be allocable according to the proportion of benefit(s) received by each of the One-Stop Career Center partner programs, consistent with the partner's authorizing Federal statute and *Uniform Guidance*. The IFA must also include an agreed upon budget for these other costs along with the agreed upon cost sharing methodology.

Unlike the IFA, other system costs are not limited to the non-personnel costs of operating a One-Stop Career Center. They can include shared personnel costs such as a center receptionist or staff who are cross trained in and deliver services for multiple partner programs. Everything in the other system costs budget must be agreed to by all partners locally. There is no state funding mechanism for other system costs that will be triggered due to lack of agreement at the local level.

3. Action. One-Stop Career Center partner agencies in each local area should work in conjunction with the local board and chief elected officials to reach a consensus for funding the infrastructure of the One-Stop Career Center System in accordance with this policy to ensure compliance with the Federal requirement to have the IFA in place no later than January 1, 2018.

Any LWDB that does not reach a consensus on infrastructure costs by November 30, 2017 for Program Year 2017 must provide notification to the Governor by December 1, 2017. The State Funding Mechanism (SFM) will be implemented at that time. For Program Year 2018 and thereafter, LWDBs, which do not reach a consensus, must notify the Governor by April 1st in order for sufficient time for calculations to be made per the State Funding Mechanism.

4. Contact. Questions regarding this Directive should be referred to Bill Hornsby, Supervisor, Workforce Development Division, State Programs, Planning and Divisional Budget Management Section at (334) 242-5847 or bill.hornsby@commerce.alabama.gov.

Steve Walkley, Division Director, WDD
Alabama Department of Commerce

10/17/2017
Date