

**Alabama Workforce Board  
401 Adams Avenue  
Montgomery, Alabama 36104**

**Alabama Workforce Board Policy PY2024-6**

**Subject:** Governor's One-Stop Delivery Infrastructure Funding Guidance and State Funding Mechanism

**Purpose:** To provide guidance to the Chief Local Elected Officials and the Regional Workforce Boards on the development of regional Infrastructure Funding agreements for each Local Workforce Development Area (LWDA).

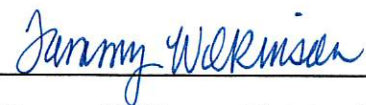
**Effective Date:** December 11, 2024

**References:** WIOA § 121(h); Alabama Act 2024-115; 20 CFR § 679.220; § 678.700-678.760; 2 CFR Part 20; Training and Employment Guidance Letter WIOA No. 17-16, Infrastructure Finding of the One-Stop Delivery System

**Discussion:** The One-Stop delivery system partners in each Local Workforce Development Area should collaborate with the Chief Local Elected Official and the Regional Workforce Board to reach consensus for funding the infrastructure of the one-stop career center system in accordance with this policy to ensure compliance and the requirement to have the Infrastructure Funding Agreement (IFA) in place no later than October 1, 2025. This policy contains the required steps in case a consensus cannot be reached. This is a new policy from the Alabama Workforce Board. This policy rescinds the Governor's Workforce Innovation Directive No. PY2015-10 through Change 04.

**Action:** The Chief Local Elected Official, the Regional Workforce Board and the one-stop partners must develop a Infrastructure Funding Agreement by October 1, 2025 for each Local Workforce Area. This is also to ensure that each Regional Workforce Board and Area is in compliance with the WIOA law, rules and regulations.

**Contact:** Questions regarding this policy should be referred to Margaret Henderson at [Margaret.henderson@commerce.alabama.gov](mailto:Margaret.henderson@commerce.alabama.gov) or by phone at 334.242.5300.



Tammy Wilkinson, Division Director  
Workforce Development Division



Date

## **Governor's One-Stop Delivery Infrastructure Funding Guidance and State Funding Mechanism**

### **Alabama Workforce Board Policy PY2024-6**

**This policy rescinds the Governor's Workforce Innovation Directive No. PY2015-10 through Change 04.**

#### **Action**

One-stop delivery system partners in each Local Workforce Development Area (LWDA) should collaborate with the Chief Local Elected Official (CLEO) and the Regional Workforce Boards to reach consensus for funding the infrastructure of the one-stop career center system in accordance with this policy to ensure compliance and the requirement to have the Infrastructure Funding Agreement (IFA) in place no later than October 1, 2025. Any LWDA that does not reach consensus on infrastructure costs by October 1, 2025, for Program Year (PY) 2025 through a Local Funding Mechanism (LFM) must provide notification to the Governor. The State Funding Mechanism (SFM) will be implemented at that time. For PY 2026 and thereafter, LWDAs that do not reach consensus must notify the Governor by September 1, prior to the beginning of the new Program Year to allow sufficient time to apply the State Funding Mechanism.

#### **State Funding Mechanism**

The process used by the state to calculate the statewide funding caps and the amount available for LWDAs that have not reached consensus, and to determine the partners' contributions for infrastructure costs as outlined in 20 CFR §§ 678.730 through 678.738, 34 CFR §§ 361.730 through 361.738, and 34 CFR §§ 463.730 through 463.738.

In accordance with 20 CFR § 678.730, if the LWDA, CLEO, and one-stop center partners in a LWDA do not reach consensus agreement on methods of sufficiently funding one-stop delivery system infrastructure costs for a program year, the State Funding Mechanism is applicable to the LWDA for that program year. The local Regional Workforce Board must notify the Governor by the deadline established of any failure to reach a consensus for funding infrastructure costs.

The State Funding Mechanism has eight discrete steps that must be followed by the Governor and Regional Workforce Board in accordance with WIOA, Training and Employment Guidance Letter (TEGL) 17-16, and 20 CFR §§ 678.730 through 678.750, 34 CFR §§ 361.730 through 361.750, and 34 CFR §§ 463.730 through 463.750.

**Step 1:** Notice of failure to reach consensus given to the Governor. If the Regional Workforce Board, one-stop delivery system partners, and the CLEO cannot reach consensus on methods of sufficiently funding the one-stop delivery system infrastructure costs and the amounts to be contributed by each one-stop program partner, the Board is required to notify the Governor.

**Step 2:** Local negotiation materials provided to the Governor. To assist the Governor in making necessary calculations and determinations, the Board must provide the appropriate and relevant materials and documents used in the negotiations under the Local Funding Mechanism (LFM), preferably when notifying the Governor of the failure to reach consensus. At a minimum, the Regional Workforce Board must give the Governor:

- (1) the local WIOA plan;
- (2) the cost allocation methodology or methodologies proposed by the partners to be used in determining the proportionate share;

- (3) the proposed amounts or budget to fund infrastructure costs and the amount of partner funds included;
- (4) the type of funds (cash, non-cash, and third-party in-kind contributions) available;
- (5) any proposed or agreed upon one-stop center or system budget;
- (6) any partially agreed upon, proposed, or draft IFAs; and
- (7) the local one-stop partner Memorandum of Understanding (MOU).

The Regional Workforce Boards also may give the Governor additional materials that they or the Governor find to be appropriate.

**Step 3:** The Governor determines one-stop delivery system infrastructure budget(s). The Governor must determine the infrastructure budget(s) by either: (1) accepting a budget previously agreed upon by one-stop partner programs in the local negotiations, in accordance with 2 CFR § 678.735(b)(1); or (2) creating a budget for the one-stop career center using the State Funding Mechanism (SFM) described in 2 CFR § 678.745 in accordance with 2 CFR § 678.735(b)(3).

**Step 4:** Governor establishes cost allocation methodology. The Governor then must establish a cost allocation methodology to determine the one-stop partner programs' proportionate shares of infrastructure costs, in accordance with 2 CFR § 678.736.

**Step 5:** Partners' proportionate shares are determined. Using the budget methodology established under Step 3, part 2, and taking into consideration the factors concerning individual partner programs listed in 2 CFR § 678.737(b)(2), the Governor must determine each partner's proportionate share of the infrastructure costs.

**Step 6:** Governor calculates statewide caps. Once the Governor has created a cost allocation methodology, the Governor must then calculate the statewide caps to determine the maximum amounts that required partner programs could be required to contribute toward infrastructure funding in that local area. There are no statewide caps for additional partners because the State Funding Mechanism does not apply to them.

**Step 7:** Governor assesses the aggregate total of infrastructure contributions as it relates to the statewide cap. Once the Governor has determined the applicable program cap for each program, as well as the proportionate share of the infrastructure costs that the Governor has determined under Step 5 would be required of each one-stop delivery system partner in a non-consensus area (without regard to the cap), the Governor must ensure that the funds required to be contributed by each partner program in the non-consensus local area(s), in aggregate, do not exceed the applicable program cap. If the aggregate total contributions are below the applicable program cap, then the Governor must direct the one-stop delivery system partners to contribute what was determined to be their proportionate shares. If the aggregate total contributions exceed the cap, then the Governor may either:

A. Inquire as to whether those local partner programs that have pushed the aggregate total contributions above the applicable program cap (i.e., those whose contributions would have otherwise exceeded the Statewide cap on contributions) are willing to contribute beyond the applicable program cap in accordance with their proportionate share; or

B. Allow the Regional Workforce Board, one-stop delivery system partners, and CLEO to re-enter negotiations to reassess each one-stop delivery system partner's proportionate share and make adjustments and identify alternate sources of funding to make up the difference between the capped amount and the proportionate share of infrastructure funding of the one-stop delivery

system partner; and reduce infrastructure costs to reflect the amount of funds available without exceeding the applicable program cap level.

**Step 8:** Governor adjusts proportionate shares. If the Regional Workforce Board, CLEO, and the required one-stop delivery system partners fail to reach agreement on how to address a situation in which the proportionate share exceeds the cap using the approaches described in Step 7, the Governor must adjust specific local partners' proportionate share in accordance with the amounts available under the applicable program cap for the associated program. The aggregate total contribution of a program's local one-stop delivery system partners under the State Funding Mechanism may not exceed the applicable program cap.

### **Cost Allocation Methodology**

As defined above, infrastructure costs are those non-personnel costs associated with operating a one-stop career center. Each LWDA is expected to reach agreement on how infrastructure costs will be shared among required one-stop delivery system partners. These guidelines and requirements support the LWDA's effort in reaching an agreement for the allocation of the infrastructure costs. Each LWDA must develop an Infrastructure Funding Agreement (IFA) for the one-stop centers in its area. The IFA is the financial plan to which the one-stop partners, CLEOs, and Regional Workforce Board in each LWDA have agreed will be used to achieve their goals of delivering services in a LWDA. The Memorandum of Understanding must contain, among other things, provisions describing how the costs of services provided by the one-stop delivery system and how the operating costs of such system will be funded, including the infrastructure costs for the one-stop delivery system (WIOA Section 121(c)(2)(A) and 20 CFR § 678.500(b), 34 CFR § 361.500(b), and 34 CFR § 463.500(b)). The IFA may be considered the master budget that contains a set of individual budgets or components that consist of costs that are specifically identified in the statute. Infrastructure costs, defined in WIOA Section 121(h)(4) and additional costs, which must include applicable career services and may include shared operating costs and shared services that are related to the operation of the one-stop delivery system but do not constitute one-stop delivery system infrastructure costs. Additional costs are described in WIOA Section 121(i).

To determine total operating cost of the one-stop delivery system, the budget must also include direct costs. Direct costs are non-shared costs that are partner specific, such as Individual Training Accounts. The IFA must be periodically reconciled against actual costs incurred and adjusted accordingly. This reconciliation ensures that the budget reflects a cost allocation methodology that demonstrates how infrastructure costs are charged to each partner in proportion to the partner's use of the one-stop career center and relative benefit received. The IFA may be further refined by the one-stop delivery system partners to assist in tracking partner contributions. It may be necessary to separate the budget of a comprehensive one-stop career center from an affiliate one-stop center. The expected approach for funding infrastructure costs in the one-stop career center is through the development of a Local Funding Mechanism where all co-located partners agree how infrastructure costs will be shared. If a local area is unable to reach agreement, the State Funding Mechanism will be put into effect as a last resort and will remain in effect until such time that a local area reaches consensus. The local board must select a methodology for the allocation of infrastructure costs. Any methodology selected must be consistent with federal laws that authorize each partner's programs, comply with the Uniform Guidance cost principles to include allowable, allocable, reasonable, and necessary costs that are based on the proportionate use and benefit received by each partner's programs.

Per TEGL 17-16, "proportionate use" refers to a partner program contributing its fair share of the costs proportionate to: (1) the use of the one-stop career center by customers that may include

reportable individuals and participants in its program at that one-stop career center; (2) the amount of square footage occupied by the partner program in the one-stop career center; or (3) another allocation base consistent with the Uniform Guidance. In determining the proportionate share, the "relative benefit" received from participating in the one-stop delivery system is another step in the cost allocation process. Determining relative benefit does not require partners to conduct an exact or absolute measurement of benefit, but instead to measure a partner's benefit using reasonable methods. The Uniform Guidance, at 2 CFR § 200.4, requires that the process of assigning a cost or group of costs to one or more cost objectives must be in reasonable proportion to the benefit provided. The measurement of a one-stop delivery system partner's share of infrastructure costs must be based on reasonable methods that are agreed to by all partners or determined in accordance with the State Funding Mechanism. However, partner contributions that are initially based on budgeted amounts must be reviewed and reconciled periodically during the program year against actual costs incurred. Additionally, adjustments must be made to ensure that partner contributions are proportionate to their use of the one-stop career center and relative benefits received as required by 20 CFR § 678.715(a)(4), 34 CFR § 361.715(a)(4), and 34 CFR § 463.715(a)(4).

### **Source of Funds to Pay for Infrastructure Costs**

After the one-stop career centers' operational budget and the cost sharing methodology are agreed upon, each partner must detail how they will provide their cash, non-cash (in-kind), and/or third-party, in-kind contributions. Further defined in TEGL 17-16, contributions for infrastructure and additional costs may be made from cash, non-cash, or third-party in-kind contributions. Non-cash and third-party in-kind contributions must be fairly evaluated in accordance with the Uniform Guidance at 2 CFR § 200.306 and must be in the IFA that must contain an infrastructure cost budget and an additional costs budget. All one-stop delivery system partner contributions, regardless of the source, must be reconciled and adjusted on a regular basis to ensure each partner program is contributing no more than its proportionate share based upon relative benefits received in accordance with the Uniform Guidance at 2 CFR Part 200. To ensure that non-cash and third-party in-kind contributions are fairly evaluated, one-stop delivery system partners should agree on which are employed to assess or appraise the fair market value or fair rental value of non-cash and third-party, in-kind contributions. Cash contributions are cash funds provided to the RWB or its designee by one-stop delivery system partners, either directly or by an interagency transfer, or by a third party. Non-cash contributions are expenditures incurred by one-stop delivery system partners on behalf of the one-stop career center and goods or services contributed by a partner program and used by the one-stop career center. The value of non-cash contributions must be consistent with 2 CFR § 200.306 and reconciled on a regular basis to ensure they are fairly evaluated and meet the partners' proportionate share. Third-party in-kind contributions are contributions of space, equipment, technology, non-personnel services, or other similar items by a non-partner to support the infrastructure costs associated with one-stop career center operations. The value of third-party, in-kind contributions must also be consistent with the Uniform Guidance at 2 CFR § 200.306 and reconciled on a regular basis to ensure they are fairly evaluated and, if contributed on behalf of a particular program partner, meet the one-stop delivery system partner's proportionate share. Non-core partners should meet their infrastructure cost obligations in accordance with their program guidance and rules.

### **Reconciliation of Partner Contributions**

The Regional Workforce Board is responsible for ensuring that the infrastructure costs are paid in accordance with the interlocal Memorandum of Understanding and the IFA. Since the budget and proportionate share are estimates, it is also the responsibility of the Regional Workforce Board to reconcile, on a regular basis (monthly, but no less frequently than quarterly) the actual costs and their proportionate share to the budget contributions agreed upon by each partner. This

process is to ensure that all costs remain consistent with the methodology, are up to date, and in compliance with the MOU, IFA, and the Uniform Guidance.

### **Additional Costs**

One-stop delivery system partners must share in additional costs, which must include applicable career services, and may include shared operating costs and shared services that are necessary for the general operation of the one-stop career center. One-stop delivery system partners must ensure that at least some career services, described in WIOA Section 134(c)(2), are provided at the one-stop career center. Additional requirements regarding career services may be found at WIOA Sections 121(b)(1)(A)(i), (c)(2)(A)(ii), (e)(1)(A), (i)(1), 20 CFR § 678.760, 34 CFR § 361.760, and 34 CFR § 463.760. One-stop delivery system partners also may share other costs that support the operations of the one-stop career centers, as well as the costs of shared services. The costs of shared services may include initial intake, assessment of needs, appraisal of basic skills, identification of appropriate services to meet such needs, referrals to other one-stop delivery system partners, and business services (WIOA Section 121(i)(2), 20 CFR § 678.760, 34 CFR § 361.760, and 34 CFR § 463.760). Shared services costs also may include personnel expenses associated with a shared welcome desk or greeter directing employers and customers to the services or staff that are available in that one-stop career center. Shared operating costs must be proportionate to the use of the partner program and consistent with the Federal Cost Principles of the Uniform Guidance set forth in 2 CFR Part 200.

### **Negotiating Infrastructure Cost-Sharing Agreements**

The IFA must consist of the infrastructure costs budget, which is an integral component of the overall IFA. The other component of the IFA consists of additional costs, which include applicable career services, and may include shared operating costs and shared services. While each of these components covers different cost categories, an IFA is incomplete if any of these cost categories were omitted, as all components are necessary to maintain a fully functioning and successful local one-stop delivery system. Therefore, it is recommended that the Regional Workforce Boards, one-stop delivery system partners, and the CLEO negotiate the IFA, along with additional costs, when developing the IFA for the one-stop delivery system. The IFA must be included in the interlocal MOU for each LWDA and are a mandatory component of the local MOU, described in WIOA Section 121(c) and 20 CFR § 678.500, 20 CFR § 678.755, 34 CFR § 361.500, 34 CFR § 361.755, 34 CFR § 463.500, and 34 CFR § 463.755. The Regional Workforce Board may negotiate an umbrella IFA for the LWDA or individual IFAs for one or more of its one-stop career centers. Consistent with 20 CFR § 678.755, 34 CFR § 361.755, and 34 CFR § 463.755, IFAs must include the following elements:

- The period of time in which the IFA is effective, which may be a different time period than the duration of the MOU;
- Identification of the infrastructure costs budget, which is a component of the IFA;
- Identification of all one-stop delivery system partners, the CLEO, and the Regional Workforce Board participating in the IFA;
- A description of the periodic modification and review process to ensure equitable benefit among one-stop delivery system partners;
- Information on the steps the Regional Workforce Board, the CLEO, and one-stop delivery system partners used to reach consensus or the assurance that the LWDA followed the State Funding Mechanism process; and
- A description of the process to be used among partners to resolve issues related to infrastructure funding during the MOU duration period when consensus cannot be reached.

### **Allocation Options**

The specific methodologies used to allocate costs among the one-stop delivery system partners are not prescribed in WIOA, its implementing regulations, the Uniform Guidance, or in this joint policy guidance. Each local one-stop delivery system is unique and presents a different set of circumstances within which costs are allocated. Rather, when developing the interlocal MOU, Regional Workforce Boards and one-stop delivery system partner agencies may choose from any number of methods, provided they are consistent with WIOA, its implementing regulations, and the Uniform Guidance, including the Federal Cost Principles. In selecting methodologies used to allocate costs, Regional Workforce Boards and one-stop delivery system partners may also consider whether it is necessary to allocate costs by each one-stop career center separately. For instance, the budget for operating an affiliate one-stop career center may be less than the operating budget for a comprehensive one-stop career center because the affiliate one-stop career center includes one or more, but not all, one-stop partner programs. The one-stop delivery system partners must: (1) determine the infrastructure costs budget and the budget(s) for additional costs, which must include career services, may include shared services, and shared operating costs for a particular comprehensive one-stop career center; (2) determine which methodologies are reasonable and acceptable; and (3) from the acceptable methodologies, select the methodology (or methodologies) that will be applied to the different cost categories. The one-stop delivery system partners are selecting the appropriate distribution base(s) under which they allocate infrastructure and additional costs. Partner programs may agree to select different cost allocation methodologies and allocation or distribution bases for cost objectives within infrastructure costs and additional costs, such as applicable career services, shared operating costs, and shared services categories. Partners should focus on identifying methodologies that most effectively allocate costs based upon proportionate use and relative benefits received by the partners. The negotiations of cost sharing and allocation among partners must be conducted in good faith and in an open and transparent environment, where full disclosure of costs and funding is essential to this process. Because of the need to provide maximum flexibility to accommodate various organization structures, costs, and budgets in the LWDA, there is no single method prescribed for allocating costs.

Examples of cost allocation bases include the proportionate share of partner's occupancy percentage of the one-stop career center. The cost allocation methodology based on proportionate share of partner's occupancy percentage of the one-stop career center determines infrastructure costs based on percent of use of total one-stop career center square footage per partner. For example, if a specific partner is utilizing 1,000 square feet out of 5,000 total square footage, then that partner would be responsible for 20 percent of the total one-stop career center's infrastructure costs. The ideal way to use square footage as the basis for allocation is to identify the amount of dedicated space for each one-stop delivery system partner in each one-stop career center. For example, if a one-stop career center is 1,000 square feet total, Partner A has 100 square feet of dedicated space (used only for organization A) out of 1,000 of total dedicated square footage in the one-stop career center, then Organization A would pay 10 percent of the facilities costs. Another cost allocation method centers on the proportion of Full-Time Equivalent (FTE) staffing. The cost allocation methodology based on proportionate share of each one-stop delivery system partner's total employees located in each one-stop career center determines infrastructure costs based on the percent of total one-stop career center FTEs per partner. For example, if a specific partner employs 10 FTEs out of 100 total FTEs at the one-stop career center, then that partner would be responsible for 10 percent of the total one-stop career center infrastructure costs. FTE staffing is defined to include required partner or contractor FTE staff located onsite at the one-stop career center, required partner or contractor FTE staff located offsite but who are dedicated and available on demand to meet service access requirements via a direct linkage to the one-stop career center.

**Recommended Appeals Process for Infrastructure Costs (Governor's Determination)**

The Governor, through assistance from the Alabama Workforce Board, will make the final determination of each required partner's proportionate share of statewide infrastructure costs under the state funding mechanism. Any required partner may appeal the Governor's determination based on a claim that the Governor's determination is inconsistent with the proportionate share requirements of 20 CFR § 678.735(a) or that the Governor's determination is inconsistent with the cost contribution caps described in 20 CFR §§ 678.735(c) and 678.738. The process must ensure resolution of the appeal to ensure the funds are distributed in a timely manner, consistent with the requirements of 20 CFR § 683.630. An appeal must be made within 21 days of the Governor's determination and must be submitted formally, in writing, by registered mail no later than the 21st day from the date of receipt of the notice of denial or revocation.

*Approved 12-11-2024*