



**TRANSCRIPT OF WEBCAST**

**WIOA ONE-STOP  
INFRASTRUCTURE FUNDING – PART I**

On behalf of the Department of Education and the Department of Labor's Employment and Training Administration, we welcome you to today's session on One Stop Infrastructure Funding, Part I.

My Name is Debbie Galloway and I work at the Employment and Training Administration. We are excited to have so many people join us today – we know that the system has many questions on this topic and we thank you for your patience through this time.

This webcast is slightly different from other WIOA Wednesday sessions in two ways. First it was developed jointly with our friends from the Department of Education and the Department of Health and Human Services. And secondly, this webcast is a pre-recording.

In the pre-recorded webcast, you will hear from 5 speakers including my fellow co-workers at the Employment and Training administration, Chris Mayo and Chanel Castaneda, as well as Chris Pope from RSA and Lekesha Campbell from OCTAE of the Department of Education. Chris Pope, Lekesha Campbell, Chris Mayo, and I were members of an interagency team that was responsible for drafting the regulatory text on infrastructure that you now find in the Joint Rule which was published in the Federal Register this August (August 19, 2016) and becomes effective on October 18, 2016.

We would like to remind everyone that the interagency workgroup intends to publish jointly-developed policy guidance on one-stop infrastructure funding. We intend to issue this joint guidance in the fall. As such, we will not conduct a live Q & A today because the joint policy guidance should answer many of the questions the Departments have already received up to this point.

I will now turn it over my colleague at RSA, Chris Pope.

Thank you, Debbie. We would also like to remind everyone that following the publication of the joint policy guidance, the interagency workgroup intends to host a second webinar, which will be presented live, on infrastructure cost funding in late Fall. Part 2 will build upon the joint policy guidance and discuss the state funding mechanism in more detail. In part 2, we will include a live Q&A session.

We have received several questions related to infrastructure cost funding and we encourage you to continue to submit questions to [ion@workforcegps.org](mailto:ion@workforcegps.org). This email address is also listed at the end of this webinar. We will incorporate answers to your questions in the joint policy guidance and in the next webinar.

Thank you for joining us this afternoon and we will now kick-off the webcast.

The key learning objectives of today's webinar will be to enhance your understanding of the requirements for infrastructure funding, clarify key terms and definitions, explain the importance of using the Federal Cost Principles, outline the roles and responsibilities of the One-Stop partners, and provide foundational knowledge to help you distinguish between the local funding

mechanism and the state funding mechanism, which will be discussed in greater detail in Part II of this webinar series.

Additionally, a guidance document is currently in development and will be issued Jointly by DOL and the Department of Education this Fall on Infrastructure Funding and other One-Stop operational costs. This guidance document will be posted to [www.doleta.gov](http://www.doleta.gov).

For more information on this webinar and more, please visit the Innovation and Opportunity Network (ION) that is hosted on the WorkforceGPS website at <https://ion.workforcegps.org/>. The ION page also contains links to our Federal partners websites as well.

The structure of the webinar is broken up by seven key topic areas that include:

- The Intent or purpose of sharing and allocating of infrastructure costs and other One-Stop operational costs among partner programs.
- Next we will discuss the terms and definitions including infrastructure costs and more.
- Then we will discuss the roles and responsibilities of the One-Stop Partners.
- Then we will move on to discuss the Federal Costs Principles that provide guidelines for allocating costs and valuing contributions.
- In the fifth topic area we will go over the elements of an Infrastructure Funding Agreement (IFA) and how it is weaved into the local Memorandum of Understanding (MOUs.)
- In the sixth topic area we will discuss the types and sources of funds that can be used to pay for infrastructure costs and other One-Stop operational costs.
- And last but not least, we will briefly go over the two funding mechanisms outlined in the law – the local funding mechanism and state funding mechanism.

Now lets briefly go over the purpose of these new provisions:

WIOA made many significant changes in the previous job training system authorized by the Workforce Investment Act (WIA) of 1998. Under WIA, costs that were shared among partners, including infrastructure costs, were outlined and funded through Resource Sharing Agreements between local boards and One-Stop partners.

Jointly funding infrastructure remains a necessary foundation for an integrated service delivery system and is critical to achieving the vision of WIOA. Today WIOA continues to require One-Stop partners to use a portion of their funds to support and maintain the One-Stop delivery system.

The requirements governing infrastructure may be found in WIOA sec. 121(h), the Joint Rule at 20 CFR 678.700 to 678.760, and in the Federal Cost Principles of the Uniform Guidance at 2 CFR part 200.

Moving on, what are one-stop operating costs?

One Stop operating costs are made up of infrastructure costs and additional costs relating to the operation of the local delivery system. These other costs must include applicable career services and may include other costs, such as shared services.

Jointly funded one stop operating costs must always be consistent with the laws and regulations governing the partner's program and must be consistent with the Federal Cost principles contained in the Uniform Guidance requiring that costs are allowable, reasonable, necessary and allocable.

Infrastructure costs of One-Stop centers are defined as non-personnel costs that are necessary for the general operation of the One-Stop center, including: rental of the facilities; utilities and maintenance; equipment (including assessment-related and assistive technology for individuals with disabilities); and technology to facilitate access to the One-Stop center, including technology used for the center's planning and outreach activities (WIOA sec. 121(h)(4) and 20 CFR 678.700).

Additionally, the costs associated with development and use of the common identifier may be considered infrastructure costs. One example of a common identifier is the cost of signage for "American Job Centers (AJC)," or One-Stop centers.

In addition to infrastructure costs, One-Stop partners must also share in the costs of applicable career services that are authorized in each program and described in further detail at WIOA sec. 134(c)(2).

One-Stop partners must also share in other costs that support the operations of the One-Stop centers, such as shared services. Shared services costs may include 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.

An example of a shared costs may be the cost of staffing of the welcome desk or greeter who directs employers and customers to the services or staff that are available in that One-Stop center. These costs are separate from infrastructure costs.

Now I will turn it over to Lekesha Campbell who will go over partners and their roles and responsibilities.

One question many people are understandably curious about is "Who has to participate and contribute funds toward infrastructure?"

Under WIOA, a number of programs across several agencies are required to participate as One-Stop partners. These partners have specific service delivery roles, financial, operational, and other responsibilities, within the One-Stop delivery system.

Let's take a look at which programs are required to be partners in One-Stop centers.

Several programs managed by the Department of Labor are required One-Stop partners:

- WIOA Title 1 Adult, Dislocated Workers, and Youth Programs;
- Wagner-Peyser Employment Services;
- The Trade Adjustment Assistance Program;
- Unemployment Compensation Programs;
- Job Corps;
- The Senior Community Service Employment Program ;
- Youth Build;
- Jobs for Veterans State Grants Programs;
- Migrant Seasonal Farmworkers Programs; and
- Native American Programs.

Under the Department of Education, the following programs are required partners:

- Adult Education and Family Literacy Act programs;
- Carl D. Perkins Career and Technical Education Act programs at the postsecondary level; and
- State Vocational Rehabilitation programs.

Other Required partners include:

- Employment and training programs under the Department of Housing and Urban Development;
- Programs authorized under Section 212 of the Second Chance Act Under the Department of Justice;
- Community Services Block Grant programs under the Department of Health and Human Services; and
- The Temporary Assistance for Needy Families, or TANF, program, also under the Department of Health and Human Services.

For TANF, the Governor may determine that program is not be a required partner in the State, or within some specific local areas in the State.

Programs not required by the WIOA statute are also encouraged to participate in local One-Stop center operations. To do so, a program only needs the approval of the Local Board and Local Chief Elected Official.

Some of these programs could be:

- Employment and training programs under the Social Security Administration, the Small Business Administration, or the Supplemental Nutrition and Assistance Program;
- Client Assistance Programs authorized under Section 112 of the Rehabilitation Act of 1973;
- National and Community Service Act Programs; and

- Other employment, education, or training programs, such as those operated by libraries, nonprofits, or those in the private sector.

As a One-Stop partner, any additional partner program would be held to the same responsibilities as the required One-Stop partner programs.

Partner programs, whether required or not, are expected to fill certain roles in the One-Stop center.

Most importantly, partners must provide access to program services and activities through the One-Stop delivery system, as well as participate in the operations of the One-Stop system.

This includes entering into a local Memorandum of Understanding with the local Workforce Development Board relating to the operations of the One-Stop system, and providing representation on the State Board in accordance with the specific programmatic requirements of WIOA.

What is incredibly important to sustaining One-Stop center operations is that each partner program must use a portion of the funds available to it to maintain the One-Stop delivery system, including the payment of the infrastructure costs of One-Stop centers.

As will be reiterated, when thinking about partner contributions, it is important to remember three things:

- Partner contributions must be proportionate to the relative benefits received by the partner through their participation in the One-Stop center;
- Partner contributions must adhere to that partner program's Federal authorizing statute; and
- Partner contributions must adhere to the Federal cost Principles requiring that costs are reasonable, necessary, and allocable.

Next, Chanel will cover some details about the Federal Cost Principles contained in the Uniform Guidance.

Thank you Lekesha. Like Lekesha said, we will now discuss the Uniform Guidance and what role does it play in the infrastructure funding process.

After the enactment of WIOA, OMB issued the Uniform Guidance in the winter of 2014. As part of its efforts in grant reform, OMB streamlined the guidance for Federal awards by consolidating eight OMB Circulars, including 3 circulars on Federal Cost Principles.

The Federal Cost Principles require that the funding and payment of infrastructure costs and additional costs are necessary, reasonable, and allocable to each of the partner programs.

It is these Federal Cost Principles that contain guidance for Local Workforce Development Boards and partners when developing cost allocation methodologies and determining if

contributions towards infrastructure costs and additional costs are based on proportionate use and relative benefits received.

For example, allocating or determining a partners' share can be based square footage. The proportionate use or share and relative benefit is based on the space or square footage the staff of that partner program occupies in relation to the entire square footage at the One-Stop center.

The responsibility for partners to contribute funding and resources to set up and maintain the One-Stop delivery system in proportion to their use of the system is based on relative benefit received, is a statutory requirement.

However, WIOA does not advise the exact methodology to be used to allocate infrastructure costs, nor does it propose each partner's proportionate share. Local Workforce Development Boards and partner agencies may choose from any number of allocation methods provided they are consistent with WIOA and the Uniform Guidance.

The measurement of a One-Stop partner's share of infrastructure costs must be based on reasonable allocation methods that are agreed by all partners. Determining relative benefits does not require an exact science but should not be overly burdensome or time consuming.

Each local One-Stop delivery system is unique and each presents its own set of circumstances and challenges when allocating infrastructure costs and additional costs.

Whatever allocation base or methodology best fits that the organizational structure must be agreed to by all partner programs.

Now I will turn to Chris who will discuss the MOU and Infrastructure Funding Agreement.

One key question around infrastructure funding is "How do One-Stop partners determine their contributions?"

The answer to this question is found in the Memorandum of Understanding, or MOU, and the Infrastructure Funding Agreement, or IFA.

So what is the MOU? The WIOA regulations give us a definition at 20 CFR 678.500(a):

"The MOU is the product of local discussion and negotiation, and is an agreement developed and executed between the Local Workforce Development Board and the one-stop partners, with the agreement of the chief elected official, relating to the operation of the one-stop delivery system in the local area."

There are five steps in determining infrastructure costs.

1. First, local boards and chief elected officials finalize list of One-Stop delivery system partners.

2. Second, local boards, chief elected officials, and partners identify One-Stop delivery system locations and determine types of locations (comprehensive and/or virtual, satellite, affiliate etc.).
3. Third, local boards, chief elected officials, and partners determine the services to be provided through the One-Stop delivery system.
4. Fourth, local boards, chief elected officials, and partners develop and agree on a One-Stop delivery system line item budget. The budget includes the costs for the One-Stop delivery system infrastructure (WIOA Sec. 121(h)(4)), shared costs (WIOA Sec. 121(i)(1)), which may also include costs for shared services (WIOA Sec. 121(i)(2)).
5. Fifth and finally, the local board and partner programs enter into an MOU.

In short, an MOU must, at a minimum, describe:

- The services to be provided within the One-Stop;
- an agreement of funding the costs of these services as well as the operating costs of the system;
- any and all methods of referral;
- specific strategies to meet the needs of individuals with barriers to employment; and
- the duration of the MOU and procedures for amending it.

Infrastructure Funding Agreements, or IFAs, were formerly known as Resource Sharing Agreements under WIA.

An IFA is a MANDATORY component of an MOU, and is not to be considered as a separate agreement.

Any changes in the One-Stop partners or an appeal by a One-Stop partner regarding their infrastructure cost contributions will require a modification to and resigning of the MOU.

An IFA describes a reasonable cost allocation methodology, where infrastructure costs are charged to each partner based on partners' proportionate use of the One-Stop center and the relative benefit received by each partner from the use of the One-Stop center.

This must be done in a manner consistent with the Federal Cost Principles outlined in the Uniform Guidance at 2 CFR part 200.

An IFA must contain a number of elements:

- It must specify the effective time period, which may be different from that of the duration of the MOU;
- It must specify both an infrastructure and shared services budget;
- It must identify all of the One-Stop partners, the chief elected officials, and the Local Workforce Development Board participating in the IFA; and
- It must contain a description of the periodic review and reconciliation process to ensure equitable benefit among partners.

Now I will turn it back to Chris Pope who will talk about the types and sources of funding that can be used to may for infrastructure and additional costs.

Thanks, Chris.

So, how can One-Stop partners pay for infrastructure costs? There are a variety of different funding types and sources. So, lets begin with the types of funding that can be used to support a local One-Stop delivery system.

Funding for infrastructure costs and additional costs, such as other costs and shared services, may be in the form of cash, non-cash, and third-party in-kind contributions and include any funding from philanthropic organizations or other private entities, or through other alternative financing options, as described in WIOA section 121(c)(2)(A)(ii) and 20 CFR 678.715.

Before I discuss non-cash contributions, let's briefly discuss cash contributions.

Funding types also includes interagency transfers. We recognize that nowadays partner agencies are not cutting hard copy checks to cover their share of infrastructure costs. Due to the variety of structures and organization of One-Stop centers, one or more partners may be responsible for actually paying the bills of the One-Stop center; therefore, it makes more sense to conduct an interagency transfer between partner agencies to cover its share of infrastructure costs.

Cash contributions are cash funds provided to the Local WDB or its designee by One-Stop partners, either directly or through an interagency transfer.

Non-cash contributions are expenditures incurred by One-Stop partners on behalf of the One-Stop center and goods or services contributed by a partner program and used by the One-Stop center.

Non-cash contributions must be valued consistent with 2 CFR 200.306 and reconciled on a regular basis (i.e., monthly or quarterly) to ensure they are fairly evaluated and meet the partners' proportionate share.

One method to ensure that non-cash contributions are fairly evaluated is to agree on which sources or companies to be used to assess or appraise the fair market value or fair rental value of non-cash contributions.

An example of a non-cash contribution is highlighted here.

In Program Year 2017, a partner's proportionate use of the One-Stop center results in a contribution of \$15,000. The partner does not have sufficient cash resources to fully fund its share and the partner wishes to donate to the One-Stop center (not for its own individual use) gently-used surplus office furniture.

The office furniture was purchased in 2015 for \$18,500, using unrestricted or non-Federal funds. The office furniture has a current fair market value of \$10,000 and a depreciated value of

\$11,100. In accordance with the requirements specified in the Uniform Guidance at 2 CFR 200.306(d), the value of the contribution must be the lesser of the current fair market value or the value of the remaining life of the property as recorded in the partner's accounting records at the time of donation unless approval has been granted in accordance with 2 CFR 200.306(d)(2).

The partner would be able to count the \$10,000 value as part of its \$15,000 contribution and would be required to use additional resources for the remaining \$5,000 balance of its share. This one-time contribution is recognized by the partner during the year in which the contribution is made. This contribution could not be used in the following year.

Third-party in-kind contributions are contributions of space, equipment, technology, non-personnel services, or other like items to support the infrastructure costs associated with One-Stop 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 (i.e., monthly or quarterly) to ensure they are fairly evaluated, which also must be consistent with the Uniform Guidance.

There are two types of third-party in-kind contributions:

1. General contributions to a One-Stop center's operations (i.e., those not connected to any individual One-Stop partner program); and
2. Those contributions made to a specific One-Stop partner program.

For third-party in-kind contributions, we would like to make the following clarification for the Vocational Rehabilitation program.

Under the Vocational Rehabilitation program regulations at 34 CFR 361.60, a VR agency may not use third-party in-kind contributions for match purposes under the VR program.

This, however, does not prohibit a VR agency from using third-party in-kind contributions to pay its share of One-Stop operating costs, including infrastructure costs.

Now lets move on to some examples of third-party in-kind contributions that are general third-party in-kind contributions for One-Stop operations (i.e., those not connected to any individual One-Stop partner).

In this example, in PY 2017, a local county government that is not a One-Stop partner has a vacant building that it would like to donate space in the building for use as a One-Stop center. This third-party in-kind contribution would not be associated with one specific partner, but rather it would support the One-Stop center in general. The valuation of donated space by a third party must adhere to the Uniform Guidance at 2 CFR 200.306(i). The annual fair rental value of comparable space in the same locality, as established by an independent appraisal is \$77,000.

The partners may use this donation of space as an offset towards the entire budget for infrastructure thus reducing the partners' individual contributions. The result would be a decrease in amount of funds each partner contributes, because the overall budget would have been reduced by the general third-party in-kind contribution. The valuation of the donated space should be assessed again and each subsequent year.

Lets go over one more example of a third-party in-kind contributions that is made specifically to a partner program.

An employer provides assistive technology equipment to a Vocational Rehabilitation program located in a One-Stop center. The acquisition cost at the time of purchase by the employer was \$6,800 and, at the time of the donation, the fair market value was assessed as \$4,500. If the assistive technology equipment was in the One-Stop center's budget for infrastructure costs, the partner could the use the fair market value of the donation towards its contribution. The Uniform Guidance at 2 CFR 200.306(g) requires that the equipment is valued at the fair market value at the time of donation.

Now lets recap the underlying principles when valuing third-party in-kind contributions.

The valuing of non-cash and third-party in-kind contributions must be consistent with the Uniform Guidance and, as stated earlier, the tools or resources used to make the appraisal or assess the 'current fair market value' or 'current fair rental value' should also be agreed to by partners. Additionally, contributions must be reconciled periodically.

Now, I will turn it back to Chris to discuss the funding options.

Thank you Chris.

Another important question around infrastructure funding is "What funding options do partners have?"

Local areas may fund One-Stop centers in one of two ways: the Local Funding Mechanism and the State Funding Mechanism. The Local Funding Mechanism is preferred by the Statute and Regulations, as it rests control of One-Stop finances in the hands of the local board and One-Stop partners. In fact, the local mechanism must be attempted first, and the State Funding Mechanism only comes into play if the partners fail to reach a consensus on infrastructure funding.

While partner contributions under both funding mechanisms may be limited by programs' implementing statutes and regulations, the State Funding Mechanism puts specific, statutorily required caps on the amount of money that each partner can be required to pay by the Governor.

It is the Governor who controls the funding of infrastructure under the State Funding Mechanism, and the Governor is expected to consult with Chief Elected Officials, Local Boards, and the State Board in implementing this plan.

Consensus is at the heart of the Local Funding Mechanism, as is demonstrated by this excerpt from the Regulatory Text:

“In the local funding mechanism, the Local WDB, chief elected officials, and One-Stop partners agree to amounts and methods of calculating amounts each partner will contribute for One-Stop infrastructure funding, include the infrastructure funding terms in the MOU, and sign the MOU.”

There are two key advantages to the Local Funding Mechanism:

- First is that one-stop partner programs may determine what funds they will use to pay for infrastructure costs. This leaves the decision making to those most familiar with both the needs of the local area and the abilities of the partner programs.
- While there are restriction on how these funds may be used listed in the WIOA regulations, there is no WIOA-dictated limit to the amount of money that a partner program can contribute to infrastructure costs. As long as contributions adhere to program-authorizing statutes and regulations, as well as the principles of proportionate share and relative benefit received as outlined in the Uniform Guidance, partner programs are able to build up and strengthen their One-Stop infrastructure to enable better and more comprehensive delivery of services as they see fit.

The State Funding Mechanism is only triggered when local negotiations utterly fail to reach consensus. In such a case, infrastructure funding decision making power is taken out of the hands of the local entities, and put in the hands of the Governor.

“In the State funding mechanism, the Governor, subject to the limitations in paragraph (c) of 20 CFR 678.730, determines one-stop partner contributions after consultation with the chief elected officials, Local WDBs, and the State WDB.”

As previously mentioned, the Governor determines one-stop partner contributions under the State Funding Mechanism, which are subject to statutory funding caps, outlined in the regulations at 20 CFR 678.738(c).

As the State Funding Mechanism is an involved process, it will be addressed in full and greater detail in Part 7 of this webinar series.

So, “When do the new rules apply?”

Local Workforce Development Boards must meet all of the WIOA requirements for funding the one-stop system in Program Year 2017. This means that IFAs must technically be completed and meet the WIOA requirements by July 1, 2017.

In reality, the IFAs must be completed much sooner than July 1, 2017, as Local areas must report the inability to reach consensus to the Governor by a date specified by the Governor; a provision designed to allow the Governor time to implement the State Funding Mechanism, which is triggered when consensus on an IFA cannot be reached.

In closing, it is through the sharing of infrastructure costs and additional costs, partners are empowered to build a robust one-stop delivery system. By realizing one-stop opportunities together, one-stop partners are able to build community-benefiting bridges rather than silos of programmatic isolation that increase customer access, performance outcomes, and reduce administrative burdens and costs.

We thank you for spending this past hour with us and hope you found the information contained in this webinar useful.

We look forward to our next webinar on Infrastructure that will go into greater detail on the dynamics of the local funding mechanism and the state funding mechanism.

Please look to the Innovation Opportunity Network (ION) for dates of future WIOA webinars.

In the meantime, if you have any questions regarding what you heard today, please email them to [ion@workforcegps.org](mailto:ion@workforcegps.org). This is a central repository for questions that get disseminated to the appropriate federal program office.

Thank you!