Infrastructure Funding Agreements (IFA)

The advantages of Local WDBs establishing self-negotiated, successful IFAs under the local funding mechanism include the following:

- **Local autonomy** – Under the local funding mechanism, decisions remain at the local level which ensures the IFAs will be tailored to each Local Area’s unique needs.
- **Stronger regional partnerships** – The more each partner can have a direct say in the local negotiations, the stronger the partnerships will be.
- **No caps on partner contributions** – Under the state funding mechanism, specific caps are set on the amount and percent of each partner’s funds that may be contributed. However, under the local funding mechanism there are no caps.
- **Flexibility on funds used** – Title I programs are allowed to use program funds to pay their proportionate share of the infrastructure costs when negotiating under the local funding mechanism. If the state funding mechanism is triggered, Title I programs may be required to pay their proportionate share only out of administrative costs.

Establishing Infrastructure Funding Agreement (IFA) Budgets

When establishing the IFA budgets, Local WDBs have two options:

1. Develop a separate budget for each WSO Center.
2. Develop a consolidated system-wide budget for the network of WSO Centers.

If a Local Area has more than one WSO Center, developing a consolidated budget based on the network of WSO Centers may make financing infrastructure costs amongst partners easier since it does not require each partner to contribute to each WSO Center, so long as each partner’s total contribution is still equal to their overall proportionate share. The consolidation of budgets cannot change the distribution of costs in any way, costs must be still attributable to each partner equally and in accordance with the agreed upon cost sharing methodology.

Whichever option is selected, all partners must agree to the budget and cost allocation methodology. They must also meet the standards of proportionate use and relative benefit and comply with federal cost principles.

The IFA budgets include, but are not limited to, all non-personnel costs that are necessary for the physical operation of the WSO Center such as: rent, utilities and maintenance, equipment, technology, and non-marketing common identifier expenses. Every WSO Center infrastructure budget must also have an "Access and Accommodation" line item for ensuring physical and programmatic access to the WSO Center by individuals with disabilities.

The budgets must contain descriptions of the specific costs grouped under each line item. Local WDBs may consolidate and/or break out line items as best fits with their individual area budgets and cost allocation methodology. Examples of costs that may fall under the above mentioned line items include, but are not limited to, the following:

- Rental of the Facilities
- Utilities and Maintenance Costs
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Shared Costs

- Electric
- Gas
- Water
- Sewer connections
- High-speed internet connectivity
- Telephones (landline for the center, not cell phones)
- Facility maintenance contracts

- Equipment Costs
  - Assessment-related products
  - Assistive technology for individuals with disabilities
  - Copiers
  - Fax machines
  - Computers
  - Other tangible equipment used to serve all center customers (not specific to an
    individual program partner)

- Technology to Facilitate Access to the WSO Center Costs
  - Technology used for the center’s planning and outreach activities
  - Cost of creation and maintenance of a center website (not specific to an
    individual program partner) that provides outreach to customers by providing
    information on WSO Center services and/or provides direct service access to
    WSO Center services

Please note, this does not include data systems or case management systems specific to
individual program partners.

- Common Identifier Costs (Local option)
  - Creating new signage
  - Updating templates and materials
  - Updating electronic resources

Note: If a Local WDB decides to include common identifier costs as part of the IFA, they cannot
include costs associated with any sort of advertising campaign promoting the WSO Center
under the new common identifier (WIOA Joint Final Rule Preamble page 55904).

Determining Benefit Received by Partners

Local WDBs must first determine whether a WSO Center Partner is receiving benefit from the
WSO Center or system. If benefit is being received, the WSO Center Partner’s proportionate
share of infrastructure costs must be calculated in accordance with 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 WSO Center(s). All costs must be allowable,
reasonable, necessary, and allocable (20 CFR § 678.715).

Partners who are physically co-located in the WSO 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 co-located in
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the WSO Center may also be receiving benefit from the WSO 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 from the center and its services.

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 co-located in the WSO Centers. 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 Part I of the MOU, as well as any additional line items the Local WDBs and WSO Center Partners agree to include in the other system costs budget.

Cost Allocation Methodology

After determining whether an IFA will be created for each WSO Center, or optionally, for the local network of WSO Centers as a whole, and determining if benefit is received by each partner, the Local Board must select a cost allocation methodology to identify the proportionate share of infrastructure costs each partner will be expected to contribute. Any cost allocation methodology selected must adhere to the following:

- Be consistent with the federal laws authorizing each partner’s program (including any local administrative cost requirements).
- Comply with federal cost principles in the Uniform Guidance.
- Include only costs that are allowable, reasonable, necessary, and allocable to each program partner.
- Be based on the proportionate use and if benefit is received by each partner.

Examples of cost allocation methods that may be used include, but are not limited to, the following:

- The proportion of a partner program’s occupancy percentage of the WSO Center (square footage).
- The proportion of a partner program’s customers compared to all customers served by the WSO Center.
- The proportion of partner program’s staff among all staff at the WSO Center.
- The proportion of a partner program’s use of equipment at the WSO Center.

Cash, In-Kind, or Third-Party In-Kind Contributions

WSO Center Partners (or their respective state entity) may provide cash, non-cash, and third-party in-kind contributions to cover their proportionate share of infrastructure costs. If non-cash or in-kind contributions are used, they cannot include non-infrastructure costs (such as personnel), and they must be valued consistent with Uniform Guidance Section 200.306 to ensure they are fairly evaluated and meet the partner’s proportionate share (20 CFR § 678.720).

If third-party in-kind contributions are made that support the WSO Center(s) as a whole (such as space), that contribution will not count toward a specific partner’s proportionate share of
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infrastructure. Rather, the value of the contribution will be applied to the overall infrastructure costs and thereby reduce the contribution required for all partners. When determining the use of non-cash and in-kind contributions, overall costs must be kept in mind as there must first be enough cash contributions to cover those.

Determining the Source of Funds to Pay Infrastructure Costs

When determining which funds can be used to pay infrastructure costs, WSO Center Partners must remain in compliance with their authorizing federal statute as well as 20 CFR § 678.720, which provides stipulations on the types of funds certain partners are allowed to use towards their proportionate share under the local funding mechanism. These limitations include the following:

- WIOA Title I – Infrastructure costs can be paid as program and/or administrative costs.
- WIOA Title II – Infrastructure costs can only be paid from funds available for local administrative expenses or from non-federal resources that are cash, in-kind, or third-party contributions.
- WIOA Title III – As the regulations did not specify a funding source for Title III, any available funds may be utilized for infrastructure costs.
- WIOA Title IV – Infrastructure costs are paid from administrative costs.
- Career and Technical Education – Infrastructure costs must be paid from funds available for local administrative of postsecondary level programs and activities to eligible recipients, or a consortia of eligible recipients, and may be paid from funds made available by the state or non-federal resources that are cash, in-kind, or third-party contributions.
- TANF/JOBS – Infrastructure costs are paid only from those funds used for the provision or administration of employment and training programs. There are no set caps on the amount or percent of overall funding an WSO Center Partner is responsible for contributing to fund infrastructure costs under the local funding mechanism, except that contributions from administrative costs may not exceed the amount available for administrative costs under the authorizing statute of the partner program.

There are no set caps on the amount or percent of overall funding a WSO Center Partner is responsible for contributing to fund infrastructure costs under the local funding mechanism, except that contributions from administrative costs may not exceed the amount available for administrative costs under the authorizing statute of the partner program.

Other Shared Costs

Unlike the IFA, other system costs are not limited to the non-personnel costs of operating a WSO 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.
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As with infrastructure costs, other system costs must be allocable according to the proportion of benefit received by each of the WSO Center Partner programs, consistent with the partner’s authorizing federal statute and Uniform Guidance. The method(s) for allocating other system costs can include those allocation methods identified for infrastructure costs as well as other appropriate methods including, but not limited to, the proportion of a partner program’s service counts. The MOU must also include an agreed upon budget for these other costs along with the agreed upon cost sharing methodology.

Establishing Other System Costs Budgets
The agreed upon budget for other shared costs must align with Part I of the MOU that outlines shared customers and services. The other shared costs budget can be a part of one overall WSO Center system budget (including infrastructure) or it can be developed and described separately. The other shared costs budget must include a line item for applicable career services. Part I of the MOU requires identification of the career services that are applicable to each partner program. Accordingly, this budget must include each of the partner’s costs for the service delivery of each applicable career service and a consolidated system budget for career services applicable to more than one partner.

The budget may also include shared services, which have been agreed upon by all partners, which are authorized for and may be commonly provided through the WSO Center system. Examples of these types of services include, but not limited to, the following:

- Initial intake, assessment of needs, appraisal of basic skills, identification of appropriate services to meet such needs, and referrals to other WSO Center Partners. This may include costs such as technology and tools that increase integrated service delivery through the sharing of information and service delivery processes.
- Business services. This may include costs related to a local or regional system business services team that has one or more partners on the team or has delegated a specific partner to provide business services on behalf of the system.
- WSO Center Partner staff cross training. This may include any staff cross training on partner programs and eligibility identified in the Part I.
- One-Stop operator. This may include the system role of the One-Stop operator (e.g., coordinating service providers across the WSO Center delivery system) when the role is not specific to the operation of the WSO Center and/or specific partner programs, so long as the role was defined by the Local WDB in the procurement process and agreed to by all WSO Center Partners in the MOU.
- Shared personnel (and other non-infrastructure costs) for co-located partners. This may include center receptionists and/or center managers.

Process and Development
The guidance presented in Determining Benefit Received by Partners (above) also applies to other shared costs.