Attachment D – Infrastructure Funding Agreements, Cost Allocation Methodology, Other Shared Costs

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.

IFA budgets include, but are not limited to, all non-personnel costs that are necessary for the physical operation of the One-Stop Center such as: rent, utilities and maintenance, equipment, technology, and non-marketing common identifier expenses. Every One-Stop Center infrastructure budget must also have an "Access and Accommodation" line item for ensuring physical and programmatic access to the One-Stop 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
  - 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 One-Stop 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 One-Stop Center services and/or provides direct service access to One-Stop Center services
  - 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 One-Stop Center under the new common identifier (WIOA Joint Final Rule Preamble page 55904).

Cost Allocation Methodology

Required One-Stop 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 One-Stop Center(s). All costs must be allowable, reasonable, necessary, and allocable (20 CFR § 678.715).

After determining whether an IFA will be created for the local network of One-Stop Centers as a whole, or optionally, for each One-Stop Center, and determining the benefit 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 for infrastructure include, but are not limited to, the following:

- The proportion of a partner program's occupancy percentage of the One-Stop Center (square footage).
- The proportion of a partner program's participants compared to all participants served by the One-Stop Center (participant counts).
- The proportion of partner program's staff among all staff at the One-Stop Center (FTE).
- The proportion of a partner program's use of equipment at the One-Stop Center (various).

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

Required One-Stop 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 One-Stop Center(s) as a whole (such as space), that contribution will not count toward a specific partner's proportionate share of 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, Required One-Stop 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 for the benefit of TANF participants.
- SNAP Employment & Training - Infrastructure costs are paid from administrative costs.

There are no set caps on the amount or percent of overall funding a Required One-Stop 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 One-Stop 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.

As with infrastructure costs, other system costs must be allocable according to the proportion of benefit received by each of the Required One-Stop 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.

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 one-Stop 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 One-Stop 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 Required One-Stop 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.
- Required One-Stop 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 One-Stop 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 Required One-Stop 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.

<u>Process and Development</u>
The guidance presented in **Cost Allocation Methodology** (above) also applies to other shared costs although cost allocation methods will likely be different for many of the shared costs included.