

**Nevada Department of Employment, Training and Rehabilitation
(DETR)
Workforce Innovation and Opportunity Act (WIOA)
State Compliance Policy (SCP)**

Policy Number: 1.22

Originating Office: Office of Workforce Innovation (OWINN)

Subject: One-Stop Infrastructure Funding

Issued: New, Approved GWDB Executive Committee, 9-20-2017; Ratified GWSB 10-19-2017

Purpose: To provide guidance on the operating costs of the One-Stop delivery system which are comprised of infrastructure costs and additional costs in accordance with the requirements set forth in the Workforce Innovation and Opportunity Act (WIOA).

State Imposed Requirements: This directive may contain some state-imposed requirements. These requirements are printed in **bold, italic type**.

Authorities/References:

- Workforce Innovation and Opportunity Act (Pub. L. 113-128), July 22, 2014;
- TEGL 17-16;
- WIOA Joint Rule for Unified and Combined State Plans, Performance Accountability, and the One-Stop System Joint Provisions; Final Rule, published at 81 FR 55791 (August 19, 2016);
- Resource Sharing for Workforce Investment Act One-Stop Centers: Methodologies for Paying or Funding Each Partner Program's Fair Share of Allocable One-Stop Costs;
- Notice. Published at 66 FR 29638 (May 31, 2001);
- Office of Management and Budget (OMB) CFR Chapter II, Part 200, et al. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards;
- Final Guidance and Final Rule. Final Guidance published at 78 FR 78589 (December 26, 2013) and Final Rule published at 79 FR 75867 (December 19, 2014);
- Department of Labor (DOL) CFR Chapter II, Part 2900 et al. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, December 19, 2014;
- 20 CFR § 678.735; 20 CFR § 678.738; 20 § CFR 678.750

Action Required: Upon issuance bring this guidance to the attention of all WIOA service providers, Local Workforce Development Board (LWDB) members and any other concerned parties. Any LWDBs policies, procedures, and or contracts affected by this guidance are required to be updated accordingly.

Background: Local areas are expected to reach agreement on how infrastructure costs will be shared among required partners. WIOA regulations (20 CFR 678.710) requires that one of two mechanisms for funding the infrastructure costs of comprehensive one-stop centers be used. First a local funding mechanism (LFM) when all required partners agree on how infrastructure costs will be shared, which is the expectation, or a State-determined funding mechanism (SFM) that will be used only as a last resort when it is impossible to reach local agreement.

Policy and Procedure: All required partners under WIOA must use a portion of their program funds to pay costs relating to operation of the local one-stop delivery system. These costs are outlined in this policy.

1. Purpose. This policy provides guidance on the operating costs of the one-stop delivery system, which are comprised of infrastructure costs and additional costs (i.e., career services, shared operating costs, and shared services) in accordance with the requirements set forth in WIOA and its implementing regulations.

The sharing and allocation of infrastructure costs among one-stop partners are governed by WIOA sec. 121(h), its implementing regulations, and the Federal Cost Principles contained in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR part 200 (Uniform Guidance). All one-stop partner programs must contribute to the infrastructure costs and certain additional costs of the one-stop delivery system based on their proportionate use, as required by 20 CFR 678.700 and 678.760, 34 CFR 361.700 and 361.760, and 34 CFR 463.700 and 463.760. A partner's contribution must be an allowable, reasonable, necessary, and allocable cost to the program, consistent with the Federal Cost Principles set forth in the Uniform Guidance.

This focuses on how infrastructure and additional costs are determined and paid for by one-stop partners in a local one-stop delivery system. The policy is applicable to required one-stop partners, as described in WIOA sec. 121(b)(1)(B) and 20 CFR 678.400, 34 CFR 361.400, and 34 CFR 463.400, as well as additional partners described in WIOA sec. 121(b)(2)(B) and 20 CFR 678.410, 34 CFR 361.410, and 34 CFR 463.410. It describes the roles of Governors, State and LWDBs, Chief Elected Officials (CEOs), and local one-stop partner programs in determining infrastructure costs and navigating through the Local funding mechanism (LFM) and State funding mechanism (SFM) for those infrastructure costs.

2. Contextually. DOL, in coordination with Department of Education (ED), has established the one-stop centers, with American Job Centers (AJCs) as a unifying name and brand that identifies the online and in-person workforce development services as part of a single network (20 CFR 678.900, 34 CFR 361.900, and 34 CFR 463.900).

Under WIOA and its implementing regulations, consistent with the Uniform Guidance, funding provided by the one-stop partners to cover the operating costs, including infrastructure costs, of the one-stop delivery system must be based on the partner program's proportionate use of the system and relative benefit received (WIOA sec. 121(h)(1)(B)(i) and 121(h)(2)(C)(i), 20 CFR 678.700 through 678.760, 34 CFR 361.700 through 361.760, and 34 CFR 463.700 through 463.760).

3. One-Stop Operating Budgets and Costs. The operating budget of one-stop centers, or AJC, is the financial plan to which the one-stop partners, CEO(s), and LWDBs in each local area have agreed in the Memorandum of Understanding (MOU) that will be used to achieve their goals of delivering services in a local area. The MOU must contain, among other things, provisions describing how the costs of services provided by the one-stop system and how the operating costs of such system will be funded, including the infrastructure costs for the one-stop system (WIOA sec. 121(c)(2)(A) and 20 CFR 678.500(b), 34 CFR 361.500(b), and 34 CFR 463.500(b)).

The one-stop operating budget 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 sec. 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 infrastructure costs. These additional costs are described in WIOA sec. 121(i).

The one-stop operating budget 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 center and relative benefit received. The one-stop operating budget may be further refined by the one-stop partners, as needed, to assist in tracking their contributions. It may be necessary at times to separate the budget of a comprehensive one-stop center from a specialized one-stop center or an affiliate one-stop center.

Attachment IV: One-Stop Operating Costs provides a diagram illustrating the organization of one-stop operating costs. One-stop operating costs include infrastructure costs and additional costs, which are made up of applicable career services, and may include shared operating costs, and shared services, as described below.

Infrastructure Costs. Infrastructure costs of AJCs 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), 20 CFR 678.700(a), 34 CFR 361.700(a), and 34 CFR 463.700(a)). This list is not exhaustive. For example, the costs associated with the development and use of the common identifier (i.e., AJC signage) and supplies, as defined in the Uniform Guidance at 2 CFR 200.94, used to support the general operation of the one-stop center, may be considered allowable infrastructure costs. Reference SCP 1.4 section: One-stop Operator and Infrastructure percentage requirements and following table.

Non-personnel costs. Non-personnel costs are all costs that are not compensation for personal services. For example, technology-related services performed by vendors or contractors are non-personnel costs and may be identified as infrastructure costs if they are necessary for the general operation of the one-stop center. Such costs may include service contracts with vendors or contractors, equipment, and supplies.

Personnel costs. In contrast to non-personnel costs for the one-stop system, personnel costs include salaries, wages, and fringe benefits of the employees of partner programs or their sub recipients, as described in 2 CFR 200.430 (Compensation – personal services) and 2 CFR 200.431 (Compensation – fringe benefits) of the Uniform Guidance. For example, allocable salary and fringe benefit costs of partner program staff who work on information technology systems (i.e., common performance and reporting outcomes) for use by the one-stop center as a whole would be personnel costs and would be identified as additional costs – not infrastructure costs. The cost of a shared welcome desk or greeter directing employers and customers to the services or staff that are available in that one-stop center is a personnel expense. These costs, therefore, could not be included in infrastructure costs, but are included as “additional costs” in the one-stop operating budget.

Additional Costs. One-stop 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 center.

Career Services. One-stop partners must ensure that at least some career services, described in WIOA sec. 134(c)(2), are provided at the one-stop center. Additional requirements regarding career services may be found at WIOA sec. 121(b)(1)(A)(i), (c)(2)(A)(ii), (e)(1)(A), and (i)(1), 20 CFR 678.760, 34 CFR 361.760, and 34 CFR 463.760. Please also see a detailed discussion about the provision of career services at the one-stop centers in the *General Guidance for the American Job Center Network in the Operation of One-Stop Centers*, issued jointly by DOL and ED, via DOL’s TEGL, ED’s Office of Career, Technical, and Adult Education’s Program Memorandum, and ED’s Rehabilitation Services Administration’s Technical Assistance Circular.

Shared Operating Costs and Shared Services. One-stop partners also may share other costs that support the operations of the one-stop 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 partners, and business services (WIOA sec. 121(i)(2), 20 CFR 678.760, 34 CFR 361.760, and 34 CFR 463.760). As discussed in more detail in the section pertaining to personnel costs above, such 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 center.

A portion of the costs of LWDB staff who perform functions that are not otherwise paid with WIOA title I funds and support the general operations of the one-stop centers may also be included as additional costs. An example of such shared operating costs would be a LWDB staff person acting as the office manager in a one-stop center. As with any additional costs paid by partner programs for the operations of the one-stop delivery system, these 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. Reference 20 CFR § 678.600 which indicates the requirements for a LWDB to operate a One-stop.

4. One-Stop Partners. One-stop partners are the entities that carry out the program in a local area. The one-stop delivery system, as identified in 20 CFR 678.300, 34 CFR 361.300, and 34 CFR 463.300, must include comprehensive one-stop centers, and also may include affiliate one-

stop centers or specialized one-stop centers. Required partner programs and additional partners that carry out their program in the local area are required to share infrastructure costs and certain additional costs (20 CFR 678.700(c), 678.415, and 678.420(b), 34 CFR 361.700(c), 361.415, and 361.420(b), and 34 CFR 463.700(c), 463.415, and 463.420(b)). All one-stop partners, whether they are required partners or additional partners, must contribute to infrastructure costs of the one-stop centers based on proportionate use and relative benefits received. The required one-stop partners must provide access to their programs in the comprehensive centers and contribute to the infrastructure costs of those centers. These partners also make available each partner program's applicable career services at the comprehensive one-stop centers and may contribute to shared services and shared operating costs.

Only those one-stop partners that participate in the affiliate one-stop centers would be required to contribute to the infrastructure costs for those centers, including in one-stop affiliate centers where "access" to programs, services, and activities are made available through a direct linkage or physical presence. When two or more grant recipients or contractors of a required partner program are carrying out the program in a local area, both of these entities must contribute to infrastructure costs, including at an affiliate center, if those partners are participating in that affiliate center. The financial contributions of one-stop partners through a direct linkage will be different than those one-stop partners with a physical presence, regardless of the type of center. A list of the partner programs may be found in Attachment III: Infrastructure Costs: Funding Sources.

Required Partners. WIOA sec. 121(b)(1)(B), 20 CFR 678.400, 34 CFR 361.400, and 34 CFR 463.400 require the following programs to be one-stop partners:

Department of Labor (DOL)

A. WIOA title I programs:

Adult, Dislocated Worker, and Youth formula programs;

Job Corps;

YouthBuild;

Native American programs;

National Farmworker Jobs Program (NFJP);

B. Wagner-Peyser Act Employment Service (ES) program, authorized under the Wagner- Peyser Act (29 U.S.C. 49 et seq.), as amended by WIOA title III;

C. Senior Community Service Employment Program (SCSEP), authorized under title V of the Older Americans Act of 1965;

D. Trade Adjustment Assistance (TAA) activities, authorized under chapter 2 of title II of the Trade Act of 1974;

E. Unemployment Compensation (UC) programs;

F. Jobs for Veterans State Grants (JVSG) programs, authorized under chapter 41 of title 38, U.S.C.; and

G. Reentry Employment Opportunities (REO) programs (formerly known as Reintegration of Ex-Offenders Program (RExO)), authorized under sec. 212 of the Second Chance Act of 2007 (42 U.S.C. 17532) and WIOA sec. 169;

Department of Education (ED)

- H. Adult Education and Family Literacy Act (AEFLA) program, authorized under WIOA title II;
- I. Career and technical education programs at the postsecondary level, authorized under the Carl D. Perkins Career and Technical Education Act of 2006 (Perkins IV); and
- J. The State Vocational Rehabilitation (VR) Services program, authorized under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.), as amended by WIOA title IV;

Department of Housing and Urban Development (HUD)

- K. Employment and training programs;

Department of Health and Human Services (HHS)

- L. Employment and training activities carried out under the Community Services Block Grant (CSBG) programs (42 U.S.C. 9901 et seq.); and
- M. Temporary Assistance for Needy Families (TANF) program, authorized under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), unless exempted by the Governor under 20 CFR 678.405(b), 34 CFR 361.405(b), and 34 CFR 463.405(b).

Additional Partners. Pursuant to WIOA sec. 121(b)(2)(B) and 20 CFR 678.410, 34 CFR 361.410, and 34 CFR 463.410, additional one-stop partners may include, with the approval of the LWDB and CEO(s), the following:

- Social Security Administration (SSA) employment and training program established under sec. 1148 of the Social Security Act (i.e. Ticket to Work and Self Sufficiency programs);
- Small Business Administration employment and training programs;
- Supplemental Nutrition and Assistance Program (SNAP) employment and training programs, authorized under secs. 6(d)(4) and 6(o) of the Food and Nutrition Act of 2008;
- Client Assistance Program (CAP), authorized under sec. 112 of the Rehabilitation Act of 1973, as amended by title IV of WIOA;
- National and Community Service Act programs; and
- Other appropriate Federal, State, or local programs, including, but not limited to, employment, education, or training programs such as those operated by libraries or in the private sector (WIOA sec. 121(b)(2)). Such programs may also include programs providing transportation assistance and services for those with substance abuse or mental health issues.

The LWDBs and CEOs have discretion to take the actions necessary to encourage the additional partners to contribute their proportionate share of infrastructure costs. This discretion does not include the ability to subject the additional partners to the SFM nor can additional partners trigger the SFM, as described later in this guidance.

The Departments strongly encourage Registered Apprenticeship programs to participate as additional one-stop partners. The mutual benefits include coordination in the provision of comprehensive services to participants and the potential enhancement of outreach and follow-up activities. WIOA requires that Registered Apprenticeship programs are to have a representative on the LWDB, and also states that Registered Apprenticeship programs are automatically

eligible to provide training services. These connections would be significantly strengthened through such programs serving as one-stop partners and otherwise working with the one-stop delivery system.

Special Rules. As required one-stop partners, Native American programs (described in WIOA sec. 166) are strongly encouraged to contribute to infrastructure costs, but they are not required to make such contributions under WIOA. Any agreement regarding the contribution or non-contribution to infrastructure costs by Native American programs must be documented in the MOU (WIOA sec. 121(h)(2)(D)(iv); see also 81 FR 55911-55912 of the preamble to the Joint WIOA Final Rule). Further, these contributions must be based on the programs' proportionate use and relative benefits received, consistent with the Uniform Guidance. The lack of agreement on infrastructure costs with Native American programs does not trigger the SFM for the local area, and the Native American programs are not subject to the SFM in the event it is triggered.

The Governor may determine that TANF will not be a required partner in the State, or within some specific local areas in the State. In this instance, the Governor must notify the Secretary of Labor and Secretary of Health and Human Services in writing of this determination (WIOA sec. 121(b)(1)(C) and 20 CFR 678.405, 34 CFR 361.405, and 34 CFR 463.405). In States, or local areas within a State, where the Governor has determined that TANF is not required to be a partner, local TANF programs may still work in collaboration or partnership with the local one-stop centers to deliver employment and training services to the TANF population, unless inconsistent with the Governor's direction. In these situations, TANF may be considered an additional partner for purposes of contributing to the costs of operating the one-stop system.

Partner Programs with Multiple Grant Recipients. Partner programs and additional partners that carry out a program in the local area are required to share infrastructure costs and certain additional costs (20 CFR 678.700(c), 34 CFR 361.700(c), and 34 CFR 463.700(c)). When two or more grant recipients or contractors of a required partner program carry out a program in a local area, these entities are considered one-stop partners and must reach out to the LWDB and carry out the roles and responsibilities of one-stop partners, including negotiating their share of infrastructure costs. For instance, there may be multiple YouthBuild and SCSEP grant recipients along with a few Job Corps contractors in a local area. In this situation, each grant or contract recipient carrying out the program in that local area must contribute towards infrastructure costs, and those contributions must be based on the proportionate use and relative benefits received by those partners from the one-stop centers.

5. Funding Types and Sources. The permissible types of funds used for infrastructure costs and the additional costs of operating a local one-stop delivery system (i.e., a partner's program or administrative funds) may differ depending upon the partner program's authorizing law and implementing regulations. The funds that may be used also differ based on whether the amount that must be contributed by a partner for infrastructure costs is determined under the LFM or the SFM. The funding types and sources permissible for the one-stop partners are outlined in Attachment II: Paying for the One-Stop Delivery System.

Types. Funding for infrastructure costs and additional costs, such as shared costs and shared services, may be in the form of: (1) cash, non-cash, and third-party in-kind contributions; (2) funding from philanthropic organizations or other private entities; or (3) other alternative financing options, as described in WIOA sec. 121(c)(2)(A)(ii) and 20 CFR 678.715, 34 CFR 361.715, and 34 CFR 463.715. Some partner programs may have statutory or regulatory prohibitions against using certain types of these contributions or on how the program may treat these contributions for fiscal accountability purposes under the respective program's requirements. For example, pursuant to 34 CFR 361.60(b)(2), a VR agency may not use third-party in-kind contributions for match purposes under the VR program. However, there is nothing in 34 CFR 361.60 that prohibits a VR agency from using third-party in-kind contributions to pay for its share of the one-stop operating costs, including infrastructure costs.

Sources. The source of funds that may be used to pay for infrastructure costs depends on the requirements regarding the use of funds under the law authorizing the partner program that is contributing the funding. The infrastructure funding may be from funds classified as administrative, program, or both, depending on the partner program's requirements. Below are the one-stop partners and the source of funds expected to be used. The partner programs required to make a contribution towards infrastructure costs and the applicable funding sources are illustrated in Attachment III: Infrastructure Costs: Funding Sources.

Local and State Funding Mechanisms – Types and Sources

(20 CFR 678.720 and 678.740; 34 CFR 361.720 and 361.740; and 34 CFR 463.720 and 463.740)

- WIOA title I programs, including the Adult, Dislocated Worker, and Youth programs; Native American programs, YouthBuild, Job Corps programs, and MSFW programs – Program funds, administrative funds, or both may be used for LFM and SFM.
- SCSEP, TAA programs, REO programs – Program funds, administrative funds, or both may be used to pay for infrastructure costs under the LFM and SFM.
- Wagner-Peyser Act ES, JVSG, and Unemployment Compensation programs – These programs do not distinguish between program and administrative funds. Therefore, any of the funds allotted for these programs may be used to pay for infrastructure costs under the LFM and SFM.
- AEFLA – Infrastructure costs under the LFM and SFM are to be paid from Federal funds made available for local administration (WIOA sec. 233(a)(2) and 34 CFR 463.25 and 463.26(e)). Non-Federal resources that are cash, non-cash, or third-party in-kind contributions may also be used. The Federal funds available for activities other than local administration may not be used for such costs. For the SFM, other funds made available by the State may be used.
- VR program – This program does not distinguish between program and administrative funds. Non-Federal resources that are cash, non-cash, or third-party in-kind contributions may also be used under the LFM and SFM. The VR regulations at 34 CFR 361.5(c)(2)(viii) clarify that one-stop system infrastructure costs are allowable administrative costs under the VR program. Therefore, although the VR program imposes no limits on the amount of funds that may be spent on administrative costs, VR agencies must report funds spent for infrastructure costs as administrative costs.

Furthermore, as stated above, VR agencies may not count third-party in-kind contributions toward meeting their match requirement under the VR program when such contributions are used for one-stop operating costs.

- Perkins IV – For the LFM, Federal funds made available for local administration may be used to pay infrastructure costs. Non-Federal resources that are cash, non-cash, or third-party in-kind contributions, and other funds made available by the State may also be used to pay infrastructure costs. Under the SFM, Federal funds made available for local administration of postsecondary level programs and activities to eligible recipients or consortia of eligible recipients may be used to pay infrastructure costs. Additionally, funds made available by the State or non-Federal resources that are cash, non-cash, or third-party in-kind contributions, and other funds made available by the State may be used to contribute to infrastructure costs.
- Other required partners including HUD employment and training programs, CSBG programs, and TANF – These partner programs may determine what funds they will use to pay for infrastructure costs under the LFM. The use of these funds must be in accordance with the requirements of WIOA and with the relevant partner’s authorizing statutes and regulations, including, for example, prohibitions against supplanting non-Federal resources, statutory limitations on administrative costs, and all other applicable legal requirements. For the SFM, only administrative funds for these other required partner programs may be used to pay infrastructure costs.
- Additional Partners – For the LFM, these partners must consult their program’s requirements and/or statute or authorizing documents/regulations to determine the type and source of funds that may be used. The SFM does not apply to the additional partners.

The funds one-stop partners use to pay the additional costs of a one-stop delivery system must be consistent with WIOA and its implementing regulations governing that particular program (20 CFR 678.760, 34 CFR 361.760, and 34 CFR 463.760). The determination of contributions for additional costs is not subject to the SFM.

6. Uniform Guidance – Federal Cost Principles. Any cost paid for with Federal grant funds must comply with Subpart E, Federal Cost Principles of the Uniform Guidance at 2 CFR part 200. The Federal Cost Principles, applicable to one-stop partners that are Federally-funded, provide general guidance to be used in developing cost allocation methodologies and in determining if contributions towards infrastructure costs and additional costs are necessary, reasonable, and allocable to their program based upon relative benefits received. Additionally, all costs must be allowable under, and allocable to, that partner program in accordance with the program’s authorizing statute and implementing regulations.

In addition, WIOA requires one-stop partners to contribute funding to establish and maintain the one-stop delivery system based on each partner’s proportionate use of the system and the relative benefits received (WIOA sec. 121(h)(1)(B)(i) and 121(h)(2)(C); 20 CFR 678.420(b), 34 CFR 361.420(b), and 34 CFR 463.420(b)). One-stop partners must use a reasonable cost allocation methodology in determining appropriate partner contributions based on proportionate use and relative benefits received (20 CFR 678.420(b)(2)(i), 34 CFR 361.420(b)(2)(i), and 34 CFR 463.420(b)(2)(i)).

Proportionate Use. For the purpose of this joint policy guidance, “proportionate use” refers to a partner program contributing its fair share of the costs proportionate to: (1) the use of the one-stop center by customers that may include reportable individuals and participants in its program at that one-stop center; (2) the amount of square footage occupied by the partner program in the one-stop center; or (3) another allocation base consistent with the Uniform Guidance.

Relative Benefit. 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 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 SFM. However, as discussed later in this guidance, 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 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).

Allocation of Costs. Cost allocation is based upon the premise that Federal programs are to bear an equitable proportion of shared costs based on the benefit received by each program. The allocation of costs must be consistent with the Uniform Guidance. The Uniform Guidance defines “allocation” at 2 CFR 200.4 and “allocable costs” at 2 CFR 200.405.

7. Allocation Methodologies. The specific methodologies used to allocate costs among the one-stop 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 local MOU, LWDBs and 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, LWDBs and one-stop partners may also consider whether it is necessary to allocate costs by each one-stop center separately. For instance, the budget for operating an affiliate one-stop center may be less than the operating budget for a comprehensive one-stop center because the affiliate one-stop center includes one or more, but not all, one-stop partner programs.

In this preliminary stage, the partners: (1) determine the infrastructure costs budget and the budget(s) for additional costs, which must include career services and may include shared services and shared operating costs for a particular comprehensive one-stop 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. In other words, the 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 local areas, there is no single method prescribed for allocating costs.

In selecting a method to allocate infrastructure and additional costs, consider the additional effort and expense required to achieve a greater degree of accuracy. General criteria that should be used in selecting an allocation base include the following:

- **Allocation Bases.** When costs cannot be directly assigned to a final cost objective, the costs are placed in a pool that will be allocated at a later time to the benefiting partner programs. A cost pool contains a group of common costs to be allocated by using an indirect or approximate measure of benefit. The approximate measure of benefit is the allocation base. An allocation base is the method of documentation used to measure the extent of benefits received when allocating joint costs among multiple cost objectives. Many different types of bases can be used in allocating costs. The most appropriate base will vary depending on the circumstances. One-stop partner programs may agree to use several different bases for allocating different types of costs in the one-stop center. A local area may allocate costs differently among one-stop centers in that local area. Acceptable methods for distributing pooled costs may vary by type of organization, functional units, or levels within an organization, types of cost to be allocated, and cost category. The basis used to allocate a particular type of cost must be used consistently over time (2 CFR 200.403(d)).
- **Inputs.** The Departments consider inputs – the most commonly used allocation bases – to be the resources used in a process, activity, or service. Using inputs, the cost is allocated at the same time it is incurred and the usage must be documented. Examples of input bases include: (1) staff time allocated on the basis of time sheets and time distribution records; (2) facilities allocated on the basis of square footage; (3) accounting services allocated on the basis of transactions; and (4) equipment or supplies allocated based on usage.
- **Outputs.** The Departments consider outputs to be the results of an activity or service. Examples of output allocation bases include: (1) participants and reportable individuals under a specific program; (2) number of customers who are obtaining employment after self-directed job search; and (3) number of customers receiving a specific career service. One of the issues associated with output-based allocations is that they will vary over time, usually based on client flow. For this reason, output-based allocations may result in large changes in the resources needed to fund the pooled costs when the budgets are adjusted to actual costs and, therefore, should be used with caution.

An allocation base is acceptable if it represents a fair measure of cost benefit and if it results in an equitable and reasonable distribution of the costs of services rendered or goods provided. Each base should be considered on its own merits as to the purpose for using it and the degree of equity and reasonableness it will achieve in allocating infrastructure or additional costs. The Departments consider the following to be standards for acceptable bases:

Minimal Distortion. The base should allocate costs in a fair and equitable manner without distorting the results. This requires that the base be as causally related as possible to the types of costs being allocated, so that benefit can be measured as accurately as possible. For example, building costs may be allocated based on square footage used by a partner program.

- **General Acceptability.** Consistent with 2 CFR 200.403(e), the base should be generally accepted and in conformance with Generally Accepted Accounting Principles (GAAP). For example, the base should be consistently applied over time. The base should also be drawn from the same period during which the costs have been incurred and allocated.
- **Represents Actual Cost or Effort Expended.** The base should be a measure of actual cost or actual effort expended. It should be based on historical data and not solely on a plan, projection, budget, job description, or other estimates of planned activity. This means that partner contributions determined from allocation methodologies based originally on a budget must be reconciled periodically to actual costs to ensure the contribution is reflective of relative benefits received by the partner over time.
- **Timely Management Control.** The base should be within management's ability to control on a timely basis. The base should produce reliable and fairly predictable results. If the base is erratic and unpredictable, beyond management's ability to control, or not timely, it is likely to produce unacceptable results. For example, if time studies are used, but do not accurately reflect seasonal or workload fluctuations, such a base may not be suitable in allocating costs.
- **Consistency with Variations in Funding.** The base must be able to accommodate and withstand changes in funding during the year and from year to year. If the base includes factors that are affected by variations in funding, it could produce distorted results.
- **Materiality of Costs Involved.** The time and expense spent in developing and implementing the base should not be greater than justified by the materiality of the costs to be allocated. In other words, the grantee should not spend more on obtaining the information needed to allocate pooled costs than the dollars in the pool warrant. The base should be sufficiently detailed to provide the most equitable and accurate allocation possible. At the same time, the base should be simple enough to be efficient while still attaining a fair distribution of costs.
- **Practicality and Cost of Using the Base.** The base should be as efficient as possible in terms of the cost or effort in developing it. Thus, wherever possible, a database that already exists in the financial or participant record keeping and reporting systems should be used rather than creating a separate database to be used only for allocating costs.

Additional examples of common cost pools and allocation bases are described in Attachment I: Examples of Cost Pools and Possible Allocation Bases.

8. Valuation. 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 agreed upon one-stop operating budget that must contain an infrastructure cost budget and an additional costs budget. All partner contributions, regardless of the source, must be reconciled and adjusted accordingly on a regular basis (i.e., monthly or quarterly) 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 partners should agree on which sources or companies they use to assess or appraise the fair market value or fair rental value of non-cash and third-party in-kind contributions.

Cash contributions. Cash contributions are cash funds provided to the LWDB or its designee by one-stop partners, either directly or by an interagency transfer, or by a third party.

Non-cash contributions. 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. The value of non-cash contributions must be 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.

Example 1: For Program Year (PY) 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 wishes to donate to the one-stop center (not for its own individual use) gently used surplus office furniture. The furniture is needed in the one-stop center. 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.

Example 2: In the same example as above, the partner does not donate the gently used office furniture, but loans it for general use by partners at the one-stop center. The office furniture is on a 5-year depreciation schedule. The annual depreciation is \$3,700 and the annual fair rental value is \$3,500. In accordance with 2 CFR 200.306(i)(4), the partner may count \$3,500 as part of its contribution for that year. As with any depreciable asset, an assessment of its fair rental value must be done each year in which the equipment is loaned to the one-stop center. The one-stop partners must determine annually whether the one-stop center still

requires the use of the office furniture and that this cost is built into the infrastructure funding agreement (IFA).

Third-party in-kind contributions. Third-party in-kind contributions are contributions of space, equipment, technology, non-personnel services, or other like items by a non-partner (i.e., a third-party) 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 and, if contributed on behalf of a particular program partner, meet the partner's proportionate share.

There are two types of third-party in-kind contributions: (a) general contributions to one-stop operations (i.e., those not connected to any individual one-stop partner); and (b) those made specifically to a one-stop partner program (20 CFR 678.715, 34 CFR 361.715, 34 CFR 463.715, and 2 CFR 200.306).

Example 1: For PY 2017, a local county government that is not a one-stop partner has a vacant building and would like to donate the space for use as a one-stop center. This in-kind contribution would not be associated with one specific partner, but rather would go to support the one-stop center generally and would be factored into the underlying budget and cost pools used to determine proportionate share of the partners, meaning that each partner's proportionate share may be lower. The valuation of donated space by a third party must adhere to the Uniform Guidance at 2 CFR 200.306(i)(3). The annual fair rental value of comparable space in the same locality, as established by an independent appraisal is \$77,000. As with all non-cash and third-party in-kind contributions, the value at which the space has been appraised is the amount accounted for in the infrastructure budget. The partners may use this donation of space as an offset towards the entire budget for infrastructure, thus reducing the partners' individual contributions. The valuation of the donated space must be assessed again each subsequent year.

The second type of in-kind contribution is a third-party contribution to a specific partner to support that partner's proportionate share of one-stop infrastructure costs. If the contribution was in the one-stop center's budget for infrastructure costs, the partner could then use the value of the third-party in-kind contribution to count towards its proportionate share.

Example 2: An employer provides assistive technology equipment to a VR 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 use the fair market value of the donation towards its contribution. The Uniform Guidance at 2 CFR 200.306(g) requires that the equipment be valued at no more than the fair market value (\$4,500) at the time of donation.

Example 3: A local literacy foundation wants to donate gently used computer equipment to the local one-stop center to support the infrastructure cost contribution of the designated AEFLA partner program in the local community. Computer equipment is part of the one-stop operating budget. The fair market value of the computer equipment is valued at \$9,200 at the

time of donation. The AEFLA partner program's proportionate use of the one-stop center is determined to be \$12,500. The AEFLA partner program may use the fair market value of this equipment towards its infrastructure cost contribution for that program year. Furthermore, the AEFLA partner program is required to contribute an additional \$3,300 in resources to pay its remaining share.

Infrastructure Funding Agreements (IFA). The IFA contains the infrastructure costs budget, which is an integral component of the overall one-stop operating budget. The other component of the one-stop operating budget 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 operating budget would be 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. It is strongly recommended that the LWDBs, one-stop partners, and CEOs negotiate the IFA, along with additional costs, when developing the operating budget for the local one-stop delivery system. The overall one-stop operating budget must be included in the MOU. IFAs are a mandatory component of the local MOU, described in WIOA sec. 121(c) and 20 CFR 678.500 and 678.755, 34 CFR 361.500 and 361.755, and 34 CFR 463.500 and 463.755. Similar to MOUs, the LWDB may negotiate an umbrella IFA or individual IFAs for one or more of its one-stop centers. A local area's PY 2017 final IFA must be in place no later than January 1, 2018, or by an earlier date specified by the Governor, rather than a part of the MOU that must take place on July 1, 2017. This extension is provided to allow local areas additional time to negotiate and reach consensus on one-stop partner infrastructure funding contributions in PY 2017. During the extension period, local areas may use the funding agreement they used for PY 2016, with any such modifications as the partners may agree to, to fund infrastructure costs in the local area. All final IFAs must satisfy the requirements of sec. 121(h) of WIOA for funding the one-stop delivery system in PY 2017. For PY 2017 and subsequent program years, the IFA must be completed and signed by all required partners and additional partners that are participating by the date specified by the Governor.

Consistent with 20 CFR 678.755, 34 CFR 361.755, and 34 CFR 463.755, IFAs must include the following elements:

- a) The period of time in which the IFA is effective (which may be a different time period than the duration of the MOU);
- b) Identification of the infrastructure costs budget, which is a component of the one-stop operating budget;
- c) Identification of all one-stop partners, CEO(s), and the LWDB participating in the IFA;
- d) A description of the periodic modification and review process to ensure equitable benefit among one-stop partners;
- e) Information on the steps the LWDB, CEO(s), and one-stop partners used to reach consensus or the assurance that the local area followed the SFM process; and
- f) 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.

It is essential that the IFA include the signatures of individuals with authority to bind the signatories to the IFA, including all one-stop partners, CEO(s), and LWDB participating in the IFA.

Items (d) through (f) above are extremely important for two reasons. First, they are designed to ensure that partners negotiate on a level playing field regarding the infrastructure funding of their one-stop centers. Second, they are designed to ensure that partners have established a process to attempt to resolve differences prior to triggering the SFM, as further described below.

The following are the general steps in the allocation of infrastructure costs process:

1. Identify one-stop operating costs, including infrastructure costs and additional costs.
2. Develop the one-stop operating budget that includes an infrastructure costs budget and additional costs budget.
3. Develop the cost allocation methodology, including the identification of cost pools and allocation bases.
4. Determine estimated partner contributions.
5. Prepare and agree to the IFA(s).
6. Allocate actual costs by each partner's proportionate use and relative benefit received.
7. Conduct a periodic reconciliation (i.e., monthly or quarterly).
8. Modify infrastructure costs budget and/or cost allocation methodology, as appropriate.
9. Evaluate the existing process and prepare for the following program year.

Please note the IFAs do not need prior approval from a Federal cognizant agency or a pass-through agency that would have otherwise reviewed and approved proposals for the allocation of indirect costs. However, the infrastructure funding mechanisms are subject to review by Federal administering agencies and one-stop partners to ensure compliance with applicable requirements.

9. Infrastructure Funding Mechanisms. Infrastructure costs are funded either through the LFM or SFM. The LFM affords LWDBs and local one-stop partner programs flexibility to design and fund a one-stop delivery system through consensus, to meet the needs of their local or regional area by leveraging the funds and resources available to partners, and the LWDB to optimally provide program services (20 CFR 678.715 through 678.725, 34 CFR 361.715 through 361.725, and 34 CFR 463.715 through 463.725). If the LWDB fails to reach consensus with all of the required partners with regard to the amount each partner will contribute to the one-stop delivery system's infrastructure costs pursuant to WIOA sec. 121(h)(1)(A)(i)(I), the SFM is triggered pursuant to WIOA sec. 121(h)(1)(A)(ii) and 20 CFR 678.725 and 678.730, 34 CFR 361.725 and 361.730, and 34 CFR 463.725 and 463.730.

NOTE: *The initial deadline to notify the Governor should the LWDB local one-stop partners & CEOs fail to reach a consensus on methods of funding infrastructure costs is November 1, 2017 and each subsequent negotiated year on April 1.*

Under the SFM, the Governor is required to calculate the statewide funding caps and the amount available for local areas that have not reached consensus, and to determine the partners' contributions for infrastructure costs using the process outlined below, as well as in 20 CFR 678.730 through 678.738, 34 CFR 361.730 through 361.738, and 34 CFR 463.730 through 463.738. The Governor calculates the statewide caps by considering total funding for a partner program against the statutory caps specified in WIOA for infrastructure costs. Please note that WIOA and its implementing regulations identify caps for specific partner programs. The SFM is only applicable to required one-stop partners, and cannot be triggered by additional one-stop partners not reaching consensus.

The intent of the LFM is to encourage local areas to make a good-faith effort to reach consensus in developing a local IFA. The SFM is intended as a failsafe if local partners cannot come to consensus regarding infrastructure cost funding. However, the application of capped levels of funding under the SFM may restrict the amount one-stop partners have available for infrastructure cost funding in a given local area.

Local Funding Mechanism. In the LFM, the LWDB, CEO(s), and one-stop partners negotiate and agree to the amounts that each partner will contribute for one-stop infrastructure funding, as well as the methods of calculating these amounts in order to include the infrastructure funding terms in the MOU as an IFA, and to sign the IFA and MOU in accordance with WIOA secs. 121(c)(2)(A)(ii) and 121(h)(1)(A)(i).

- A one-stop partner program's proportionate share of funding must be calculated in accordance with WIOA, its implementing regulations, and the Uniform Guidance. It must be based upon a reasonable cost allocation methodology, whereby infrastructure costs are charged to each partner based on the partner's proportionate use of the one-stop center and the relative benefits received, and must be allowable, reasonable, necessary, and allocable. Partners' contributions must be periodically reviewed (i.e., monthly or quarterly) and reconciled against actual costs incurred, and adjusted to ensure that actual costs charged to any one-stop partner are based on proportionate use and relative benefit received by the one-stop partner and its respective program or activities.
- WIOA does not include any caps on the amount or percentage of overall funding a one-stop partner may contribute to fund infrastructure costs under the LFM, except that each partner program's contributions must be consistent with the program's authorizing statute and regulations, as well as with the Uniform Guidance. Detailed guidance about which categories of funds programs can use is found above in section 5. The VR program does not distinguish between program or administrative funds. However, VR agencies must report contributions for infrastructure costs as administrative costs. Contributions from the AEFLA and Perkins IV programs must be from local administrative funds. Contributions made using administrative funds may not exceed the amount available for administrative costs under the authorizing statute or regulations of the partner program.

In addition, no partner may contribute more than its proportionate share based on relative benefit and use by the program, consistent with the Uniform Guidance set forth in 2 CFR part 200 (see 20 CFR 678.720, 34 CFR 361.720, and 34 CFR 463.720).

State Funding Mechanism. Although the local one-stop operating budget contains different cost components, failure by only one of the required partners to reach consensus in a local area with respect to the infrastructure costs in the IFA will trigger implementation of the SFM. A failure by required partners to reach consensus on additional costs does not trigger the SFM. If the LWDB and required one-stop partners fail to reach consensus on funding infrastructure costs under the LFM, as outlined above, this will trigger the SFM. Even if all required partners *except one* agree on the terms of the IFA, consensus is not reached, and the SFM is triggered.

The SFM does not apply to additional partners and cannot be triggered by an additional partner's disagreement on the terms of the IFA or their refusal to sign the IFA. While additional partners are not subject to the SFM, they still are required to contribute to one-stop infrastructure cost funding in accordance with the program's proportionate use of the one-stop center and relative benefit received, consistent with the requirements for one-stop partner contributions in WIOA, the Joint WIOA Final Rule, and the Uniform Guidance at 2 CFR part 200.

The SFM has eight discrete steps that must be followed by the Governor and LWDB in accordance with the statute and 20 CFR 678.730 through 678.750, 34 CFR 361.730 through 361.750, and 34 CFR 463.730 through 463.750. These steps are addressed in detail below.

Step 1: Notice of failure to reach consensus given to the Governor. If the LWDB, local one-stop partners, and CEO(s) cannot reach consensus on methods of sufficiently funding a one-stop center's infrastructure costs and the amounts to be contributed by each local partner program, the LWDB is required to notify the Governor. Notification must be given to the Governor by the specific date established in the Governor's guidance on infrastructure funding. Because the SFM requires the Governor to make complex calculations and determinations and seek the counsel of multiple parties in doing so, it is strongly advised that this date be set at least a few months in advance of the beginning of the next Program Year (i.e., April or May for PY 2018 and those thereafter) in order to allow sufficient time for these calculations and determinations to be completed well before the start of the program year for which infrastructure costs are being negotiated (see section 13 of this guidance for a discussion of the implementation timeline for PY 2017).

Step 2: Local negotiation materials provided to the Governor. In order to assist the Governor in making these calculations and determinations, the LWDB must provide the appropriate and relevant materials and documents used in the negotiations under the LFM, preferably when notifying the Governor of the failure to reach consensus. At a minimum, the LWDB 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; and (6) any partially agreed upon, proposed, or draft IFAs. The LWDBs also may give the Governor additional materials that they or the Governor find to be appropriate.

Note: The initial deadline to notify the Governor should the LWDB local one-stop partners & CEOs fail to reach a consensus on methods of funding infrastructure costs is November 1, 2017 and each subsequent negotiated year on April 1.

Step 3: The Governor determines one-stop center infrastructure budget(s). The Governor must determine the infrastructure budget(s). Depending on the local delivery system structure, there may be more than one infrastructure budget, each of which is contained in a one-stop operating budget. While the Governor should take into account the one-stop center's operating budget, the Governor only has the power to determine the infrastructure budget under the SFM. The Governor must determine the infrastructure budget in one of two ways. If, as a result of an agreed upon infrastructure budget, only the individual programmatic contributions to infrastructure funding based upon proportionate use of the one-stop centers and relative benefit received are at issue, the Governor may accept the infrastructure budget, from which the Governor must calculate each partner's contribution consistent with the cost allocation methodologies contained in the Uniform Guidance. We recommend that the Governor utilize this course of action if it is available.

If; however, an infrastructure budget or budgets were not agreed upon in the local negotiations, or the Governor determines that the agreed upon budget does not adequately meet the needs of the local area or does not reasonably work within the confines of the resources available to that local area in accordance with the Governor's guidance on one-stop infrastructure funding, then the Governor must use a formula approved by the Governor's Workforce Development Board (GWDB). This formula must identify the factors, as well as each factor's corresponding weight, that the Governor must use in determining the one-stop center infrastructure budget. At a minimum, these factors must include: (1) the number of one-stop centers in a local area; (2) the total population served by such centers; (3) the services provided by such centers; and (4) any factors relating to the operations of such centers in the local area that the GWDB determines are appropriate (20 CFR 678.745, 34 CFR 361.745, and 34 CFR 463.745).

Note: DETR Financial Management (DETR FM) will represent the Governor in preparing a budget for the Local Area should SFM become necessary.

Step 4: Governor establishes cost allocation methodology. After an infrastructure budget has been determined, the Governor must establish a cost allocation methodology that determines the distribution of infrastructure funding costs among the local one-stop partners in accordance with the principles of proportionate use of the one-stop center and relative benefit received. This allocation methodology must be consistent with the Federal Cost Principles of the Uniform Guidance in 2 CFR part 200, all relevant Federal regulations and statutes, further regulatory guidance, and the partner programs' authorizing laws and regulations. Beyond these requirements, the determining factor can be a wide range of variables, such as number of customers served, square footage used, or a different basis that is agreed upon for determining each partner's contribution level for infrastructure costs.

Step 5: Partners' proportionate shares are determined. Once a methodology is established, the Governor must use this methodology to determine each required one-stop partner's proportionate share of infrastructure funding costs. The Governor must take into account a number of factors in reaching a proportionate share determination including: (1) the costs of administration of the one-stop delivery system for purposes not specifically related to a one-stop center for each partner (such as costs associated with maintaining the LWDB or information technology systems); (2) statutory requirements for each partner program; (3) each one-stop partner's ability to fulfill such requirements; and (4) all other applicable legal requirements. The Governor may draw upon any proportionate share determinations made during the local negotiations, including any agreements reached at the local level by one or more partners, as well as any other materials or documents from the negotiating process.

In some instances, the Governor does not determine each one-stop partner's contribution amounts for infrastructure costs. In States where the policy-making authority is placed in an entity or official that is independent of the authority of the Governor with respect to the funds provided for the AEFLA program, postsecondary career and technical education activities authorized under Perkins IV, or the VR program, the determination of the amount each of the applicable partners must contribute to assist in paying the infrastructure costs of one-stop centers must be made by the official or chief officer of the entity with such authority, in consultation with the Governor.

For other required partner programs in which grant awards are made to entities that are independent of the authority of the Governor, such as Job Corps center contractors or grant recipients of the DOL-administered national programs, the determination of the amount each of the applicable partners must contribute to assist in paying the infrastructure costs of one-stop centers continues to be made by the Governor, through the authority granted to the Governor by WIOA and its implementing regulations.

Step 6: Governor calculates statewide caps. Once the Governor has created a cost allocation methodology, the Governor then must 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 SFM does not apply to them.

The statewide caps are a statutory requirement for purposes of the SFM, even when only one local area is unable to reach consensus on an IFA through the LFM. However, the caps only restrict those infrastructure cost contributions required by one-stop partners within the local area(s) that has (or have) not reached consensus. The caps used in the application of the SFM are referred to as the applicable program caps, which must be calculated by the Governor using the five sub-steps listed below.

In the event that more than one local area in a State does not reach consensus, then the aggregate of the infrastructure funding costs that must be contributed by each required one-stop partner in all of the local areas that did not reach consensus is restricted by the applicable program cap.

For example, if three of seven local areas within a State did not reach consensus, then the required infrastructure funding contributions of each required one-stop partner under a particular program in these three areas would be added together, the sum of which could not exceed the calculated applicable program cap.

The Governor must take five sub-steps to calculate the applicable program cap for any given program.

Sub-Step 1:	The Governor must apply a partner’s individual applicable limiting percentage (the statutory percentages listed in WIOA sec. 121(h)(2)(d))—which is dependent on the type of program (see chart below)—to the total Federal funding which that program receives for the affected program year to reach the maximum potential cap (MPC). The applicable limiting percentage for a program is listed below and in WIOA sec. 121(h)(2)(d), 20 CFR 678.738(c), 34 CFR 361.738(c), and 34 CFR 463.738(c). <u>Some programs will use previous years’ funding to determine the cap due to internal program funding allocation or reallocation methods</u>
Sub-Step 2:	The Governor must select a determining factor or factors that reasonably indicate the use of one-stop centers in the State. This could be, for example, total population, concentration of wealth, or another factor that is applicable to the State’s workforce dynamic.
Sub-Step 3:	The Governor applies the determining factor(s) to all local areas across the State, and then determines the percentage of the factor(s) that is applicable to those areas that reached consensus, or the consensus areas’ factor percentage.
Sub-Step 4:	The Governor then applies the consensus areas’ factor percentage to the MPC to find the consensus areas’ portion of the MPC.
Sub-Step 5:	The Governor subtracts the amount equal to the consensus local areas’ portion of the MPC from the MPC. The remaining amount is the applicable program cap for use in the local areas that have not reached consensus and are subject to the SFM.

Limiting Percentages for Programmatic Statewide Caps on Infrastructure Funding Under the State Funding Mechanism:

<u>Program Type</u>	<u>Limiting Percentage</u>
WIOA title I programs (youth, adult, or dislocated worker)	3%
Wagner-Peyser Act ES	3%
AEFLA	1.5%
Perkins IV	1.5% of funds made available for postsecondary level programs and activities and funds used to administer postsecondary level programs and activities in the prior year
VR <ul style="list-style-type: none"> • PY 2017 • PY 2018 • PY 2019 • PY 2020 and subsequent years 	0.75% of Fiscal Year 2016 Federal VR funding 1% of Fiscal Year 2017 Federal VR funding 1.25% of Fiscal Year 2018 Federal VR funding 1.5% of Fiscal Year 2019 (or applicable previous year) Federal VR funding
TANF	1.5% of funds from the previous year spent on work, education, and training activities, plus any associated administrative costs
CSBG	1.5% of funds from the previous year spent by local CSBG-eligible entities to provide employment and training activities, plus any associated administrative costs
Other required partners including Job Corps; YouthBuild; Native American programs; MSFW (NFJP) programs; SCSEP; TAA; UC; HUD employment and training programs; and programs authorized under sec. 212 of the Second Chance Act of 2007	1.5%
Additional (non-required) partners	SFM does not apply

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 local required one stop 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 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 LWDB, one-stop partners, and CEO(s) to:
 - Re-enter negotiations to reassess each one-stop 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 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. The Governor must make adjustments to specific local partners' proportionate share in accordance with the amounts available under the applicable program cap for the associated program, if the LWDB, CEO(s), and the required one-stop partners fail to reach agreement on how to address the situation in which the proportionate share exceeds the cap using the approaches described in Step 7. The aggregate total contribution of a program's local one-stop partners under the SFM may not exceed the applicable program cap.

10. Appeals Process. The Governor must establish a process, described in the Unified or Combined State Plan, for one-stop partners to appeal the Governor's determination regarding the one-stop partner's portion of funds to be provided for one-stop infrastructure costs under the SFM, as outlined in 20 CFR 678.750, 34 CFR 361.750, and 34 CFR 463.750.

Nevada Infrastructure Appeals Process: In accordance with WIOA 121(h)(2)(E), if a one-stop partner wishes to appeal the Governor's determination regarding the one-stop partner's portion of funds to be provided for one-stop infrastructure costs, the one-stop partner may submit a written appeal to the GWDB within thirty (30) days of the Governor's determination. Appeals submitted after this time will not be considered.

As described in 20 CFR §678.750, the appeal may be made on the grounds that the Governor's determination is inconsistent with proportionate share requirements in 20 CFR §678.735(a), the cost contribution limitations in 20 CFR § 678.735(b), or the cost contribution caps in 20 CFR §678.738. The appealing entity must explain why it believes the determination is contrary to the provisions of WIOA 121(h)(2)(E). No other cause for appeal will be considered. The GWDB must consider and respond in writing to such an appeal within 30 days of its receipt.

Partner programs not under the control of the Governor. Under the SFM, the Governor has authority to determine the financial contribution of all required one-stop partners towards infrastructure costs in accordance with 20 CFR 678.725 through 678.738, 34 CFR 361.725 through 361.738, and 34 CFR 463.725 through 463.738. For AEFLA programs and activities, the VR program, and postsecondary career and technical education activities under Perkins IV, in States in which the policy-making authority is placed in an entity or official that is independent of the authority of the Governor, the determination of the amount each of these programs must contribute toward infrastructure costs must be made by the official or chief officer of the entity with policy-making authority, in consultation with the Governor (20 CFR 678.730(c)(2), 34 CFR 361.730(c)(2), and 34 CFR 463.730(c)(2)).

11. Preference for Implementing the Local Funding Mechanism. There is an emphasis on the importance of local one-stop partners, LWDBs, and CEOs reaching consensus on infrastructure funding during local negotiations, thus avoiding the necessity of utilizing the SFM. The underlying reason for this is that local parties involved in the development of the MOU, whether they are one-stop partners, LWDBs, or CEOs, are more likely to understand the needs of the local area's workforce, how to best meet these needs through the one-stop delivery system, and the resources needed to meet these needs, as well as the best way to obtain these resources to encourage the use of the LFM and input from local entities. There are no specific programmatic caps on the amount or percent of overall funding a one-stop partner may contribute to fund infrastructure costs under the LFM, except that contributions for administrative costs may not exceed the amount available for administrative costs where applicable under the authorizing statute of the partner program, and contributions may not exceed a partner's proportionate use or relative benefit received consistent with the requirements of the Uniform Guidance. Under the SFM, the Governor may direct the LWDB, CEO(s), and required one-stop partners into renegotiations. In this event, parties may come to agreement, sign a MOU, and proceed under the LFM. Such actions do not require the redetermination of the applicable caps under the SFM. It is expected that the Governor generally will draw heavily from the local negotiation process throughout the implementation of the SFM. As such, even if consensus cannot ultimately be reached in a local area, it is to the benefit of each local one-stop partner to actively participate in local negotiations in a good faith effort to reach agreement. The Governor should take into account agreed upon budgets, proposed funding commitments, proposed or agreed upon proportionate share allocation methodologies, and other information generated during local negotiations. Parties negotiating in good faith will consequently have much more influence over the outcomes of an eventual implementation of the SFM, if that is necessary. The SFM's programmatic caps create uncertainty for local one-stop partners regarding how much they will be required to contribute toward infrastructure costs and the level of service they will be able to provide to their participants. For example, if only one local area in a State is unable to reach agreement, then that local area's one-stop partners could be held responsible for the total difference between the MPC and the amount that the consensus area is already considered to

have contributed towards the MPC. The Governor, not the one-stop partners, has the final say under the SFM concerning the proportionate shares of each local one-stop partner and the allocation method under which this is calculated, a one-stop partner could pay far more under the SFM than it would have paid under the LFM. One-stop operating budget and partner proportionate shares are calculated before the caps are calculated under the SFM, and the caps do not automatically contribute to a restriction of services. This order of calculations permits local one-stop partners that are willing to contribute above their applicable cap amounts within the bounds of the requirements of authorizing statutes, so long as no partner pays more than its proportionate share, based on proportionate use and relative benefit received, consistent with the Uniform Guidance in 2 CFR part 200.

12. Roles and Responsibilities. This section outlines the roles and responsibilities of Governor, State and LWDBs, CEOs, and one-stop partners.

Governor. After consultation with CEOs and the State and LWDBs, the Governor must issue guidance, in accordance with 20 CFR 678.705, 34 CFR 361.705, and 34 CFR 463.705, about the funding of one-stop infrastructure costs to:

- State-administered one-stop partner programs, to determine partner contributions to the one-stop delivery system, based on each partner's proportionate use of the one-stop system and relative benefit received, consistent with the Uniform Guidance at 2 CFR part 200; and
- LWDBs, CEOs, and one-stop partners, to assist in determining equitable and stable methods of funding infrastructure costs based on partners' proportionate use and relative benefit received from operating within the one-stop delivery system (WIOA sec.121(h)(1)(B)(i)). The guidance issued by the Governor must cover partner roles in identifying infrastructure costs; approaches to facilitate development of a reasonable cost allocation methodology/methodologies, in which infrastructure costs are charged based upon proportionate use and the relative benefits received by the partner; timelines for the appeal process; and timelines to notify the Governor of failure to reach a local consensus. The Governor also is responsible for performing many of the functions of the SFM, as is detailed above.

GWDB. The GWDB consult with the Governor to assist with the issuance of guidance regarding the funding of infrastructure costs, as outlined above and in 20 CFR 678.705(a), 34 CFR 361.705(a), and 34 CFR 463.705(a). GWDBs also are responsible for the development of the formula used by the Governor under the SFM to determine a one-stop center's budget if either a budget was not agreed upon during initial local negotiations or the Governor rejects a budget for

the reasons explained earlier in this guidance (20 CFR 678.745, 34 CFR 361.745, and 34 CFR 463.745).

LWDBs. LWDBs and one-stop partners must establish, in the MOU, an IFA for how the LWDB and programs will fund the infrastructure costs of the one-stop centers (WIOA sec. 121(c)(1), 20 CFR 678.500(b)(2)(i), 34 CFR 361.500(b)(2)(i), and 34 CFR 463.500(b)(2)(i)). If one-stop partners are unable to reach consensus on funding for infrastructure costs of one-stop centers, the LWDB must notify the GWDB, Governor, and relevant State agency (20 CFR 678.510(c), 34 CFR 361.510(c), and 34 CFR 463.510(c)).

Chief Elected Officials. CEOs consult with the Governor to assist in issuing guidelines regarding the one-stop service delivery funding mechanism, as outlined above (20 CFR 678.705, 34 CFR 361.705, and 34 CFR 463.705).

One-Stop Partners. One-stop partners are to act in good faith and negotiate infrastructure costs and additional costs of operating a local one-stop delivery system in a transparent manner (20 CFR 678.510(a), 34 CFR 361.510(a), and 34 CFR 463.510(a)). Jointly-funded infrastructure and additional costs are a necessary foundation for a one-stop service delivery system. Through the sharing of infrastructure costs and additional costs, partners are empowered to build a robust one-stop delivery system. By embracing the one-stop opportunities, one-stop partners are able to build community-benefiting bridges, rather than silos of programmatic isolation. These partnerships may reduce administrative burden and costs and increase customer access and performance outcomes.

Required one-stop partner programs have specific governance, operations, and service delivery roles, which are outlined in WIOA sec. 121(b)(1)(A) and 20 CFR 678.420, 34 CFR 361.420, and 34 CFR 463.420. Additional partners provide services and also must contribute towards the infrastructure and additional costs of operating a local one-stop delivery system.

13. Implementation Timeline. With this extension, final IFAs for PY 2017 must be in place no later than January 1, 2018. Local areas may use the funding agreement they used for PY 2016, with any such modifications as the partners may agree to, to fund infrastructure costs in the local area. The extension does not change the deadline of July 1, 2017 for the rest of the MOU.

Reference SCP 1.5 on Memorandum of Understanding (MOU)

Attachment I: Examples of Cost Pools and Possible Allocation Bases

Cost Pool	Possible Allocation Bases
Facilities: Building rent, maintenance costs, utilities, tenant improvements, or any other similar costs related to the physical structure housing the one-stop center.	Square footage occupied by each partner agency as compared to the total space. Workstation usage by partners as compared to total workstations.
Telecommunications: Monthly telephone costs, telephone system equipment, data lines, T-1 lines, and other similar costs.	Dedicated telephone units as compared to all units.
Information Technology: Shared equipment, software, IT maintenance costs, Internet access, and other similar costs.	Number of dedicated computers (including all necessary equipment) as compared to total.
Resource Center: Costs of shared equipment, displays, computer learning, specialized software for computer learning, furniture, copier, fax machine; may also include related staff costs.	Number of program participants or reportable individuals utilizing the resource center.
Common Intake System: Costs of developing common intake data formats, preparation and interview of customers, and similar costs.	Use of common data formats and data elements required for each program. Use of number of customer or participant records maintained by each partner program.
One-Stop Center Management Staff: Costs of the center director.	Number of partner program staff FTEs. Square footage of partner program benefit or number of program participants and reportable individuals served.
One-Stop Center General Operations Staff: Costs of the receptionist, staff of the resource center.	Number of partner program participants.
Shared Equipment and Supplies: Staff copier, fax, associated supplies, and furniture.	Usage by staff of each partner program. Occupancy (square footage) basis; numbers of staff workstations.
Career Services: Staff and benefit costs, development of common forms for case management, and similar costs.	Time distribution system (time sheets, work sampling, time and motion studies); numbers of clients eligible for specific program; weighted participation numbers.

Attachment II: Paying for the One-Stop Delivery System

GOVERNOR GUIDANCE

WIOA sec. 121(h)(1)(B); 20 CFR 678.705, 34 CFR 361.705, 34 CFR 463.705

Governors must issue guidance regarding the infrastructure funding of a one-stop delivery system after consultation with chief elected officials (CEO), the State workforce development board (WDB), and LWDBs. The guidance must be consistent with guidance and policies provided by the GWDB.

LOCAL DELIVERY SYSTEM

WIOA sec. 121; 20 CFR 678.300, 34 CFR 361.300, 34 CFR 463.300

- The LWDB and CEO(s) finalize the list of one-stop delivery system partners in a local area
- The LWDB, CEO(s), and partners:
 - Identify one-stop delivery system locations and determine types of locations (comprehensive, affiliate, specialized one-stop centers, etc.),
 - Determine services to be provided through the one-stop delivery system, and
 - Develop and agree on a one-stop delivery system operating budget(s).

MEMORANDUM OF UNDERSTANDING (MOU)

WIOA sec. 121(c); 20 CFR 678.500, 34 CFR 361.500, 34 CFR 463.500

- The LWDB, with the agreement of the CEO(s), develops and enters into a signed umbrella memorandum of understanding (MOU) or individual MOUs with the one-stop partners.
- MOUs must, at a minimum, describe the services to be provided, contain the one-stop operating budget, outline how infrastructure and additional costs will be funded, and contain several other elements outlined in WIOA sec. 121(c) and 20 CFR 678.500, 34 CFR 361.500, and 34 CFR 463.500.
- An **Infrastructure Funding Agreement (IFA)** is established that describes a reasonable cost allocation methodology, where infrastructure costs are charged to each partner based on partners' proportionate use of the one-stop center, relative to the benefits received from the use of the one-stop center consistent with Federal Cost Principles in the Uniform Guidance at 2 CFR part 200 and the Department of Labor exceptions at 2 CFR part 2900.
- The IFA must be consistent with the partner programs' authorizing laws and regulations, and other applicable legal requirements.
- Changes in the one-stop partners or an appeal by a one-stop partner's infrastructure cost contributions will require an update of the MOU.
- The IFA is a part of the MOU; it is not a separate document.

Was consensus on the IFA obtained?

Consensus Obtained Local Funding Mechanism	No Consensus Obtained State Funding Mechanism
<i>WIOA sec. 121(h); 20 CFR 678.715 – 678.745, 34 CFR 361.715 – 361.745, and 34 CFR 463.715 – 463.745</i>	
<ul style="list-style-type: none"> ▪ Continue one-stop operations and service delivery. ▪ Periodically reconcile IFA with actual costs. ▪ Modify other costs, such as additional costs budget, and partner contributions, as appropriate. ▪ Modify allocation methods, if necessary. 	<ul style="list-style-type: none"> ▪ When local negotiations for PY 2017 (and subsequent PYs) are unable to reach consensus, notify Governor by deadline established in Governor's guidance to trigger state funding mechanism¹. ▪ Once partner contributions are determined, periodically reconcile IFA with actual costs. ▪ Modify other costs, such as additional costs budget, and partner contributions, as appropriate. ▪ Modify allocation methods, if necessary.

¹ For PY 2016, continue one-stop operations and service delivery as long as possible, using processes established under WIA.

Types of One-Stop Delivery System Costs

INFRASTRUCTURE COSTS

WIOA sec. 121(h)(4); 20 CFR 678.700(a)-(b), 34 CFR 361.700(a)-(b), 34 CFR 463.700(a)-(b)

- Non-personnel costs
- Costs necessary for the general operation of the one-stop center, including but not limited to:
 - Applicable facility costs (such as rent) including costs of utilities and maintenance
 - Equipment (including assessment-related products and assistive technology for individuals with disabilities)
 - Technology to facilitate access to the one-stop center, including technology used for the center’s planning and outreach activities
 - May consider common identifier costs as costs of one-stop infrastructure
 - May consider supplies as defined in the Uniform Guidance at 2 CFR 200.94, to support the general operation of the one-stop center.

ADDITIONAL COSTS

WIOA sec. 121(i)(1); 20 CFR 678.760(a)-(b), 34 CFR 361.760(a)-(b), 34 CFR 463.760(a)-(b)

(Applicable career services, shared operating costs, and shared services)

- Must include the costs of the provision of career services in WIOA sec. 134(c)(2) applicable to each program consistent with partner program’s authorizing Federal statutes and regulations, and allocable based on Federal cost principles in the Uniform Guidance at 2 CFR part 200.
- May include shared operating costs and shared services that are authorized for, and may be commonly provided through, the one-stop partner programs, including initial intake, assessment of needs, appraisal of basic skills, identification of appropriate services, referrals to other one-stop partners, and business services.

INFRASTRUCTURE FUNDING TYPES

20 CFR 678.720 and 678.760, 34 CFR 361.720 and 361.760, 34 CFR 463.720 and 463.760

Cash	Non-Cash	Third-Party In-Kind
<ul style="list-style-type: none"> ▪ Cash funds provided to the local board or its designee by one-stop partners, either directly or by an interagency transfer, or by a third party. 	<ul style="list-style-type: none"> ▪ Expenditures incurred by one-stop partners on behalf of the one-stop center; and ▪ Non-cash contributions or goods or services contributed by a partner program and used by the one-stop center. 	<ul style="list-style-type: none"> ▪ Contributions of space, equipment, technology, non-personnel services, or other like items to support the infrastructure costs associated with one-stop operations, by a non-one-stop partner to: <ul style="list-style-type: none"> • Support the one-stop center in general; or • Support the proportionate share of one-stop infrastructure costs of a specific partner.
<p>Must be valued consistent with 2 CFR 200.306 to ensure they are fairly evaluated and meet the partners’ proportionate share. Partners must fairly value contributions on a periodic and annual basis.</p>		

Attachment III: Infrastructure Costs: Funding Sources

Dept.	Partner Program	Required/ Additional Partner	Admin. Funds to Pay for Infrastructure Costs ¹	Program Funds to Pay for Infrastructure Costs	State Funding Mechanism Applicable ²
DOL	WIOA Title I programs: • Adult, Dislocated Worker, & Youth	Required	Yes	Yes	Yes
DOL	• Job Corps	Required	No	Yes	Yes
DOL	• YouthBuild	Required	Yes	Yes	Yes
DOL	• NFJP	Required	Yes	Yes	Yes
DOL	• Native American programs ³	Required	Yes	Yes	No
DOL	Wagner-Peyser Act ES	Required	N/A ⁴	Yes	Yes
DOL	SCSEP	Required	Yes	Yes	Yes
DOL	TAA program	Required	Yes	Yes	Yes
DOL	UC programs	Required	N/A ⁴	Yes	Yes
DOL	JVSG programs	Required	N/A ⁴	Yes	Yes
DOL	REO programs authorized under sec. 212 of the Second Chance Act of 2007 (42 U.S.C. 17532) and WIOA sec. 169	Required	Yes	Yes	Yes
ED	AEFLA program, authorized under WIOA title II	Required	Yes	No	Yes
ED	The State VR program authorized under title I of the Rehabilitation Act of 1973 (29 U.S.C.720 et seq.), as amended by WIOA title IV	Required	N/A ⁴	Yes	Yes
ED	Career and technical education programs at the postsecondary level, authorized under the Carl D. Perkins Career and Technical Education Act of 2006	Required	Yes	No	Yes
HUD	Employment and training activities carried out by HUD	Required	Consult partners' authorizing documents.	Consult partners' authorizing documents.	Yes
HHS	Employment and training activities carried out under the CSBG programs	Required	Consult partners' authorizing documents.	Consult partners' authorizing documents.	Yes
HHS	TANF	Either ⁵	Yes	No	Yes/No ⁶
Other	Partners as outlined by WIOA sec. 121(b)(2)(B) and 20 CFR 678.410 ⁷	Additional	Consult partners' authorizing documents.	Consult partners' authorizing documents.	No

LIMITATIONS:

¹ Partners' funding contributions for infrastructure costs are subject to the partner programs' administrative cost limitations and restrictions. The definition of administrative costs may also differ from one partner program to the next.

² Statutory caps for infrastructure funds is applicable only if the State Funding Mechanism is being implemented.

³ Native American programs, as required One-stop partners, are strongly encouraged to contribute to infrastructure costs, but they are not required to make such contributions under WIOA.

⁴ These programs do not distinguish between program or administrative funds since there is only one allotment from which all expenditures – administrative costs and program costs – must be paid. Although the VR program imposes no limits on the amount of funds that may be spent on administrative costs, VR agencies must report funds spent for infrastructure costs as administrative costs.

⁵ At the discretion of the Governor, in accordance with WIOA sec. 121(b)(1)(C) and 20 CFR 678.405.

⁶ The Governor may determine that TANF will not be a required partner.

⁷ Additional partners are required to share in infrastructure costs when participating in the one-stop service delivery system; however, the State funding mechanism is not applicable to additional partners.

Attachment IV: One-Stop Operating Costs

The figure below diagrams the organization of one-stop operating costs.

