



GCWED GUIDANCE LETTER #02-2017

DATE: February 6, 2017

TO: Chief Local Elected Officials
Local Workforce Development Board Chairs
Local Workforce Development Boards
Local Workforce Development Board Staff

FROM: Erin E. Risley-Baird, Executive Director, Office of Workforce Development
Staff to Governor's Council for Workforce and Economic Development

RE: Infrastructure and Shared Costs

The Workforce Innovation and Opportunity Act (WIOA) requires core partners who are co-located within a center reach a local agreement on infrastructure and other shared costs by July 1, 2017. If said agreement does not occur by that date, then the Governor's state funding mechanism takes effect. As per Training and Employment Guidance Letter (TEGL) 17-16, infrastructure agreements *may now be extended to the effective date of January 1, 2018 at the discretion of the Governor.*

The Oklahoma Office of Workforce Development (OOWD), as the Governor's administrative entity, is currently developing the state funding mechanism. As we develop this formula, we will certainly take into consideration the challenges at the local and agency levels, including that of program fiscal limits imposed by federal and state governments, as well as the processes by which funding may be withheld to ensure equitable distribution for infrastructure and other shared costs. We will also take into consideration federal restrictions on subsidizing the administrative costs of system partners, to prevent disallowed costs of any partner program. OOWD is working as quickly as possible, with the engagement of our WIOA core partners, to develop the state formula to be used in the event that local infrastructure and cost-sharing negotiations are unsuccessful.

OOWD has been in conversation with all state agencies who administer WIOA core programs regarding the state funding mechanism (cost distribution and recovery). OOWD has also been in conversation with local areas regarding subleases of Oklahoma Works (One-Stop) Center space in cases where a state agency holds the lease. All of these discussions are informing the development of the state funding mechanism, to be released in advance of the federal deadline.

Each center and each local area presents unique challenges and opportunities, whereas the state mechanism is designed for general application, and does not take into account the unique design and partnership within each individual center. Also, the state mechanism requires a cost

recovery process which results in less financial control at the local level. Thus, it is preferred that local negotiations take precedence to the state funding mechanism.

However, in the interim, OOWD recognizes that all partners wish to continue with local negotiations and reach mutually equitable agreements that benefit the clients we serve. Thus, we offer the following expectations:

OOWD's Expectations for all WIOA Core Partners:

- To follow federal, state, and programmatic fiscal principles and policies.
- To demonstrate sound financial decision-making for respective programs.
- To make sound and swift decisions to ensure services to participants are not interrupted.
- To co-locate with core and other partners, except in exigent circumstances, as fundamentally the workforce development system works best when the programs are located where the participants are located.
- *To pay a fair and equitable share of infrastructure and other shared costs, based on proportionate use and relative benefits received, including but not limited to rent, utilities, internet and telephone services, **on a timely basis.***
- To enter into the procurement process with good faith intentions and using sound financial principles.
- To provide a letter of intent to procure, except under exigent circumstances.
- To notify partners at the time of infrastructure procurement and include partners in the process of lease acquisition.
- To request from partners their intent to procure, including anticipated infrastructure need.
- To procure appropriately sized and priced infrastructure based on intent at the time of procurement, except in exigent circumstances.

Short-Term Recommendation:

Due to the immediate need of our partners and lease holders to reach agreement, OOWD offers the following recommendations:

- Follow standard practices of commercial leasing and cost-sharing formulas for multi-tenant spaces.
- Partner programs responsible for the idle capacity be financially responsible for the space they intend to procure, even if the space becomes vacant during the lease period, unless new partners or lessees take over the vacant space or a local agreement is made based on a cost benefit analysis to programs and participants.
- *Promptly* pay a fair and equitable share of infrastructure and other shared costs until other formal agreements are reached.

Long-Term Recommendations:

- Ensure partners are involved in the procurement process to ensure common ground for cost-sharing negotiations.
- Ensure partners submit letters of intent to procure a space.
- Engage partners in the infrastructure and cost-sharing processes.
- Follow standard practices of commercial leasing and cost-sharing formulas for multi-tenant spaces.
- Renegotiate lease agreements, as needed, to accommodate needs of the partners.
- Once procured, negotiate designated space within the co-located location using evidence-based methods, such as that provided by www.spliddit.org.

The above recommendations are OOWD's current position regarding infrastructure and cost-sharing, prior to the release of the state funding mechanism (cost distribution and recovery), currently in development.

Again, we are eager for the local areas to reach agreement utilizing the cost-sharing formula *they deem to be most appropriate*, and in full accordance with federal and state law and guidance, for their programs, participants, centers and area. However, if agreements are not met prior to **updated extended deadline of January 1, 2018**, the state funding mechanism will activate.

We appreciate your coordination and cooperation to find fair and equitable solutions to address the challenges of infrastructure and cost sharing. Please contact me if you have questions or concerns at 405-945-9139 or erin.risleybaird@osuokc.edu.

Please distribute to appropriate staff.

Regards,



Erin E. Risley-Baird

Copy to:

Richard McPherson, Executive Director, Oklahoma Employment Security Commission
Marcie Mack, State Director, Oklahoma Department of Career and Technology Education
Noel Tyler, Director, Oklahoma Department of Rehabilitation Services