



Oklahoma Office of Workforce Development
900 N. Portland Ave.
Oklahoma City, OK 73107

OKLAHOMA WORKFORCE DEVELOPMENT ISSUANCE #24-2017

TO: Chief Local Elected Officials
Workforce Development Board Chairs
Workforce Development Board Staff
Workforce Development Fiscal Agents

FROM: Erin E. Risley-Baird, Executive Director

DATE: October 27, 2017

SUBJECT: Memorandum of Understanding Guidance and MOU Toolkit Infrastructure Funding Agreements (IFAs) and the State Funding Mechanism (SFM), under the Workforce Innovation and Opportunity Act of 2014 (WIOA), PHASE II

PURPOSE: The Oklahoma Office of Workforce Development (OOWD) as the Governor's chosen Workforce Innovation and Opportunity Act (WIOA) administrative entity provides this issuance as guidance on the operating costs of the one-stop delivery system, which are comprised of infrastructure costs and additional costs.

REFERENCES:

- The Workforce Innovation and Opportunity Act (WIOA) Public Law 113-128—July 22, 2014, Section 121(h)
- 20 CFR Part 678—Descriptions of the One-Stop Delivery System under Title I of the Workforce Innovation and Opportunity Act
- 34 CFR Part 361 – Description of the One-Stop Delivery System under Title I of the Workforce Innovation and Opportunity Act
- 34 CFR Part 463 – Description of the One-Stop Delivery System under Title I of the Workforce Innovation and Opportunity Act
- 2 CFR part 200—Uniform Administrative Requirements, Cost Principles, and Audit Requirements
- Training and Employment Guidance Letter 17-16, Infrastructure Funding of One-Stop Delivery System, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=4968
- Department of Education, Office of Special Education and Rehabilitative (OSERS) – Rehabilitation Services Administration (RSA): One-Stop Infrastructure Costs FAQs, <https://www2.ed.gov/about/offices/list/osers/rsa/wioa/one-stop-costs-faq.html>
- Department of Education, Office of Career, Technical, and Adult Education, Program Memorandum OCTAE 17-3,

RESCISSIONS None	EXPIRATION DATE Continuing
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<https://www2.ed.gov/about/offices/list/ovae/pi/AdultEd/octae-program-memo-17-3.pdf>

- Department of Education, Office of Career, Technical, and Adult Education, Program Memorandum OCTAE 17-5, <https://www2.ed.gov/about/offices/list/ovae/pi/AdultEd/octae-program-memo-17-5.pdf>
- Department of Education, Office of Career, Technical, and Adult Education, Program Memorandum OCTAE 17-4, <https://www2.ed.gov/about/offices/list/ovae/pi/AdultEd/octae-program-memo-17-4.pdf>
- US Department of Labor Education and Training Administration, Workforce Innovation and Opportunity Act (WIOA) Infrastructure Funding Guidance FAQs, <https://www.doleta.gov/wioa/FAQs.cfm>

BACKGROUND: The US Department of Labor (USDOL) in coordination with the US 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. Oklahoma has elected to establish state branding for one-stop centers as “Oklahoma Works a proud partner of the American Job Center Network.”

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*.

DEFINITIONS:

- Allocation: Allocation means the process of assigning a cost, or a group of costs, to one or more cost objective(s), in reasonable proportion to the benefit provided or other equitable relationship. The process may entail assigning a cost(s) directly to a final cost objective or through one or more intermediate cost objectives.
- Allocable costs:
 - (a) A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:
 - Is incurred specifically for the Federal award;
 - Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and
 - Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart.
 - (b) All activities, which benefit from the non-Federal entity's indirect (F&A) cost, including unallowable activities and donated services by the non-Federal entity or third parties, will receive an appropriate allocation of indirect costs.

- (c) Any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or
- (d) Direct cost allocation principles. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, notwithstanding paragraph (c) of this section, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. Where the purchase of equipment or other capital asset is specifically authorized under a Federal award, the costs are assignable to the Federal award regardless of the use that may be made of the equipment or other capital asset involved when no longer needed for the purpose for which it was originally required.
- Common Area: Common area, sometimes referred to as common space, are areas that are available for use by all parties utilizing the facility. Amenities such as corridors, hallways, reception area, and all other areas provided for the use of all occupants and invitees of a building complex.

MESSAGE:

One-Stop Operating Budgets and Costs. The operating budget of Oklahoma Works (one-stop) Centers is the financial plan to which the one-stop partners, Chief Local Elected Officials (CLEOs), and Local Workforce Development Boards (WDBs) in each local area have agreed in the 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.

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 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.

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.

For more information on one-stop operating costs, see Attachment A.

Infrastructure Costs. Infrastructure costs of Oklahoma Works (one-stop) Centers are defined as non-personnel costs that are necessary for the general operation of the one-stop center, including, but not limited to: 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.

Non-personnel costs. Non-personnel costs are all costs that are not compensation for personal services.

Personnel costs. In contrast to non-personnel costs for the one-stop system, personnel costs include salary, wages, and fringe benefits of the employees of partner programs or their subrecipients.

Additional Costs. Oklahoma Works (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 center.

Career Services. Oklahoma Works (one-stop) partners must ensure that at least some career services are provided at the one-stop center.

Shared Operating Costs and Shared Services. Oklahoma Works (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.

Oklahoma Works (One-Stop) Partners. Oklahoma Works (One-Stop) Centers' partners are entities that carry out the program in a local area. The one-stop delivery system in a local area must include at least one comprehensive one-stop center, and may include affiliate 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. All one-stop partner infrastructure contributions, whether they are required partners or additional partners, must be determined by 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 from those one-stop partners with a physical presence, regardless of the type of center. 20 CFR 678.700(c) determines which partners must contribute

to infrastructure costs, acknowledging the authority the local WDB and chief elected official(s) have on the involvement of any additional partners in the one-stop system and center(s).

For a list of partner programs, see Attachment B.

Required Partners. WIOA requires the following programs to be one-stop partners:

ADMINISTERED BY:	Department of Labor (USDOL)	Department of Education (USED)	Department of Housing and Urban Development (USHUD)	Department of Health and Human Services (USHHS)
Oklahoma Office of Workforce Development, Oklahoma State University-Oklahoma City,	WIOA title I programs: Adult, Dislocated Worker, Youth formula programs			
Overseen by the Dallas Regional Office of Job Corps	Job Corps			
CDSA	YouthBuild			
Program Administration Varies. More information can be found in the Directory of Native American Grantees under Section 166 of WIOA	Native American programs			
Oklahoma Department of Career and Technology Education		Adult Education and Family Literacy Act (AEFLA) program, authorized under WIOA title II		
		Career and technical education programs at the postsecondary level, authorized under the Carl D. Perkins Career and Technical Education Act of 2006 (Perkins IV)		
Oklahoma Department of Human Services	Senior Community Service Employment Program (SCSEP), authorized under title V of the Older Americans Act of 1965			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.)
Oklahoma Department of Rehabilitation Services		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		
Oklahoma Employment Security Commission	National Farmworker Jobs Program (NFJP)			
	Wagner-Peyser Act Employment Service (ES) program, authorized under the Wagner-			

	Peysner Act (29 U.S.C. 49 et seq.), as amended by WIOA title III			
	Trade Adjustment Assistance (TAA) activities, authorized under chapter 2 of title II of the Trade Act of 1974			
	Unemployment Compensation (UC) programs			
	Jobs for Veterans State Grants (JVSG) programs, authorized under chapter 41 of title 38, U.S.C.			
Oklahoma Department of Commerce			Employment and training programs	Employment and training activities carried out under the Community Services Block Grant (CSBG) programs (42 U.S.C. 9901 et seq.)
Program Administration Varies. More information may be found at the Justice Center: The Council of State Governments.	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			

Additional Partners. Additional one-stop partners may include, with the approval of the Local WDB and CLEO(s), the following:

ADMINISTERED BY:	
Oklahoma Department of Rehabilitation Services	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
Oklahoma Department of Human Services	Supplemental Nutrition and Assistance Program (SNAP) employment and training programs, authorized under secs. 6(d)(4) and 6(0) of the Food and Nutrition Act of 2008
Oklahoma Office of Disability Concerns	Client Assistance Program (CAP), authorized under sec. 112 of the Rehabilitation Act of 1973, as amended by title IV of WIOA
Administration Varies. More information may be found at the Corporation for National & Community Service.	National and Community Service Act programs
	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 Local WDBs and CLEOs 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 State Funding Mechanism (SFM), nor can additional partners trigger the SFM.

Registered Apprenticeship programs are strongly encouraged to participate as additional one-stop partners.

Special Rules. As required one-stop partners, Native American programs are strongly encouraged to contribute to infrastructure costs, but they are not required to make such contributions. Any agreement regarding the contribution or non-contribution to infrastructure costs by Native American programs must be documented in the MOU. Further, these contributions must be based on the program’s proportionate use and relative benefits received. 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.

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. 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 Local WDB and carry out the roles and responsibilities of one-stop partners, including negotiating their share of infrastructure costs.

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 Local Funding Mechanism (LFM) or the SFM. The funding types and sources permissible for the one-stop partners are outlined in Attachment C.

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. 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.

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 to 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 contributions towards infrastructure costs and the applicable funding sources can be found in Attachment D.

Local and State Funding Mechanisms—Types and Sources

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, NSG, 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. The determination of contributions for additional costs is not subject to the SFM.

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.

Accountability for Federal Cost Principles. Accountability for ensuring costs are allowable and allocable to the partner program are the responsibility of each respective partner. Allocation methods must be adjusted to ensure compliance with each 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. One-stop partners must use a reasonable cost allocation methodology in determining appropriate partner contributions based on proportionate use and relative benefit received.

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 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, 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.

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.

Allocation Methodologies. Each local one-stop delivery system is unique and presents a different set of circumstances within which costs are allocated. When developing the MOU, Local WDBs 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, Local WDBs and one-stop partners may also consider whether it is necessary to allocate costs by each one-stop center separately.

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 distributions 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 benefit 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.
- **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. Standards for acceptable bases include:

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.** 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 D.

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 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. Reconciliation schedules must be included in the Infrastructure Agreement included in the Memorandum of Understanding (MOU). 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 Local WDB 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 the Uniform Guidance and reconciled on a regular basis (i.e. monthly or quarterly) to ensure they are fairly evaluated and meet the partners' proportionate share.

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 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 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.

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 those cost categories were omitted, as all components are necessary to maintain a fully functioning and successful local one-stop delivery system. Therefore, the Departments strongly recommend that the Local WDBs, one-stop partners, and CLEOs 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. Similar to MOUs, the Local WDB may negotiate an umbrella IFA or individual IFAs for one or more of its one-stop centers.

Through USDOL's transition authority, 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 be in place by July 1, 2017. The State of Oklahoma has specified the local area's PY 2017 final IFA must be in place by December 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 federal requirements for funding the one-stop delivery system in PY 2017 (i.e., all final IFAs must adhere to all federal rules, regulations, and requirements related to funding the one-stop delivery system.) 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, which can be found in the timeline located at the end of the policy.

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, CLEO(s), and the Local WDB 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 Local WDB, CLEO(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, CLEO(s), and Local WDB 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. Ensure the local WDB has designated centers: comprehensive, affiliate, and specialized.
2. Identify one-stop operating costs, including infrastructure and additional costs.
3. Develop the one-stop operating budget that includes an infrastructure costs budget and additional costs budget.

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

Infrastructure Funding Mechanisms. Infrastructure costs are funded through either the LFM or SFM.

The LFM affords Local WDBs 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 Local WDB to optimally provide program services. If the Local WDB fails to reach consensus with all the required partners with regard to the amount each partner will contribute to the one-stop delivery system's infrastructure costs pursuant to WIOA, the SFM is triggered.

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 the federal regulations. 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 costs 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 Local WDB, CLEO(s), and the 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.

- 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 6. 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.

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. 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.

In the event the SFM is triggered, and after submission of all requested documentation, the cost allocation methodologies are distributed to those local areas who are unable to reach consensus. Each local area is responsible for calculating the SFM using the information provided by the State. Initial calculations are then submitted to the state for approval. If necessary additional calculations may be required to ensure compliance with federal law, rules and regulations.

The SFM has eight discrete steps that must be followed by the Governor and Local WDB in accordance with the statute and regulations. These steps are addressed in detail below.

Step 1: Notice of Failure to reach consensus given to the Governor. If the Local WDB, local one-stop partners, and CLEO(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 Local WDB 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 (see timeline). 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 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.

Step 2: Local negotiation materials provided to the Governor. In order to assist the Governor in making these calculations and determinations, the Local WDB 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 Local WDB must give the Governor: (1) the local WIOA plan; (2) the cost allocation methodology or methodologies proposed by the partners to be used in 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 Local WDB also may give the Governor additional materials that they or the Governor finds to be appropriate.

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 finding based upon proportionate share and relative benefit received are at issue, the Governor may accept the infrastructure budget, from which the Governor must calculate each partner's contributions 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(s) 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 the one-stop infrastructure funding, then the Governor must use a formula determined by the State WDB. 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 populations 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 State WDB determines are appropriate.

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 Local WDB 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. While certain one-stop partner's authority is independent of the Governor, further explanation on the decision making processes is found in 20 CFR 678.730 (d). 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.

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 determinations 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 not 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 costs 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.

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, which is dependent on the type of program 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 and the regulations. <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 <i>all</i> 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	
PY 2017	0.75% of Fiscal Year 2016 Federal VR funding
PY 2018	1% of Fiscal Year 2017 Federal VR funding
PY 2019	1.25% of Fiscal Year 2018 Federal VR funding
PY 2020 and subsequent years	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 6 contains five sub-steps of which sub-steps 1, 4, and 5 contain the following formulas:

Sub-Step 1

Limiting **percentage** x total Federal program funding = MPC

Sub-Step 4

Consensus areas' factor percentage x MPC = consensus areas' portion of the MPC

Sub-Step 5

MPC – consensus areas’ portion of the MPC = applicable program cap for non-consensus area(s)

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 are willing to contribute beyond the applicable program cap in accordance with their proportionate share; or

B. Allow the Local WDB, one-stop partners, and CLEO(s) to:

- Re-enter negotiations to reassess each one-stop partner’s proportionate share and make adjustments and identify alternative 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 Local WDB, CLEO(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 identified in Step 7. The aggregate total contributions of a program’s local one-stop partners under the SFM may not exceed the applicable program cap.

Appeals Process. One-Stop partners have the right to file an appeal of the Governor’s determination regarding the one-stop partner’s portion of funds to be provided for one-stop infrastructure costs under the SFM. The appeal process related to the SFM is a modified version of the complaint and grievance procedures found in OWDI #16-2017.

Within 5 business days from the notification of contributions under the SFM, appeals may be sent by email to workforce@osuokc.edu, or mail to:

Oklahoma Office of Workforce Development
900 N. Portland Ave.

Oklahoma City, OK 73107

An opportunity for an informal resolution and a hearing to be completed within 60 days of the filing of the appeal.

Contents of the Appeal must contain the following information:

- Full name, telephone number, mailing address, and email address of the complainant;
- Full name, telephone number, mailing address, and email address of the respondent (in this case, the State is the respondent on behalf of the Governor);
- Full names, telephone numbers, mailing addresses, and email addresses of persons who may have knowledge of the facts related to the appeal;
- A clear and concise statement of the facts describing the appeal;
 - The statement of facts should include enough information to allow the entity to determine whether:
 - There is jurisdiction over the appeal;
 - The appeal was timely filed;
 - The appeal has merit, i.e., whether the allegations, if true, would violate any provisions of WIOA.
- Provisions of WIOA, the WIOA regulations, grant or other agreements under WIOA believed to have been violated;
- The remedy sought by the complainant; and,
- Signature of the complainant, or his or her authorized representative.

Informal resolution:

An attempt must first be made to informally resolve the complaint to the satisfaction of all parties. Informal resolution must be completed within 10 business days from the date the complaint was filed. If all parties are satisfied, the complaint is considered resolved and a letter outlining the funding agreement is attached to the appeal and sent to the parties.

Hearing:

Any party dissatisfied with the determination from the informal resolution or no determination is made, any party may request a hearing for the appeal in writing within 2 business days from the close of the 10-day informal resolution period. The request for a hearing must be filed in writing to workforce@osuokc.edu or to:

Oklahoma Office of Workforce Development (OOWD)
Oklahoma State University-Oklahoma City
900 North Portland Avenue
Oklahoma City, OK 73107

Upon receipt of the request for a State hearing, the Executive Director of OOWD or his/her designee shall review the appeal and shall provide an opportunity for a hearing. The Executive Director of OOWD or his/her designee shall notify the complainant and the respondent within 10 business days of receipt of the hearing request.

Hearing procedure:

In any hearing conducted pursuant to a SFM appeal, all parties shall be afforded an opportunity for a hearing with the Appellate Panel after reasonable notice. Such notice shall include:

- The date, time, and place of the hearing, in writing at least 10 business days prior to the date of hearing;
- The original appeal filed and documentation of informal resolution attempts;
- Relevant sections of WIOA or any other federal regulations involved;
- If not in the original filed appeal, a statement of the foundation for the appeal. The statement must accurately reflect the content of the appeal as submitted by the complainant. However, clarifying notes may be added to ensure the appeal is addressed accurately; and,
- The right of the parties to be represented by an attorney or another designated representative (at their own expense).

The hearing is conducted in an informal manner in front of the Appellate Panel with strict rules of evidence not being applicable. Both parties have the right to present written and/or oral testimony and arguments; the right to call and question witnesses; the right to request and examine records and documents relevant to the issues; and the right to be represented. All evidence and a list of witnesses must be made available in advance to all parties five (5) business days prior to the hearing. Prior to the hearing, the Chair of the Appellate Panel will inform the parties, in writing, the hearing process (i.e., order of arguments, rebuttals, time restrictions, etc). The hearing will be recorded electronically.

The hearing process will be completed within 60 days from the date the appeal/request for hearing was received by OOWD.

Composition of Appellate Panel:

The Appellate Panel will consist of three (3) members who are appointed by the Executive Director of OOWD, along with two (2) alternates. Where feasible, the Panel may include a representative from the Governor’s Council for Workforce and Economic Development, a State Agency partner, and a Local Area Staff member of any of the WIOA Core Programs. Alternates may be any combination chosen from any of the above entities, including OOWD staff or hired entities.

The Executive Director of OOWD or his/her designee will oversee the hearing.

Final Decision by Appellate Panel:

Unless precluded by law, informal disposition or resolution may be made of any individual proceeding by stipulation, agreed settlement, consent order, or default.

If informal disposition or resolution is not achieved, the Appellate Panel shall, within 60 calendar days from the date the complaint was filed, mail electronically and via the United States Postal Service, a written decision to both parties. The decision shall contain the following information:

- The names of the parties involved;

- A statement of the SFM appeal and issues related to the appeal;
- A statement of the facts;
- The State Appellate Panel's decision and the reasons for the decision; and
- A statement of the action, if any, to be taken.

The determination by the Appellate Panel for the SFM is considered final.

Maintenance of Records:

Recordings and other records shall be maintained for such time so as to protect the record through judicial review, or at least three years. Copies of the electronic recordings shall be provided at the request of any party to the proceeding.

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 toward infrastructure costs in accordance with the regulations. 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.

Preference for Implementing the Local Funding Mechanism. It is important that the local one-stop partners, Local WDBs, and CLEOs reach 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, Local WDBs, or CLEOs, are more likely to understand the needs of the local area's workforce, how best to 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 Local WDB, CLEO(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 determination 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. Governors are encouraged to 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. Since 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.

Roles and Responsibilities. This section outlines the roles and responsibilities of Governors, State and Local WDBs, CLEOs, and one-stop partners.

Governors. After consultation with CLEOs and the State and Local WDBs, the Governor must issue guidance, in accordance with the regulations 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, and
- Local WDBs, CLEOs, 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. 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 detailed above.

State WDBs. State WDBs consult with the Governor to assist with the issuance of guidance requiring the funding of infrastructure costs, as outlined in the regulations. State WDB 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.

Local WDBs. Local WDBs and one-stop partners must establish, in the MOU, an IFA for how the Local WDB and programs will fund the infrastructure costs of the one-stop centers. If one-stop

partners are unable to reach consensus on funding for infrastructure costs of one-stop centers, the Local WDB must notify the State WDB, Governor, and relevant State agency.

Chief Local Elected Officials. CLEOs consult with the Governor to assist in issuing guidelines regarding the one-stop service delivery funding mechanism, as outlined above.

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. 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. Additional partners provide services and also must contribute towards the infrastructure and additional costs of operating a local one-stop delivery system.

EQUAL OPPORTUNITY AND NONDISCRIMINATION: All providers must comply with WIOA’s Equal Opportunity and Nondiscrimination provisions which prohibit discrimination on the basis of race, color, religion, sex (including pregnancy, childbirth, and related medical conditions, transgender status, and gender identity), national origin (including limited English proficiency), age, disability, political affiliation or belief, or, for beneficiaries, applicants, and participants only, on the basis of citizenship status or participation in a WIOA Title-I financially assisted program or activity.

ACTION REQUIRED: The State encourages the LWDBs and Federal program partners to begin consultations about the infrastructure LFM and SFM immediately. This OWDI is to become a part of the permanent records of all local Workforce Development Boards and shared with all appropriate staff. Each LWDB will ensure this policy is shared with all required Oklahoma Works (One-Stop) Partners and will convene all Required One-Stop Partners for good-faith negotiations for the IFA described in this policy.

TIMELINE:

Activity	Due Date
OWDI Released	October 27, 2017
Local IFA Due. If consensus is not reached, formal Notification of Failure due to State. Local negotiation materials provided to State. SFM is triggered.	December 1, 2017
SFM Steps:	December 1, 2017- December 31, 2017
SFM Methodology distributed to LWDA's	December 4, 2017

Local Area Calculation of SFM due to State	December 8, 2017
Final SFM Calculations returned to LWDAs	December 15, 2017
IFAs in Effect for PY17	January 1, 2018
MOUs with IFAs for subsequent program years. At minimum, MOUs must be reviewed every 3 years. If no agreement is reached, formal Notification of Failure due to State. Local negotiation supporting materials due to State. SFM is triggered.	March 1
SFM Steps:	March 1-June 30
SFM Methodology distributed to LWDAs	March 15
Local Area Calculation of SFM due to State	April 15
Final SFM Calculations returned to LWDAs	June 15
New Program Year MOUs and IFAs in Effect	July 1

INQUIRIES: If you have any questions about this issuance, please contact workforce system staff in the Oklahoma Office of Workforce Development. Contact information can be found at <http://www.oklahomaworks.gov/about/>.

ATTACHMENTS:

Attachment A: Examples of Cost Pools and Possible Allocation Bases

Attachment B: Paying for the One-Stop Delivery System

Attachment C: Infrastructure Costs: Funding Sources

Attachment D: One-Stop Operating Costs

Attachment E: Service Matrix Template

Attachment F: Oklahoma’s Template for Processes and Formulas to Determine the Local Infrastructure Funding Agreement (IFA) Including Proportionate Use and Relative Benefit Received

Attachment G: IFA Budget Worksheet Tool

Attachment H: Oklahoma’s State Funding Mechanism (SFM)

Attachment A: 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 with 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: Mostly 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 for 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 B: 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 Local WDBs. The guidance must be consistent with guidance and policies provided by the State WDB.

LOCAL DELIVERY SYSTEM

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

- The Local WDB and CEO(s) finalize the list of one-stop delivery system partners in a local area
- The Local WDB, 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 Local WDB, 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

WIOA sec. 121(h); 20 CFR 678.715 – 678.745, 34 CFR 361.715 – 361.745, and 34 CFR 463.715 – 463.745

- 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.

No Consensus Obtained State Funding Mechanism

- 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.

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.

Attachment C: 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.

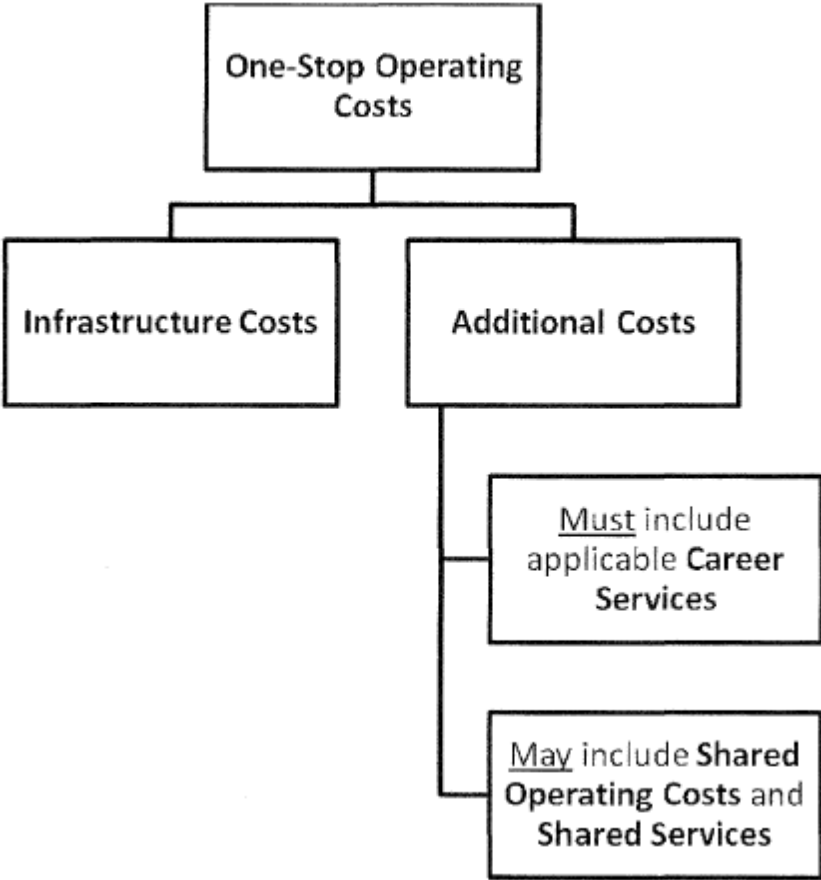
⁵ At the discretion of the Governor, in accordance with WIOA sec. 121(b)(1)(C) and 20 CFR 678.405.

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 D: One-Stop Operating Costs

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



Attachment E: Service Matrix Template

To open the Service Matrix Template, double click the following icon: 

Attachment F: Oklahoma’s Template for Processes and Formulas to Determine the Infrastructure Funding Agreement (IFA) Including Proportionate Use and Relative Benefit Received

The purpose of this toolkit is to establish procedures for determining the Oklahoma Works (One-Stop) Operating Budget and negotiations for reaching consensus on allocations, reconciliation, and recovery procedures to fund the services and operating costs of the Oklahoma Works system.

Oklahoma began a model for developing an infrastructure pilot project in the Southern Workforce Development Area for the McAlester Oklahoma Works Center. From months of convening partners, proposing formulas, adjusting contributions, and significant partner involvement and feedback, many promising practices and lessons learned were identified through the course of the pilot. Recommendations from the pilot are included throughout Oklahoma’s toolkit.

1. STEPS TO DETERMINE ONE-STOP OPERATING BUDGET AND COSTS FOR AN AREA

The goal of the operating budget is to develop a funding mechanism that:

- Establishes and maintains the Local workforce delivery system at a level that meets the needs of the job seekers and businesses in the Local area,
- Reduces duplication and maximizes program impact through the sharing of services, resources, and technologies among Partners (thereby improving each program’s effectiveness),
- Reduces overhead costs for any one partner by streamlining and sharing financial, procurement, and facility costs, and
- Ensures that costs are appropriately shared by Oklahoma Works, a Proud Partner of the American Job Center Network Partners by determining contributions based on the proportionate use of the Oklahoma Works (one-stop) centers and relative benefits received, and requiring that all funds are spent solely for allowable purposes in a manner consistent with the applicable authorizing statutes and all other applicable legal requirements, including the Uniform Guidance.

The Partners must consider this one-stop operating budget the master budget that is necessary to maintain the Workforce Development Area’s high-standard Oklahoma Works, a proud partner of the American Job Center, network. It includes the following cost categories, as required by WIOA and its implementing regulations:

- Infrastructure costs,
- Additional costs:
 - Career services, and
 - Shared services.

All costs must be included in the MOU, allocated according to Partners’ proportionate use and relative benefits received, and reconciled on a monthly or quarterly basis against actual costs

incurred and adjusted accordingly. The one-stop operating budget is expected to be transparent and negotiated among Partners on an equitable basis to ensure costs are shared appropriately. All Partners must negotiate in good faith and seek to establish outcomes that are reasonable and fair.

To determine the One-Stop Operating Budget, Local Workforce Development Boards (LWDBs) must first:

- Designate the number of comprehensive, affiliate, and specialized centers. By law, each Local Area must have at least one comprehensive Oklahoma Works (One-Stop) Center. Only certified centers are eligible for infrastructure funding agreements.
- Identify the core, required, and optional partners to participate in the Centers within an area.

2. IDENTIFY THE YEARLY OPERATING COSTS FOR ELIGIBLE CENTERS SEPARATED BY INFRASTRUCTURE COSTS, ADDITIONAL COSTS (CAREER SERVICES AND SHARED SERVICES), ASSOCIATED WITH OPERATING THE RESPECTIVE ONE-STOP CENTER

In consultation with Oklahoma Works Partners,

- Identify one-stop operating costs, including infrastructure and additional costs for each Center, including comprehensive, affiliate, or specialized. One-stop operating costs include direct expenses as well as sub-contract expenses.
- Review previous annual costs, if available, associated with operating each Oklahoma Works (One-Stop) Center.
- Separate costs into three categories:
 - Infrastructure Costs (non-personnel)
 - For example, infrastructure costs may include facility rental, internet, telephone lines, signage, equipment, accessibility software and tools, printing, office supplies, and postage.
 - Additional Costs- Career Services (broken out by non-personnel and personnel)
 - For example, additional costs for non-personnel career services may include vendors or contractors and contract expenses.
 - For example, additional costs for personnel career services may include resource room staff.
 - Additional Costs- Shared Services (broken out by non-personnel and personnel)
 - For example, additional costs for non-personnel shared services may include assessment software, contracted services for One-Stop Operator services, travel and training costs, etc.
 - For example, additional costs for personnel shared services may include intake and triage staff and front desk staffing, etc.
 - For example, depending on requirements in the procurement of a One-Stop Operator costs may include both personnel and non-personnel costs. These costs must be separated in order for partners to ensure compliance with applicable laws, rules and regulations.

3. DEVELOP THE ONE-STOP OPERATING BUDGET THAT INCLUDES AN INFRASTRUCTURE COST BUDGET AND ADDITIONAL COSTS BUDGET (CAREER SERVICES AND SHARED SERVICES, SUBCATEGORIZED BY PERSONNEL AND NON-PERSONNEL)

In consultation with Oklahoma Works Partners, and based on an analysis of previous operating costs:

- Develop a program year operating budget for each Oklahoma Works Center, broken down by the cost categories above.
- For example, the following categories can be populated using Microsoft Excel (see Attachment G as an example to modify as appropriate for each center). Oklahoma Works (One-Stop) Operating Budgets require agreement by the partners. Thus, signatures are required indicating agreement with each Center's budget.

4. DEVELOP THE COST ALLOCATION METHODOLOGY, INCLUDING THE IDENTIFICATION OF COST POOLS AND ALLOCATION BASES

For each Center, the LWDB and the Partners must identify:

- the partners providing access to programs,
- the services and activities they are providing,
- whether the access is through direct linkage or physical presence (see OWDI #07-2017),
 - For physical presence, indicate the number of staff and the Full Time Employment (FTE) percentage.
 - For direct linkage information, see OWDI #07-2017, and indicate the number of staff and FTE percentage,
- the amount of weekly staff hours, and
- total square footage of each respective Center
 - subdivided by Common Area square footage, Designated Office Space square footage by program and staff, and Idle Designated Office Space square footage.

The LWDBs and Partners must create a service matrix indicating the information above for each Center location (see Attachment E as an example to be modified as appropriate for each Center's services).

It is imperative to identify the services and activities associated with the programs, including those services and activities provided by co-located staff and those provided by direct linkage. Even if not physically co-located within the Centers, a significant number of customers (business and job seekers) use the network to access services, such as:

- Using a resource area to file Unemployment Insurance claims, conduct work searches, develop resumes, and communicate with on and off-site program staff,
- Using resource area staff assistance for the above services and for general information,
- Using other resource area equipment such as copiers, scanners, fax machines, or assistive technology for individuals with disabilities,
- Obtaining labor market information,

- Attending workshops,
- Filing grievances or appeals, etc.

Services such as these are utilized in direct benefit of all programs and in support thereof, and will therefore, be paid for based on proportionate use and relative benefit received. The services matrix allows for baseline documentation of both proportionate use and relative benefit received by the Partners and their customers.

5. DETERMINE ESTIMATED PARTNER CONTRIBUTIONS AND ALLOCATE ACTUAL COSTS BY EACH PARTNER’S PROPORTIONATE USE AND RELATIVE BENEFIT RECEIVED.

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. 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.

The most commonly used “input” allocation bases, include:

- Staff time allocated on the basis of time sheets and time distribution records;
- Facilities allocated on the basis of square footage;
- Accounting services allocated on the basis of transactions; and
- Equipment or supplies allocated based on usage.

The most commonly used “output” allocation bases, include:

- participants and reportable individuals under a specific program;
- number of customers who are obtaining employment after self-directed job search; and
- number of customers receiving a specific career service.

The McAlester pilot project highlighted two issues with output-based allocations, 1) they vary over time, usually based on client flow, and 2) the State does not yet have a common case management system to track clients across programs. 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. Also, the State and Local areas do not have a way to accurately track clients across programs to effectively determine customer use. *Thus, output-based allocations are not recommended.*

Cost allocation method should follow standards for acceptable bases, including minimal distortion, general acceptability, represents actual cost or effort expended, timely management control, consistency with variations in funding, materiality of costs involved, and practicality and cost of using the base.

Common cost pools include: cash contributions, non-cash contributions, and third-party in-kind contributions.

Concerns with Non-Cash and Third-Party In-Kind Contributions

The McAlester pilot project highlighted concerns with partners valuating and providing non-cash contributions and third-party in-kind contributions. Though these cost pools are acceptable according to the Federal Regulations and Policy, they are not recommended due to the number of issues associated with contributions other than cash: 1) administrative burden of valuation procedures and possible financial burden of utilizing an outside valuator, 2) the function of a Center requires cash for maximum flexibility, functionality, and sustainability, and 3) these contributions require intense management and oversight structures. *Thus, non-cash and third-party in-kind contributions are not recommended, especially within the early years of implementation.*

Proportionate Use.

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.

Partners should follow the standard practices of commercial leasing and cost-sharing formulas for multi-tenant spaces. Standard commercial leases propose a tenant's "proportionate share" to be calculated with tenant's stipulated square footage of the footprint of the leased premises as the numerator and the total square footage of the leased space as the denominator.

Example models using commercial leasing principles are below:

Model A:

- Based on the infrastructure and additional costs budget, costs are distributed by Center square footage.
- Physically co-located tenants pay per square foot for designated office space.
- In the event of partners not co-located in a space and who are providing services through direct linkage, the following method may be used to identify proportionate use based on relative benefit received:
 - i. Contribute to an assigned amount of square footage of designated office space attributable to a kiosk.
- Tenants pay their proportionate share of all common areas in addition to their monthly base rent payment of designated office space.

For example, Partner A has cubicle space and is physically located in the center full time. The cubicle space is 50 square feet. Partner B is located off-site at a high school. Partner B agrees to place a kiosk for direct linkage to program staff from a kiosk in the center. After measuring, the kiosk occupies 10 square feet. The total square footage of the center is 500 square feet, with 250 square feet identified as common space. Thus, Partner A pays 100% of the 50 square feet, and 20% of the common space. Partner B pays 100% of the 10 square feet, and 4% of the common space.

Model B:

- Based on the infrastructure and additional costs budget, costs are distributed by Center square footage.
- Physically co-located tenants pay per square foot for designated office space.
- Physically co-located tenants and those providing services by direct linkage pay an equitable percentage of all common areas.

For example, Partner A has cubicle space and is physically located in the center full time. The cubicle space is 50 square feet. Partner B is located off-site at a high school. Partner B agrees to provide direct linkage, but has no kiosk and expects program staff will be connected to participants by any of the computers or phones provided in the center, or by physically-present staff in the center who are cross-trained. Partner B also knows program staff may utilize the common area to host periodic trainings, and program participants may use any one of the services provided in the center. There are 20 total partners. The total square footage of the center is 500 square feet, with 250 square feet identified as common space. Thus, Partner A pays 100% of the 50 square feet, and 1/20th of the common space. Partner B also pays 1/20th of the common space.

Although the above models refer to infrastructure costs, the same principle can be used to distribute additional costs of a center, provided the cost items are allowable to each partner program.

Idle Facilities and Capacity.

Idle capacity should be avoided by proactively collaborating with core, required, and additional partners to physically co-located within a center. The workforce development system works best when the programs are located where the participants are located.

Idle capacity should be avoided by procuring the amount of space warranted to meet needs and demands. Concurrently, partners who act as the leaseholder must ensure procured space meets the needs and demands of all partners and customers, and secure letters of commitment from partners to procure space.

However, idle capacity may occur in exigent circumstances, and in the event of such circumstances, refer to 2 CFR 200.446. When including infrastructure costs due to idle capacity in the local IFA, it is crucial that local areas review and analyze the impact(s) distribution methods will have for individual costs as well as the distribution methods for the budget as a whole. For example, methods of distributing costs associated with idle capacity may result in the partner responsible for said space contributing to infrastructure costs for both the idle space as well as the other costs associated with operating the one-stop center.

Relative Benefit Received.

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 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, 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.

When approaching partners to discuss the sharing of infrastructure and additional costs to support the functioning of the Oklahoma Works (One-Stop) Center, it is critical to 1) begin with both a budget of what it costs to annually operate a workforce center, and 2) begin discussions with the benefits received by partner staff and customers by participation in a well-connected Center, and well-designed workforce development system.

WIOA reinforces the partnerships and strategies necessary for Oklahoma Works (One-Stop) Centers to provide all job seekers and workers with the high-quality career, training, education, and supportive services they need to obtain and maintain quality jobs. There are significant benefits to partner participation in the American Job Center network. The clear benefit is better outcomes for customers, both job seekers and businesses.

Service matrices completed by Oklahoma Works Partners offers a baseline for documenting relative benefit received from partnering in an Oklahoma Works (One-Stop) Center. Services matrices offer details on the types of services offered and assists in demonstrating the value to the partner staff and the customers served.

The following is not an exhaustive list of benefits, but provides some of the many advantages to partnering in an integrated one-stop delivery system, and may be used to assist with communicating and demonstrating the benefits of participating in and funding an integrated center. *Relative benefit received must be documented.*

- **Expanded workforce services for individuals at all levels of skill and experience.** All customers, including those with disabilities or other barriers to employment, have the opportunity to receive hard and soft skills guidance, career planning and job placement services, particularly timely labor market demand and occupational information, and a variety of job-driven training options, including work-based training opportunities such as registered apprenticeship, on-the-job training (OJT), and incumbent worker training.
- **Access to multiple employment and training resources.** Access to multiple program resources, including necessary supportive services that may not be offered by or available through one individual program. Access to multiple resources in one location also reduces the travel and commuting distances for customers needing referrals to or the receipt of

multiple services. Access to multiple resources may also facilitate the leveraging and braiding of resources across systems for individual customers, as appropriate.

- **Integrated and expert intake process for all customers entering the Oklahoma Works (One-Stop) Center.** Frontline staff are highly familiar with the functions and basic eligibility requirements of each program, appropriately assist customers, and make knowledgeable referrals to partner programs, as appropriate, given the authorized scope of, and eligibility requirements for, each program.
- **Integrated and aligned business services strategy among Oklahoma Works partners.** As part of an aligned team, partners have access to a wider range of business engagement strategies, increasing the opportunity for better placement services and outcomes for all customers. This partnership also allows for a unified voice for the Oklahoma Works (One-Stop) Center in its communications with area employers
- **Expert advice from multiple sources.** Customers, including individuals with barriers to employment, can benefit from multiple levels of staff expertise, guidance, and advice across programs. This enhances job seekers' experiences and increases their chances for success in the evolving labor market.
- **Relevance to labor market conditions.** All workforce development activities occur within the context of a regional economy. Services provided should be informed by data on labor market demand in the local area to ensure a positive impact or labor market outcome. This outcome results in a return on investment for the job seeker's time and efforts, and for the workforce program resources expended.
- **Expanded community and industry outreach.** The integrated nature of the Oklahoma Works (One-Stop) Center, a proud partner of the American Job Center network extends the one-stop reach to increase customer participation and enrollments, and to engage and support businesses.
- **Strengthened partnerships.** The integrated nature of the Center network also helps in providing seamless workforce services that serve similar populations. Some examples include setting up common intake and assessment, joint outreach activities, and referral processes outlined in agreements implemented between partners in the center.
- **Encouraging efficient use of accessible information technology** to include, when possible, the use of machine readable forms and other features consistent with modern accessibility standards, such as section 508 Standards (36 CFR part 1194) and the Worldwide Web Consortium's Web Content Accessibility Guidance 2.0, as well as virtual services to expand the customer base and effectively deliver self-services.

- **Improved Performance Outcomes.** As part of an integrated service delivery team, partners increase the opportunity for better coordination of services, better placement services and better outcomes for all customers. Common performance indicators and reporting ensures that federal investments in employment and training programs are customer-centered, evidence-based, labor market driven, and accountable to participants and taxpayers. Center performance is transparent and accountable to the communities and regions served; data entry staff are trained and understand the importance of data validation, data collection processes, and the importance of accurate reporting.

Funding Restrictions.

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 to the funding.

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.

For example, the VR program operated by DRS 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.

Please note:

- No partner may contribute more than its proportionate share based on relative benefit and use by the program, consistent with the Uniform Guidance.
- 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.
- Cost allocation models cannot be based on programmatic or administrative allocations or budgets.
- Each respective partner is responsible for ensuring their shares are compliant with state and federal law and regulations.

6. PREPARE AND AGREE TO THE IFA(S).

IFAs must include the following elements:

- The period of time in which the IFA is effective (which may be a different time period than the duration of the MOU);

- Identification of the infrastructure costs budget, which is a component of the one-stop operating budget;
- Identification of all one-stop partners, CLEO(s), and the Local WDB participating in the IFA;
- A description of the periodic modification and review process to ensure equitable benefit among one-stop partners;
- Reconciliation schedule (i.e. monthly or quarterly) and processes;
- Information on the steps the Local WDB, CLEO(s), and one-stop partners used to reach consensus or the assurance that the local area followed the SFM process; and
- 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.
- The signatures of individuals with authority to bind the signatories to the IFA, including:
 - all one-stop partners,
 - CLEO(s), and
 - Local WDB participating in the IFA.

7. CONDUCT A PERIODIC RECONCILIATION (I.E. MONTHLY OR QUARTERLY) AND COST RECOVERY.

All partner contributions 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. Reconciliation schedules must be included in the Infrastructure Agreement included in the Memorandum of Understanding (MOU).

For example, Partner B received notification that the cost of the copier maintenance agreement will be increasing in 30 days. The Partner reviews the modification procedure and notes the partners agreed that such changes, within 15% of the original budgeted amount, does not require re-convening, but does require notification of the partners so that they may adjust their share.

For example, Partner B's contract with the copier services is pay-for-use. Thus, the Center budget is an approximation of the typical costs associated with photocopy usage in the Center. Each month, the vendor provides an itemized invoice of the number of copies. Reconciliation requires these adjustable costs be reconciled with the partners on a regular basis.

Cost Recovery

As determined in the McAlester pilot, reconciliation procedures must include cost recovery models. Cost recovery models address the practical methods by which funds are exchanged between programs, resulting in the least administrative burden possible on all Partners. Once the cost allocation method(s) are agreed upon, partners may enter discussion on cost recovery. Cost recovery principles include:

- Visually documenting the structure for communication and transparency.
- Examine the agreed upon budget and cost allocation method(s)
 - Budget:
 - For example:
 - The Partners have agreed that the quarterly cost of operating the center is \$18,000.
 - The Partners have agreed that all infrastructure costs are in the budget, and this only includes rent, telephone/internet, and photocopy equipment rental and maintenance.
 - Cost Allocation:
 - For example:
 - The Center includes 250 square feet of actual space occupied and 250 square feet of common space for a total of 500 square feet.
 - Partner A is physically co-located, and occupies a 50 square foot cubicle. Partners B and C are providing services through direct linkage and are not physically co-located.
 - Partners D, E, F, and G are physically co-located, each occupying 50 square feet.
 - Partners H-T are providing services through direct linkage.
 - The Partners have agreed upon Model B and are equitably supporting the common space among 20 total partners.
 - Thus, costs to run the center is \$36/square foot on a quarterly basis.
 - Partner A, D, E, F, and G are responsible for 100% of the 50 square feet and 1/20th of the 250 square feet. These Partners' quarterly cost is \$2,250.
 - Partners B and C, H-T, are each responsible for 1/20th of the 250 square feet. These Partners are each responsible for \$450 quarterly.
 - Reconciliation:
 - For example:
 - The partners have agreed to quarterly reconciliation procedures.
- Collect transaction information for partners' existing contributions to items in the budget(s).
 - For example:
 - Partner A is the leaseholder and can provide the executed lease and invoices as documentation of regular transactions. Partner A pays the landlord \$5000/month. Partner B holds the contracts for the telephone/internet service and photocopy equipment lease and maintenance. Partner B pays the \$1000/month for these services. No other partners hold a contract for center services.
- Based on partners agreed-upon share, reconcile existing payments.
 - For example:
 - Partner A pays \$15,000 quarterly, but its share is \$2,250 quarterly.

- Partner B pays \$3,000 quarterly, but its share is \$450 quarterly.
- Partner C pays nothing quarterly, but its share is \$450 quarterly.
- Recover funds with least administrative burden possible. This is difficult with multiple partners
 - For example:
 - Agreed upon reconciliation:
 - Partners D, E, F, and G pay \$2250 respectively to Partner A each quarter.
 - Partners B, C, H, and I pay \$450 respectively to Partner B each quarter.
 - Partners J-S pay \$450 respectively to Partner A each quarter.
 - Partner T pays \$150 to Partner A and \$300 to Partner B each quarter.
 - Although Partner A is responsible for the bulk of the invoicing, the agreed upon reconciliation requires each Partner to remit no more than three payments each quarter to either a vendor or other partners.

Reconciliation procedures in the IFA must include:

- Frequency with which reconciliations will be made (monthly or quarterly)
- Timeframe for Partners to provide information to allow for calculations. Information may include:
 - Cost information and documentation of actual costs
 - Updated staffing information
- Method by which the LWDB will reconcile the actuals with budget, which includes:
 - Compare budget to actuals
 - Update allocation bases
 - Apply the updated allocation bases to determine actual costs allocable to each partner
 - Prepare an update budget document showing adjustments and prepare an invoice for each partner
- Invoice submission process to the Partners and send a copy to parties within a specified timeframe
- Invoice payment process for Partners to remit payment within a specified amount of time
- Dispute resolution process

8. MODIFY INFRASTRUCTURE COSTS BUDGET AND/OR COST ALLOCATION METHODOLOGY, AS APPROPRIATE.

Local areas should establish a time frame for the frequency in which the infrastructure budget and cost allocation model will be reviewed for possible modification. Such procedures should state the variation threshold for requiring modification, and require a timely notification of the partners to reconvene when the budget or cost allocation methodology should be modified.

9. EVALUATE THE EXISTING PROCESS AND PREPARE FOR THE FOLLOWING YEAR.

Prior to the start of the next program year, partners must evaluate the existing process for preparing the budget and cost allocation methods for the following program year. Partners

must have the ability to review the methods and offer feedback and recommendations for consideration for the following program year. Processes must provide a reasonable time frame for negotiations to take place for the following year.

10. STEPS TO REACH CONSENSUS

Per the McAlester Pilot, convene all partners early and often to allow for all negotiation and steps to be conducted in good faith and in an open and transparent environment.

You may also invite the Chief Financial Officer (CFO) of the cognizant State agency operating the Federal program to the discussion table. CFO input and knowledge-sharing was paramount in overcoming local area impasse. However, approval from the cognizant state agency is not required.

Other steps to follow can be found in the MOU toolkit and below:

STEP BY STEP PROCESS

1. Notification of Partners

The LWDB Chair (or designee) must notify all Parties in writing that it is necessary to renew and execute the MOU and provide all applicable policies and preceding MOU documents, as applicable.

2. Kickoff Meeting

The LWDB Chair (or designee) is responsible for convening all required and optional American Job Center Partners to formally kick-off negotiations, and to ensure that, at a minimum, all American Job Center Partners from all counties within the LWDA are appropriately represented. The kickoff meeting should take place no later than within four (4) weeks of notification as it must be hosted in a timely manner to allow for all steps to be conducted in good faith and in an open and transparent environment.

At the kickoff meeting, the LWDB Chair (or designee) must provide a detailed review of all relevant documents, facts, and information and ensure all Parties have sufficient time to ask questions or voice concerns and are fully aware of expectations and the overall process.

3. Negotiations

Over the course of weeks following the formal kickoff meeting, Partners must submit all relevant documents to the LWDB Chair (or designee) to begin the drafting of the MOU. During this time frame, additional formal or informal meetings (informational and negotiation sessions) may take place, so long as they are conducted in an open and transparent manner, with pertinent information provided to all Parties.

4. Draft MOU/IFA

Within a few weeks of the kickoff meeting, the LWDB Chair (or designee) must email a complete draft of the MOU/IFA to all Parties.

5. Review and Comment

All Parties must review and return feedback to the LWDB Chair (or designee). It is advised that each Party also use this time to allow their respective Legal Departments to review the MOU/IFA for legal sufficiency. It is the responsibility of the LWDB Chair (or designee) to ensure all American Job Center Partners to the MOU are aware of the comments and revisions that are needed.

6. Finalized Draft

The LWDB Chair (or designee) must circulate the finalized MOU/IFA and secure Partner signatures after feedback is reviewed and incorporated, as appropriate. The WIOA MOU/IFA will be considered fully executed once all signatories have reviewed and signed, and a signed copy has been returned to all Parties.

If determined that a Partner is unwilling to sign the MOU/IFA, then the LWDB Chair (or designee) must ensure that the dispute resolution process is followed.

**See USDOL MOU Toolkit for details*

11. SITUATIONS WHERE AGREEMENTS CANNOT BE MET

One of the hallmarks of WIOA is an increased emphasis on LWDBs as conveners who are responsible for the MOU negotiation process. Initiating negotiations via a local funding mechanism allows for decision making to be kept at the local level. However, if a LWDB is unable to complete an IFA with all of its Required One-Stop Partners, then the state funding mechanism will be triggered and the Governor and GCWED must then determine the required contributions of each Oklahoma Works (One-Stop) Center Partner. Oklahoma's goal is to provide the support and guidance necessary to help all Local Areas reach agreement under the local mechanism rather than under the state funding mechanism. LWDBs are urged to seek guidance and support from the state throughout the negotiation process to help prevent the triggering of the state funding mechanism.

Any disputes shall first be attempted to be resolved informally. Should informal resolution efforts fail, the dispute resolution process outlined in the MOU must be followed.

If Partners in a Local area have employed the dispute resolution process and have failed to reach consensus on an issue pertaining to the IFA, then an impasse is declared and the State Funding Mechanism (SFM) is triggered. Failure by only one of the required Partners to reach consensus with respect to the infrastructure costs in the IFA will trigger implementation of the SFM, even if all required Partners *except one* agree on the terms of the IFA. Exceptions: a) The lack of agreement on infrastructure costs with Native American programs does not trigger the SFM for a Local area, and the Native American programs are not subject to the SFM, and b) a failure to reach consensus on career services or shared services costs does not trigger the SFM.

The Governor only has the power to determine the infrastructure budget under the SFM.

Notice of Failure to reach consensus given to the Governor.

The LWDB must report in writing and deliver electronically to Governor via the Governor's Council, OOWD, and relevant State agency when IFA negotiations with one-stop partners have reached an impasse or failed to execute such agreement by the deadline set in policy.

Local negotiation materials provided to the Governor.


The LWDB must include documentation on the negotiations and efforts that have taken place in the IFA and submit electronically to OOWD. The Governor's Council, one-stop partner programs, and OOWD may consult with the appropriate Federal agencies to address impasse situations after attempting to address the impasse. Additionally, if the State cannot assist the LWDB in resolving the impasse, the Governor or the State WDB must report the failure to the Secretary of Labor and to the head of any other Federal agency with responsibility for oversight of a partner's program.

Documentation needed.

For development of the IFA and SFM:

- LWDB documentation on the negotiations and efforts to resolve issues (i.e. steps the LWDB, CLEOs, and Partners used to try to find consensus) that have taken place in an easy to follow, chronological format,
- The Local WIOA plan,
- The cost allocation methodology or methodologies proposed by the Partners to be used in determining the proportionate share,
- The proposed amounts or budget to fund infrastructure costs,
- The amount of Partner funds included,
- The type of funds (cash, non-cash, and third-party in-kind contributions) available including all documentation on how Partners valued non-cash and third-party in-kind contributions consistent with 2 CFR 200.306)
- Any proposed or agreed on Center budgets (for individual centers or a network of centers),
- Signatures of partners on agreed Center budgets,
- Any partially agreed upon, proposed, or draft IFAs,
- Signatures of partners on agreed upon IFAs,
- Identification of specific partners who have not agreed upon the budget and cost allocation methodology,
- LWDB Meeting minutes designating all Comprehensive, Affiliate, and Specialized Oklahoma Works (One-Stop) Centers;
- LWDB Meeting minutes certifying Centers;
- LWDB-approved operating budget of each Center broken down by infrastructure, and additional costs for career and shared services by personnel and non-personnel;
- Service matrix for each LWDA including:
 - Core, required, and additional partners;
 - Services provided and received by each partner;
 - Per partner, indication of physical co-location or direct linkage;
 - FTE for each partner program for physical co-location and direct linkage;
 - Occupancy of Oklahoma Works (One-Stop) Centers, including:
 - Total square footage of designated space
 - Total square footage of common space
 - Actual square footage occupied for physically co-located partners
 - Total vacant square footage
- List of the partners affiliated with the area and with each center; contact name, email, and phone number; and cognizant state agency, and
- A summary of Technical Assistance (TA) requested and received from the state after release of this OWDI.

Attachment G: IFA Budget Worksheet Tool

To open the IFA Budget Worksheet Tool, double click the following icon: 

Attachment H: Oklahoma's State Funding Mechanism (SFM)

Introduction

In the event that one or more local areas is unable to reach consensus on the infrastructure budget using the Local Funding Mechanism (LFM), said area(s) must notify the state no later than December 1, 2017 for Program Year 2017. Notification must include the documentation listed in Attachment F as well as any additional documentation relevant to each area's proposed LFM.

The SFM applies only to infrastructure costs; however, methodology may be applied to other costs in the one-stop operating budget. The SFM considers the total infrastructure budget, the total square footage of the selected one-stop center, the square footage each partner occupies of designated office space, idle capacity and facilities, and the number of FTEs for each required partner with an active employment and training presence in the area.

The SFM is to be used only after all other options have failed. The LFM is the best option for local areas to equitably distribute infrastructure costs as well as additional or shared costs, based on proportionate use and relative benefit received. By using a combination of occupied square footage, FTEs, and the presence of each partner the SFM methodology successfully distributes infrastructure costs to all required partners as equitably as possible while considering the administrative burden at the local and state level.

Required Data

In order to calculate the SFM local areas need the total infrastructure budget; the square footage for Designated Office Space, Idle Office Space, and Common Area; the amount (square footage) of Designated Office Space each required partner occupies; and the FTEs for each contributing partner with both a co-located and direct linkage presence. The SFM methodology uses each of these factors to determine each partner's contribution to the infrastructure agreement.

Prior to calculating infrastructure costs utilizing the SFM, answer and verify the following questions.

1. Has the local area infrastructure budget been approved by each of the partners operating within the area?
 - If yes, what is the total amount of the infrastructure budget?
 - If no, the state utilizes proposed budgets and expenses to determine the total infrastructure budget.
2. Who are the required partners in the local area?
 - Does each required partner have an active presence (program expenditures for employment & training) in the local area?
 - i. If yes, the partner is required and included in the SFM calculation.
 - ii. If no, the partner is not required and is not included in the SFM calculation.

- Is the required partner physically present (co-located) in the one-stop center?
 - i. How many FTEs are co-located?
 - Is the required partner present via Direct Linkage?
 - i. How many FTEs? In the SFM, partners must provide the exact number of FTEs available via Direct Linkage Monday through Friday during operating hours. If staff is only available for a portion of the work day, the FTEs reported must accurately reflect said availability.
3. What is the total square footage of the one-stop center?
- How many square feet is the Designated Office Space?
 - i. How many square feet does each partner occupy with this space?
 - How many square feet is the Idle Office Space?
 - How many square feet is the Common Area?

Cost Allocation Methodology

Designated Office Space (Partner Cost D):

1. Calculate the price per square foot for Designated Office Space. Divide the total infrastructure budget by the total square footage.

$$\text{Price per Square Foot} = \frac{\text{Total Infrastructure Budget}}{\text{Total Center Square Footage}}$$

2. Calculate each partner cost for Designated Office Space. Multiply the price per square foot by the total square footage of Designated Office Space occupied by each partner.

Partner Cost D = Price per Square Foot x Partner's Occupied Designated Office Space

3. Repeat step 2 for each partner.

Idle Office Space (Partner Cost I):

In accordance with 2 CFR 200 section 200.446, the costs associated with Idle Office Space are only allowable for the partner/entity that originally obtained the space through purchase or lease. To ensure compliance with Federal statute, rules and regulations, and issued guidance Partner Cost I is only assigned to the partner who originally procured the space.

1. Calculate the price per square foot for Idle Office Space. Divide the total infrastructure budget by the total square footage.

$$\text{Price per Square Foot} = \frac{\text{Total Infrastructure Budget}}{\text{Total Center Square Footage}}$$

2. Calculate the cost of Idle Office Space. Multiply the price per square foot by the total square footage of Idle Office Space.

Cost of Idle Office Space = Price per Square Foot x Total Idle Office Space Square Footage

3. Assign the Cost of Idle Office Space to the partner/entity that originally obtained the space through purchase or lease. For example: Partner B originally procured the space based on need at the time. When calculating the SFM, only Partner B will have a Partner Cost I to include in the final calculation as described below.

Common Area (Partner Cost C):

While Designated and Idle Office Space is distributed only to those required partners with a physical presence in the one-stop center, Common Area is distributed to co-located and Direct Linkage partners. Due to the nature of participant usage, and utilizing the reported FTEs by each partner, by distributing Common Area to all present required partners, relative benefit is deemed equitable.

1. Calculate the square footage per FTE for Common Area. Divide the total Common Area square footage by the total number of FTEs.

$$\text{Square Foot per FTE} = \frac{\text{Common Area Space Square Footage}}{\text{Total FTEs}}$$

2. Calculate the price per square foot for Common Area. Divide the total infrastructure budget by the total square footage.

$$\text{Price per Square Foot} = \frac{\text{Total Infrastructure Budget}}{\text{Total Center Square Footage}}$$

3. Calculate the price per FTE for Common Area. Multiply the square footage per FTE by the price per square foot.

$$\text{Price per FTE} = \text{Square Footage per FTE} \times \text{Price per Square Foot}$$

4. Calculate each partner cost for Common Area. Multiply the price per FTE by the number of FTEs for each partner.

$$\text{Partner Cost C} = \text{Price per FTE} \times \text{Partner's FTEs}$$

5. Repeat step 4 for each partner.

Infrastructure Costs:

1. Sum the partner cost for all three (3) areas. This total is the amount each partner is responsible for contributing for the one-stop center infrastructure costs.

Partner Contribution = Partner Cost D + Partner Cost I + Partner Cost C

2. Sum the Partner Contribution for each partner. This total is equal to the total amount of the infrastructure budget.

Final Infrastructure Contributions

After the SFM is submitted to the State, the State will ensure partner contributions do not exceed the calculated statewide caps. If a partner's contribution is over the cap, the difference will be ratably redistributed to those partners under the statewide cap. Once any overages are redistributed, and all partner contributions are equal to or less than statewide cap the partner infrastructure contributions are determined to be final.

Final contributions, with documented calculations and followed methodologies, are sent to the local area or areas who utilized the SFM for infrastructure costs.