Workforce Innovation and Opportunity Act

Guide to Texas Workforce System Operations

Texas Workforce Commission

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# Introduction

The vision of the Workforce Innovation and Opportunity Act (WIOA) for the network of one-stop delivery systems, or workforce systems, reflects the long-standing and ongoing work of dedicated workforce professionals to align a wide range of publicly or privately funded education, employment, and training programs while also providing high-quality customer service to all job seekers, workers, and businesses.

The creation of integrated one-stop locations was a cornerstone of the Workforce Investment Act (WIA). In the years between the passage of WIA and WIOA, the public workforce development system tested a variety of approaches to maximize the benefits that customers and their communities receive from one-stop centers. Over the years, technological advances have opened up new methods of service delivery and evidence-based models to build on our shared understanding of best practices, and federal agencies have spearheaded ongoing efforts to reform employment, education, and training programs in order to create a more integrated and job-driven public workforce system. The evolution and implementation of increasingly integrated service-delivery systems has ensured that one-stop centers continue to be valued as community resources, acknowledged locally and nationally as a critical source of assistance for individuals looking for work or opportunities to grow in their careers and for employers looking for human resource assistance.

The purpose of the *WIOA Guide to Texas Workforce System Operations* is to provide information on the methods by which WIOA reinforces the partnerships and strategies necessary for Workforce Solutions Offices to provide job seekers and workers with the high-quality career, training, and support services they need to find and keep good jobs. Such strategies also help businesses find skilled workers and access other human resources assistance, including education and training, to meet their workforce needs.

This guide also provides information on how infrastructure and additional costs are determined and paid for by workforce partners in a local workforce system. It describes the roles of the Texas Workforce Commission (TWC), Local Workforce Development Boards (Boards), chief elected officials (CEOs), and local workforce partner programs in determining infrastructure costs and navigating the local infrastructure funding mechanism (LFM) or state infrastructure funding mechanism (SFM) for those infrastructure costs.

Boards are required to ensure that all state policies provided in this document are adhered to and followed according to the timelines provided. This guide describes the requirements for Boards to develop, reach consensus, and implement the following, as appropriate:

* Memoranda of understanding (MOUs)
* Infrastructure funding agreements (IFAs)
* The common identifier
* Federal appeals

This guide rescinds the following Workforce Development (WD) Letters:

* WD Letter 02-09, issued February 10, 2009, and titled “Definitions of One-Stop Operator and Administrative Entity”
* WD Letter 04-17, issued January 26, 2017, and titled “Common Identifier for Local Workforce Development Boards”
* WD Letter 01-17, Change 1, issued June 2, 2017, and titled “Workforce Innovation and Opportunity Act: Texas Workforce System Partners’ Memoranda of Understanding, Including Infrastructure Funding Costs—Update”

# A. Texas Workforce System

The Texas workforce system brings together workforce development, employment and training, and educational services in a seamless customer-focused service-delivery network that enhances access to all program services and improves long-term employment outcomes for individuals receiving assistance. Workforce partners administer separately funded programs as a set of integrated streamlined services to customers.

The vision for the Texas workforce system is to align a wide range of publicly or privately funded education, employment, and training programs, while also providing high-quality customer service to all job seekers, workers, and businesses.

The following are the Texas workforce system’s six core programs:

* Workforce Innovation and Opportunity Act (WIOA) Title I Adult program
* WIOA Title I Dislocated Worker program
* WIOA Title I Youth program
* WIOA Title II Adult Education and Family Literacy Act program
* Employment Service program, authorized under the Wagner-Peyser Act, as amended by WIOA Title III
* Vocational Rehabilitation (VR) program, authorized under Title I of the Rehabilitation Act of 1973, as amended by WIOA Title IV

The Texas workforce system also includes other required and optional workforce partners identified in the Texas Workforce Commission (TWC) Chapter 801 Local Workforce Development Boards rule §801.27 and discussed in [Part B](#_II._WORKFORCE_PARTNERS) of this guide. Through Workforce Solutions Offices, these workforce partner programs and their direct service providers ensure that businesses and job seekers—a shared client base across multiple programs—have access to information and services that lead to positive educational and employment outcomes.

As required in WIOA §121(e)(1), each local workforce delivery system must provide the following:

* Career services, as defined in WIOA §134(c)(2) and in Appendix A of this guide
* Access to training services, as described in WIOA §134(c)(3)
* Access to local employment and training activities, as described in WIOA §134(d)
* Access to all programs and activities provided by required workforce partners and any optional workforce partners
* Access to data, information, and analysis, as described in Wagner-Peyser Act §15(a), to include all job search, job placement, recruitment, and other labor-exchange services authorized under the Wagner-Peyser Act

[Part A](#_II._WORKFORCE_PARTNERS) of this guide provides Local Workforce Development Boards (Boards) with information and guidance on the Texas workforce system, specifically the following:

* One-stop operators
* Firewalls and conflict of interest policies
* Workforce Solutions Offices

## One-Stop Operators

WIOA regulations at Title 20 of the Code of Federal Regulations (CFR) §678.620 define the role of the one-stop operator, which can range from coordinating service providers within a Workforce Solutions Office to coordinating activities throughout the local workforce development area (workforce area).

Under Texas Government Code §2308.253(g)(1), the chief elected officials (CEOs) are required to enter into a partnership agreement with the Board to designate, among other things, the administrative entity for the workforce area.

As the formation of Boards began in the late 1990s, TWC published WD Letter 51-97, issued August 18, 1997 and titled “Technical Assistance on Local Workforce Board Governance Structure,” and Attachment 1, titled “Local Board Governance Structure,” which were updated by WD Letter 51-97, Change 1, issued September 19, 1997. The guidance provides the following information on the definition of an administrative entity:

Administrative Entity—the entity designated to administer a local workforce plan. The administrative entity is generally responsible for the allocation of funds, performance measured against meeting the objectives of the programs (oversight of performance standards consistent with statewide goals and objectives), programmatic decision-making, program compliance, ensuring workforce funds are spent in accordance with applicable law, and operation/management of career development centers. The administrative entity may be the Board, a unit of general local government in the workforce area or an agency thereof, a nonprofit organization or corporation, or any other agreed-upon entity.

Note that while a Board may be designated as an administrative entity, the Board is prohibited from directly providing workforce training and employment services, unless a waiver is obtained. It is also possible to designate an entity, other than the Board, as the administrative entity. The designated administrative entity must competitively procure a provider or providers for all workforce and training services.

The WIOA definition of one-stop operator and the state definition of administrative entity are substantially similar—both the one-stop operator and the administrative entity provide coordination of services throughout the workforce area. Thus, the entity designated as the administrative entity is the one-stop operator for the workforce area.

Boards and CEOs must designate an administrative entity for their workforce area. Boards and CEOs have the option of selecting the entity to be designated as the administrative entity (for example, a Board may select a local council of government).

The administrative entity previously designated by the Board in its partnership agreement with the CEOs, pursuant to Texas Government Code §2308.253(g)(1), is the workforce area’s one-stop operator. In Texas, under the provisions of WIOA §193(a)(3), which acknowledges the effects of prior consistent state law, the administrative entity for the Board will continue to be the workforce area’s one-stop operator. As such, WIOA regulations at 20 CFR §678.605 requiring competitive selection of one-stop operators would not affect Board operations in Texas.

The administrative entity serves in a coordination capacity, which includes responsibility for the following:

* Strategic planning and oversight of the delivery of workforce services
* Establishment of local policies to oversee the delivery of workforce services
* Allocation of resources within the workforce area
* Development of local workforce contractor goals, objectives, and performance standards for adoption by Board members, consistent with statewide goals and objectives
* Strategic evaluation to assess the value of workforce development services and to ensure effective outcomes consistent with statewide goals and objectives
* Establishment of strategic locations for Workforce Solutions Offices to ensure customer access to workforce services
* Coordination of strategic business service needs to ensure businesses’ skills needs are identified and to ensure the direction of services within the workforce area meets businesses’ needs
* Establishment of a point of contact for employers to communicate their skills needs
* Promotion of flexibility within the Texas workforce system, including the education system, to meet the needs of local businesses
* Promotion of cooperation and coordination among public organizations, community organizations, charitable organizations, religious organizations, and private businesses that provide workforce services

Because the administrative entity is considered the one-stop operator for the workforce area, the role of the one-stop operator does not include the direct provision of services. Boards will continue to procure their service providers to ensure the uninterrupted provision of services to customers.

## Firewalls and Conflict of Interest Policies

WIOA regulations at 20 CFR §683.220 address several internal control requirements, including a requirement for recipients and subrecipients of WIOA Title I and Wagner-Peyser Act funds (including Boards) to require Boards to install internal controls that are consistent with Uniform Guidance at 2 CFR §200.303, which include an internal control structure and written policies in place to safeguard personally identifiable information, records, contracts, grant funds, equipment, sensitive information, tangible items, and other information that is readily or easily exchanged in the open market or that the US Department of Labor (DOL) or the recipient or subrecipient considers to be sensitive, as consistent with applicable federal, state, and local privacy and confidentiality laws.

As described at 20 CFR §679.430, Boards may often simultaneously function in various roles, including local fiscal agent, one-stop operator, and administrative entity. Any Board that performs more than one of these functions must develop or continue to use firewalls and conflict of interest policies that clarify how the Board will carry out its responsibilities while demonstrating compliance with WIOA, corresponding regulations, and relevant Office of Management and Budget circulars. Internal controls, conflict of interest, and firewalls are further defined in [Appendix A](#_APPENDIX_A:_GLOSSARY).

WIOA requires internal controls in the functions of entities involved in the local workforce system include the following entities:

* Boards
* Committees
* Board staff
* Fiscal agent
* Administrative entity
* One-stop operator
* Service providers

An effective internal control structure or system is composed of the following five components:

**The Control Environment** is composed of the following areas:

* A foundation for all other standards of internal control
* Pervasive influence on all the decisions and activities of an organization
* Effective organizations set a positive tone at the top
* Factors that include the integrity, the ethical values and competence of employees, and management’s philosophy and operating style

**Risk Assessment** is the process of identifying, evaluating, and deciding how to mitigate risks. Risks are the internal and external events that threaten the accomplishment of objectives.

**Control Activities** are the policies and procedures that help ensure management directives are carried out and consist of activities that:

* help prevent or reduce the risks that can impede the accomplishment of objectives;
* occur throughout the organization at all levels and in all functions; and
* include functions such as approvals, authorizations, recording, and processing payments, as well as conducting reconciliations, custody of assets, and reviews of performance that must have adequate separation of duties.

**Communication and Information** must be shared with staff and Board members to ensure consistency and proper application.

**Monitoring** must occur on internal control systems to assess their effectiveness.

A conflict of interest may arise when actions are taken or appear to be taken by an entity involved in more than one role such that the performance of that entity in one role affects its interest in the other role, thereby making it difficult for the entity to perform multiple functions objectively and impartially.

Proper firewalls must be in place during the procurement process to ensure the transparency and integrity of the process and to demonstrate that the selection process was impartial and no preferential treatment was given at any stage. No entity or individual who has any role in the issuance of a solicitation may compete or submit a proposal under that procurement action, including the development of requirements, drafting the request for proposals or invitation for bids, evaluation of proposals and/or bids, and identification of a best entity.

For firewalls to be effective and efficient, there must be a complete separation in duties. An alternate entity, such as the state, must be identified if the Board plans on submitting a proposal.

If a Board applies and is approved to be the fiscal agent or the grant recipient for a local workforce partner program, the Board, when acting in its capacity as the fiscal agent or partner program grant recipient, must ensure the following:

* Separation of duties among staff functions, duties, and responsibilities, including responsibilities of staff who fulfill multiple roles
* Recusal from voting on any related matters applicable to these other duties
* Restriction of physical or electronic access to information
* Complete independence over supervision or control of staff
* Complete confidentiality in the documentation of these duties

Best practices for establishing firewalls are as follows:

* Ensure that conflict of interest and/or financial disclosure forms are up-to-date for all members and individuals involved in more than one role function or procurement action
* Update firewall and conflict of interest policies when new procurement actions arise
* Provide reasonable assurance that the separation of duties is enforced from all areas of the local workforce system

## Workforce Solutions Offices

The following are the two types of Workforce Solutions Offices in Texas.

**1. Comprehensive Center—**Each workforce area must include at least one comprehensive center where all required workforce partner programs and services are available, either physically colocated or through direct linkage.

Direct linkage through technology provides customers with access to program staff who can provide meaningful information or services for those workforce partner programs not physically located in a comprehensive center.

**2. Affiliate Site—**An affiliate site is a Workforce Solutions Office where job seekers and employers can access the programs, services, and activities of one or more workforce partners and where the operation of the Workforce Solutions Office adds a cost to the Board’s operational budget, or the Board is responsible for oversight and management of the center. Some affiliate sites are specialized centers established to serve a specific population, such as dislocated workers or youth.

Additionally, workforce areas may include a network of eligible workforce partners in which each partner provides one or more of the programs, services, and activities at its own location but in which partners are also linked, physically or technologically, to the Board’s comprehensive center and/or affiliate sites. Many workforce partners, such as Adult Education and Literacy (AEL), Registered Apprenticeship, and the Senior Community Service Employment Program (SCSEP), among others, provide programs, services, and activities at their own locations.

Examples of providing services in locations that may be part of the network of eligible workforce partners include, but are not limited to, situations such as:

* an AEL grant recipient providing Title II adult education classes at a college campus or other location not operated by the Board; or
* a SCSEP grant recipient providing services in a space donated by a church or other organization.

# B. Workforce Partners

The Workforce Innovation and Opportunity Act (WIOA) places a strong emphasis on planning across multiple workforce partner programs to ensure alignment in service delivery. One important goal is to develop effective partnerships across programs and community-based providers to provide individuals with the employment, education, and training services they need. Effective partnering is pivotal to maximize resources and to align services with career pathways and sector strategies. It is vital that WIOA-required and optional workforce partners and programs work together to ensure a customer-centered approach to service delivery.

## Required Workforce Partners

WIOA §121(b)(1) defines required workforce partners, and TWC’s Local Workforce Development Boards Rule §801.27(a)–(b) establishes which required partners are under the authority of the Texas Workforce Commission. In Texas, prior consistent state law Texas Government Code §2308.304 and §2308.312, define the responsibility of each Local Workforce Development Board (Board) to develop, implement, and modify a plan for convening all relevant programs identified as Workforce Solutions Office–required workforce partners.

The required workforce partners in Texas are as follows:

* WIOA Adult, Dislocated Worker, and Youth programs
* Wagner-Peyser Employment Service program
* Adult Education and Literacy (AEL) program
* Vocational Rehabilitation (VR) program
* Unemployment Insurance (UI) programs, including the Reemployment Services and Eligibility Assessment (RESEA) program
* Trade Adjustment Assistance (TAA) program
* Choices, the Temporary Assistance for Needy Families (TANF) Employment and Training program
* Supplemental Nutrition Assistance Program Employment and Training (SNAP E&T) program
* Subsidized child care programs
* Apprenticeship programs (Texas Education Code, Chapter 133), if they have been certified by the US Department of Labor’s (DOL) Office of Apprenticeship Training and meet the state criteria established in Chapter 133 to receive state funding for the support of the apprenticeship training programs
* Veteran employment and training programs–Local Veterans Employment Representatives (LVER) program and the Disabled Veterans Outreach Program (DVOP)
* Senior Community Service Employment Program
* Career and technical education programs, authorized under the Carl D. Perkins Career and Technical Education Act of 2006 (20 USC §2301 et seq.)
* Education and vocational training programs through Job Corps, authorized under WIOA Title I, Subtitle C, and administered by DOL
* Native American programs, authorized under WIOA §166
* Employment and training activities provided through grant recipients of the United States Department of Housing and Urban Development (HUD)
* Employment and training activities carried out under the Community Services Block Grant Act (CSBG)
* Reintegration of Offenders program, authorized under §212 of the Second Chance Act of 2007
* Migrant and Seasonal Farmworker (MSFW) programs under the National Farmworker Jobs Program (NFJP), authorized under WIOA §167
* National Dislocated Worker Grant (NDWG) program, authorized under WIOA §170
* YouthBuild programs, authorized under WIOA §171

The term “required workforce partners,” as used in this guide, refers to the above list.

## Optional Workforce Partners

WIOA §121 and §801.27(c) define which other entities that carry out a workforce development program may serve as optional workforce partners. These include the following:

* Employment and training programs administered by the Social Security Administration, including the Ticket-to-Work and the Self-Sufficiency Program, established under §1148 of the Social Security Act (42 USC §1320b-19 et seq.)
* Employment and training programs carried out by the Small Business Administration
* Programs administered by OneStar Foundation, authorized under the National and Community Service Act of 1990 (42 USC §12401 et seq.)
* Other appropriate federal, state, or local programs, which may include employment, education, and training programs provided by public libraries or in the private sector

The term “optional workforce partners,” as used in this guide, refers to the above list and other optional partners, as determined by each Board.

# C. Memoranda of Understanding

Part C provides the Local Workforce Development Boards (Boards) with guidance on developing and entering memoranda of understanding (MOUs) with statutorily required and optional workforce partners relating to the operation of the Texas workforce system in local workforce development areas (workforce areas).

The Workforce Innovation and Opportunity Act (WIOA) requires Boards, with the agreement of their chief elected officials (CEOs), to develop and enter MOUs with required workforce partners regarding the operation of the local workforce. Additionally, WIOA allows Boards to enter MOUs with optional workforce partners.

Boards may develop a single umbrella MOU with all workforce partners or a separate MOU with each workforce partner or group of partners.

Boards are not required to develop and enter MOUs for partner programs that are under the purview of the Texas Workforce Commission (TWC) or that are Board-administered. For example, a local MOU would not be required for the unemployment insurance (UI) or Choices programs because the required operational requirements are covered in the Agency-Board Agreement and in program-specific grant awards.

## Required MOUs

Boards must develop and enter MOUs with the following required workforce partners when programs are not under direct Board oversight:

* Adult Education and Literacy (AEL) programs if the Board is not the local AEL grant recipient
* Apprenticeship programs (Texas Education Code, Chapter 133), if the apprenticeship programs have been certified by the US Department of Labor’s (DOL) Office of Apprenticeship Training and meet the state criteria established in Chapter 133 to receive state funding for the support of the apprenticeship training programs
* Vocational Rehabilitation (VR) services, authorized under Title I of the Rehabilitation Act of 1973 (29 USC §720 et seq.), as amended by WIOA Title IV
* Senior Community Service Employment Program (SCSEP)
* Texas Veterans Commission (TVC) programs—Local Veterans Employment Representatives program and the Disabled Veterans Outreach Program (DVOP),
* Career and technical education programs authorized under the Carl D. Perkins Career and Technical Education Act of 2006 (20 USC §2301 et seq.)
* Education and vocational training programs through Job Corps, authorized under WIOA Title I and administered by DOL
* Native American programs, authorized under WIOA §166
* Employment and training activities provided through United States Department of Housing and Urban Development grant recipients
* Employment and training activities carried out under the Community Services Block Grant Act
* Reintegration of Offenders program, authorized under §212 of the Second Chance Act of 2007
* YouthBuild programs, authorized under WIOA §171

If a If a WIOA required workforce partner is not operating in the workforce area, the Board is not required to sign an MOU with this required workforce partner.

Starting in 2017, TWC’s VR Division entered into colocation contracts with each of Texas’ 28 Boards. These annually renewed contracts serve as infrastructure funding agreements, with funds allocated based in part on the proportionate use and relative benefits received at each Workforce Solutions Office. Colocation contracts alone do not fully satisfy the WIOA requirement that Boards establish MOUs with required workforce partners. Each Board must sign an individual MOU with TWC’s VR program.

On October 1, 2020, TVC and TWC entered into an interagency contract to collaboratively provide services and resources to veterans. Interagency contracts do not satisfy the WIOA requirement that Boards establish MOUs with required workforce partners; therefore, Boards must sign an individual MOU with TVC. TWC recommends the following, or substantively similar, language be included in the body of the MOU to indicate the Board’s knowledge that TWC contributes to the infrastructure of the local Workforce Solutions Offices through an interagency contract with TVC and that the funds are provided to Boards through a grant: “The Texas Veterans Commission contributes to the infrastructure of local Workforce Solutions Offices through an interagency contract with the Texas Workforce Commission (TWC); those funds are then passed to this Board through a grant from TWC.”

## Optional MOUs

Boards may enter MOUs with the other entities that carry out workforce development programs, including, but not limited to, the following optional workforce partners:

* Employment and training programs administered by the Social Security Administration, including the Ticket-to-Work and the Self-Sufficiency Program established under §1148 of the Social Security Act (42 USC §1320b-19 et seq.)
* Employment and training programs carried out by the Small Business Administration
* Programs administered by OneStar Foundation, authorized under the National and Community Service Act of 1990 (42 USC §12401 et seq.)
* Other appropriate federal, state, or local programs that may include employment, education, and training programs provided by public libraries or in the private sector

Boards may also enter MOUs with other partners that do not carry out a workforce development program. These MOUs are not subject to the same requirements included in this guide.

## MOU Requirements

If a local partnership agreement between the Board and CEOs representing the workforce area delegates statutorily required responsibilities under WIOA to the Board, then the Board can continue to operate under the parameters of the partnership agreement. For example, if a partnership agreement transfers signatory authority for an MOU to the Board, then CEOs are not required to sign MOUs required by WIOA.

Additional provisions, consistent with WIOA, may be included in MOUs developed by Boards. To ensure compliance with WIOA, Boards may use the MOU checklist included in Appendix B. At a minimum, each MOU must contain provisions describing the following:

**Service Delivery Coordination**—describe the services to be provided and the way the services will be coordinated and delivered through the local workforce system. MOUs must, at a minimum, address the following:

* Identify each workforce partner included in the MOU
* Describe each workforce partner’s responsibilities
* Describe the local workforce system design, to include the following:
	+ Identify and describe the local workforce system’s customers
	+ Identify the services provided, including career services applicable to workforce partners

**Costs and/or Funding—**describe the process by which the local workforce system will fund the provision of services and general operating costs to ensure a stable and equitable funding stream for ongoing workforce system operations, including sufficient funding of infrastructure costs.

**Workforce Partner Referrals—**describe the methods used for referring individuals between Workforce Solutions Offices and workforce partners for appropriate services and activities, including:

* the local workforce system’s referral process between workforce partners and the commitment to ensure quality customer service and a customer-centered focus; and
* how the local workforce system provides direct access to workforce partners through real-time technology.

**Serving Individuals with Barriers to Employment—**describe the methods used to ensure the needs of workers, youth, individuals with disabilities, and individuals with barriers to employment are addressed when providing necessary and appropriate access to the services that are made available through the Texas workforce system, including access to technology and materials.

Technical Provisions—as follows:

* Describe the MOU, including begin and end dates
* Describe the procedures established for amending the MOU
* Provide assurances that the MOU will be reviewed (and if substantial changes have occurred, will be renewed) no less than once every three-year period
* Ensure that a process is established for renewing an MOU if substantial amendments are required because of the review
* Include signatures of the designated Board, workforce partner representatives, and CEOs

Boards must report to TWC when MOU negotiations with workforce partners have reached an impasse (20 CFR §678.510(c)). TWC will, in turn, notify the state agency responsible for administering the partner’s program. If TWC cannot help the Board resolve the issue, TWC will notify the governor, the Texas Workforce Investment Council, the Secretary of Labor, and the head of any other federal agency with responsibility for overseeing a workforce partner’s program.

# D. Infrastructure Funding

Part D provides the Local Workforce Development Boards (Boards) with guidance and requirements for identifying and funding the operating costs of the local workforce system, and for developing the one-stop operating budget and infrastructure funding agreements (IFAs) required for memoranda of understanding (MOUs). Under the Workforce Innovation and Opportunity Act (WIOA), one-stop operating costs consist of infrastructure costs, described in WIOA §121(h), and certain additional costs, described in WIOA §121(i).

Workforce partners deliver services through comprehensive centers, affiliate sites, and a network of eligible workforce partners. Cost principles discussed later in this part require that costs be charged in accordance with the proportionate use and relative benefit received. Cost principles also prohibit costs incurred for the benefit of one award to be charged to another award.

Consistent with these cost principles and the shared benefit that workforce partner programs derive from the local workforce system, WIOA and its implementing regulations require workforce partners to contribute to local one-stop operating costs. Each partner’s contribution must be an allowable, reasonable, necessary, and allocable cost to the program, consistent with the cost principles established in the Office of Management and Budget (OMB) “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (Uniform Guidance) in Title 2 Part 200 of the Code of Federal Regulations (CFR) (2 CFR Part 200) and the state’s Texas Grant Management Standards.

Within each MOU, each Board and its workforce partners must establish an IFA that describes how the Board and partner programs will fund the infrastructure costs of the Workforce Solutions Offices that are part of the workforce area (WIOA §121(c)(1) and 20 CFR §678.500(b)(2)(i)). If a Board and its required workforce partners are unable to reach consensus on the terms of the IFAs for the program year, then the Board must notify the Texas Workforce Commission (TWC) of an impasse no later than March 15 (20 CFR §678.510(c)) before the start of the program year for which the IFA must be negotiated.

The funding of one-stop operating costs is governed by the following:

* WIOA §121(h) and (i)
* The WIOA regulations explained in 20 CFR §678, Subpart E, 34 CFR §§361.700–361.760, and 34 CFR §§463.700–463.760
* Training and Employment Guidance Letter No. 17–16, US Department of Labor (DOL); Technical Assistance Circular 17–03, US Department of Education; and Program Memorandum 17–3
* The regulations related to the OMB Uniform Guidance–2 CFR Part 200, Subpart E, Cost Principles
* [One-Stop Comprehensive Financial Management Technical Assistance Guide](https://www.dol.gov/sites/dolgov/files/ETA/grants/pdfs/TAG_PartI.pdf) (One-Stop TAG), July 2002, published by the US Department of Labor Employment and Training Administration (DOLETA)
* WIOA requires that all required workforce partners provide applicable career services and access to other services in the comprehensive center. Required workforce partners may also operate in affiliate sites. WIOA encourages optional workforce partners to provide applicable program services and activities in comprehensive centers and affiliate sites, as appropriate. In doing so, workforce partners derive benefits from the infrastructure of the Workforce Solutions Offices in which they operate. Accordingly, WIOA and the Uniform Guidance require workforce partners to contribute to the one-stop operating costs of workforce development areas (workforce areas) in which they participate, as follows:
* Required workforce partners must contribute to the following:
	+ The one-stop operating costs of the comprehensive center, regardless of whether the workforce partner is physically colocated at the comprehensive center.
	+ The one-stop operating costs of any affiliate site in which the workforce partner is colocated
* Optional workforce partners must contribute to the one-stop operating costs of any comprehensive center or affiliate site in which the respective optional workforce partner is colocated (20 CFR §678.760(a)).

## Exception: *De Minimis* Infrastructure Costs

The following is a TWC-acknowledged exception for Boards. The topic of *de minimis* infrastructure costs does not exist in federal guidance.

A Board is not required to establish an IFA with a required partner if that partner’s share of infrastructure costs is *de minimis*. For this purpose, “de minimis” means the Board’s cost of establishing and managing a partner’s share of infrastructure costs exceeds what that partner would owe. Under this limited circumstance, a Board may opt to assess a cost of zero dollars to the partner and is not required to establish an IFA but is still required to establish an MOU.

A Board’s decision to exercise this exception must be based on supporting documentation demonstrating that the specific partner’s share of infrastructure costs is *de minimis*. The documentation must include a comparison of the following calculations:

* Calculation One (C1): Partner Share of Cost.The Board must calculate each required partner’s share of infrastructure costs*.*
* Calculation Two (C2): Board Cost to Execute and Manage IFA. The Board calculates its cost of establishing and managing an IFA. This may include the personnel cost of staff negotiation, establishing and executing the written IFA, performing periodic adjustments, collecting and accounting for payments, and other anticipated costs to the Board.

The *de minimis* exception is available only if the partner’s share of cost is less than the cost to the Board of establishing and managing that partner’s share of costs, as calculated.

C1 <> C2 = *de minimis*

## 1. Texas Workforce System Operating Costs

As described in WIOA §121(e)(2) and [Part A](#_A._TEXAS_WORKFORCE) of this guide, the Texas workforce system refers to the combination of the following:

* At least one physical comprehensive center in which each of the programs, services, and activities described in WIOA §121(e)(1) is accessible
* Affiliate sites that can provide one or more of the programs, services, and activities
* A network of eligible workforce partners in which each partner provides one or more of the programs, services, and activities at its own location but in which partners are also linked, physically or technologically, to the Board’s comprehensive center and/or affiliate sites

WIOA provisions related to infrastructure funding apply to comprehensive centers and affiliate sites but not to the network of eligible workforce partners.

The one-stop operating budget may be considered the master budget that contains a set of individual budgets or components consisting of infrastructure costs, defined in WIOA §121(h)(4), and additional costs, defined in WIOA §121(i).

WIOA requires all workforce partners to share infrastructure costs and certain additional costs of the comprehensive centers and affiliate sites to support the maintenance and operation of the one-stop delivery system. However, a workforce partner must not use federal funds to pay more than its allocable share of one-stop operating costs. Therefore, in accordance with WIOA and its implementing regulations and the Uniform Guidance, all contributions must be based on the respective partner’s proportionate use of the system and relative benefit received.

WIOA encourages workforce partners to negotiate infrastructure costs and additional costs of operating a local workforce delivery system in good faith and in a transparent manner. Infrastructure and additional costs are a necessary foundation for the nation’s one-stop delivery system. Through the sharing of infrastructure costs and additional costs, partners are empowered to build a robust workforce system. By embracing the one-stop opportunities, workforce partners can build community-benefiting bridges, rather than silos of programmatic isolation. These partnerships may reduce administrative burdens and costs and increase customer access and performance outcomes. TWC also encourages workforce partners carrying out services in a workforce area to work together in carrying out the vision of WIOA, including reaching local consensus on the funding of one-stop operating costs.

### One-Stop Operating Costs

As stated, under WIOA, one-stop operating costs consist of infrastructure costs and certain additional costs. In connection with the funding of these costs, workforce partners must agree on and include in the MOU a one-stop operating budget and IFA. TWC suggests that a practical starting point for reaching agreement on the funding of one-stop operating costs begin with identifying what the one-stop operating costs are, how they are defined, and the total dollar values attached to those costs. A diagram showing the organization of one-stop operating costs is available in [Appendix C](#_APPENDIX_C:_ONE-STOP).

### Involvement of Fiscal Staff

Consistent with [One-Stop TAG](https://www.doleta.gov/grants/pdf/TAG_PartI.pdf)*,* Chapter I-1,TWC suggests that workforce partners “should designate fiscal staff with a working knowledge of their program funding and operations to work together to identify, value, and negotiate” one-stop operating costs.

### Infrastructure Costs

Infrastructure costs are non-personnel costs that are necessary for the general operation of a Workforce Solutions Office. Infrastructure costs include, but are not limited to, the following non-personnel costs:

* The rental costs of the facilities
* The costs of utilities and maintenance
* The costs of equipment, including assessment-related products and assistive technology for individuals with disabilities
* The costs of technology to facilitate access to the Workforce Solutions Office, including technology used for planning and outreach activities

WIOA regulations at 20 CFR §678.700 indicate that Boards may also consider common identifier costs as infrastructure costs. Common identifier costs may include costs associated with the development and use of the common identifier, such as signage and supplies used to support the general operation of Workforce Solutions Offices. The common identifier refers to the tagline “a proud partner of the American Job Center network.” Refer to [Part E](#_V._COMMON_IDENTIFIER) for more information on the “common identifier for the Texas workforce system.”

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

Personnel costs include the salaries, wages, and fringe benefits of the employees of partner programs or their subrecipients, as described in 2 CFR §200.430 (Compensation—personnel services) and 2 CFR §200.431 (Compensation—fringe benefits), under Uniform Guidance. For example, the costs of allocable salaries and fringe benefits for a workforce partner’s program staff members who work on information technology systems (that is, common performance and reporting outcomes) for use by a Workforce Solutions Office would be considered personnel costs and would be identified as additional costs, not infrastructure costs. Similarly, the cost of a shared welcome desk in a Workforce Solutions Office is a personnel expense. A personnel expense would not be included in infrastructure costs but would be included as an additional cost in the one-stop operating budget.

### Additional Costs

Workforce partners must share in additional costs, which must include applicable career services and may include shared operating costs and the shared services that are necessary for the general operation of the Workforce Solutions Office.

#### Applicable Career Services

Workforce partners must share in the additional costs of providing applicable career services and must ensure that at least some of the career services described in WIOA §134(c)(2) are provided at the Workforce Solutions Office. Refer to [Appendix A](#_APPENDIX_A:_GLOSSARY) for a description of career services.

#### Shared Services

The costs of shared services may include the costs of services that are authorized for and may be commonly provided through the workforce partner programs to any individual, such as initial intake, assessment of needs, appraisal of basic skills, identification of appropriate services to meet such needs, referrals to other workforce partners, and other similar services (WIOA §121(i)(2) and 20 CFR §678.760). Shared services may also include business services. Shared services may include personnel expenses associated with a shared welcome desk or greeter directing employers and customers to the services or staff available in that Workforce Solutions Office.

#### Shared Operating Costs

Shared operating costs may include shared costs of the Board’s functions. Similarly, shared operating costs may include a portion of the costs of Board staff who perform functions that are not otherwise paid with WIOA Title I funds and support the general operations of Workforce Solutions Offices.

As with any additional costs paid by workforce partner programs for the operation of the Texas workforce system, these shared operating costs must be proportionate to the use of the workforce partner program and consistent with the federal cost principles of the Uniform Guidance established in 2 CFR Part 200.

### Next Steps—One-Stop Operating Costs

Once the preliminary list of one-stop operating costs has been identified, the process of determining and documenting the allowability and allocability of the costs under each workforce partner program can begin by determining the function and benefit for each cost or group of costs. This documentation provides each workforce partner with an understanding of how a particular one-stop operating cost benefits its particular program (One-Stop TAG, Chapter I-1).

However, not all one-stop operating costs benefit all workforce partners. For example, in a resource center, costs associated with printed forms and documents might benefit only one program. The resource center itself may benefit all one-stop partners but providing certain printed forms and documents at the resource center does not mean that the cost of doing so must be shared by other workforce partners.

#### Identify Dollar Values of One-Stop Operating Costs

A necessary step in developing the one-stop operating budget and IFA is to identify the dollar values of one-stop operating costs. If there is no hard cost information available for a particular cost, the amount may be estimated or based on averages. After the costs are estimated, they may be refined through the budget development and cost allocation processes.

Note: It is important that workforce partners do not develop values by assigning in advance the resources that each entity will need to provide to support the local workforce system. Under the Workforce Investment Act (WIA), DOL encountered a tendency where workforce partners decided in advance how they would provide resources to fund costs, without first taking the step of defining what those resources should be or their dollar value. DOL advised that the resources needed in a Workforce Solutions Office must first be identified before it can be determined how those resources will be funded.

#### Allowable Cost Considerations

A workforce partner’s contribution must be an allowable, reasonable, necessary, and allocable cost to the partner program, consistent with Uniform Guidance.

Each workforce partner bears the responsibility of determining whether a particular one-stop operating cost is allowable under its own program requirements and ensuring that costs receive consistent treatment across programs. Unless a particular cost is prohibited by program legislation, regulations, or applicable cost principles, the one-stop operating costs should be allowable for all required workforce partners.

If a particular one-stop operating cost is unallowable under the program regulations of a particular workforce partner, the partner must provide the appropriate citation, and the operating cost must still be allocated to all programs (except where the cost does not benefit a particular workforce partner program). In such a case, the workforce partner under whose program the cost is unallowable would be responsible for identifying a nonfederal source of funds to cover the cost. The cost must not be allocated to only those workforce partners under whose programs the cost is allowable, as this would signify that they paid more than their fair share of the cost, which is in violation of the federal cost principles.

An example from One-Stop TAG, Chapter I-3, page 10, explains that one of the shared costs of a Workforce Solutions Office is printing. In this example, the printing costs are for brochures listing all the participating partner programs. Printing costs are not allowed under Partner X’s program regulations. The costs are allocated among all partner programs, as they and the services they provide are all contained in the brochure. In this example, Partner X would need to identify a nonfederal source of revenue to pay its share of the cost.

Additionally, if the one-stop operating costs relate to the purchase of equipment, capital improvements, or other services requiring the approval of the awarding agency, that approval requirement must be met by the entity providing the resource.

### Funding One-Stop Operating Costs

Under 20 CFR §678.700(c), each entity that carries out a program or activities in a Workforce Solutions Office must use a portion of the funds available for the program and activities to maintain the local workforce system, including payment of the infrastructure costs of the Workforce Solutions Offices.

As required by WIOA §121(h)(1)(A)(i), the methods for funding infrastructure costs will be established by the LFM; however, if a consensus agreement on the methods cannot be reached under the LFM, the methods for funding infrastructure costs will be established by the SFM.

#### Funding Additional Costs

In addition to jointly funding infrastructure costs, workforce partners must use a portion of the funds made available under their programs’ authorizing federal law (or fairly evaluated in-kind contributions) to pay the additional costs related to the operation of the local workforce system. These additional costs must include applicable career services and may include other costs, including shared services.

Additional costs must be allocated according to the proportion of benefit received by each of the workforce partners, consistent with the federal law authorizing the workforce partner’s program and according to the federal cost principles in 2 CFR Part 200.

### Infrastructure Costs—Funding Options

Boards must be aware that permissible types of funds used for infrastructure costs and the additional costs of operating a local workforce system may differ depending on the workforce partner program’s authorizing law and implementing regulations (that is, a workforce partner’s program or administrative funds).

As required by WIOA §121(c)(2)(A)(ii) and 20 CFR §678.720 and §678.760(c), infrastructure costs under the LFM and additional costs may be paid for using any of the following:

* Cash contributions, noncash contributions, and third-party in-kind contributions
* Funding from philanthropic organizations or other private entities
* Other alternative funding options

Some workforce partner programs may have statutes or regulations that prohibit using certain types of contributions or govern how the partner program may treat the contributions for fiscal accountability purposes under the respective workforce partner program’s requirements.

For example, Vocational Rehabilitation (VR) may not use third-party in-kind contributions for match purposes under the VR program. However, 34 CFR §361.60 does not prohibit VR from using third-party in-kind contributions to pay for its share of one-stop operating costs, including infrastructure costs.

#### Cash Contributions

As required by 20 CFR §678.720(c), cash contributions that are provided to a Board or its designee by workforce partners may be provided directly, by an interagency transfer, or by a third party.

#### Noncash Contributions

As required by 20 CFR §678.720(c)(2), noncash contributions comprise the following:

* Expenditures incurred by workforce partners on behalf of the Workforce Solutions Office
* Goods or services contributed by a workforce partner program and used by the Workforce Solutions Office

Noncash contributions, especially goods or services contributed by a workforce partner program, must be valued consistent with 2 CFR §200.306 and must be reconciled on a regular basis (monthly or quarterly) to ensure that all noncash contributions are fairly evaluated and meet the workforce partners’ proportionate share.

Below are examples of noncash contributions, in accordance with Uniform Guidance at 2 CFR §200.306:

* 1. For PY’17, a workforce partner’s proportionate use of a Workforce Solutions Office results in a contribution of $15,000. The workforce partner does not have sufficient cash resources to fully fund its share and wishes to donate to the Workforce Solutions Office (not for its own individual use) gently used, surplus office furniture. The furniture is needed in the Workforce Solutions Office. The office furniture was purchased in 2015 for $18,000 using unrestricted or nonfederal funds. The office furniture has a current fair market value of $10,000 and a depreciated value of $11,000. The value of the contribution must be the lesser of the current fair market value or the value of the remaining life of the property as recorded in the workforce partner’s accounting records at the time of donation unless approval has been granted in accordance with 2 CFR §200.306(d)(2). The workforce partner may count the $10,000 value as part of its $15,000 contribution and would be required to use additional resources for the remaining $5,000 balance of its share. This one-time, noncash contribution is recognized by the workforce partner during the program year in which the contribution is made.
	2. Using the above example, the workforce partner does not donate the gently used office furniture but loans the furniture for general use by workforce partners at the Workforce Solutions Office. The office furniture is on a five-year depreciation schedule. The annual depreciation is $3,700 and the annual fair rental value is $3,500. As required by 2 CFR §200.306(i)(4), the workforce partner may count $3,500 as part of its noncash contribution for that year. As with any depreciable asset, an assessment of its fair rental value must be done each year in which the equipment is loaned to the Workforce Solutions Office. The workforce partners must determine annually whether the Workforce Solutions Office still requires the use of the office furniture and, thus, whether this cost is built into the IFA.

#### Third-Party In-Kind Contributions

Third-party in-kind contributions are contributions of space, equipment, technology, non-personnel services, or other like items made by a partner that is not part of the workforce system to reduce the infrastructure costs incurred by either of the following:

* The Workforce Solutions Office in general, not a specific workforce partner
* A particular workforce partner’s proportionate share of infrastructure costs

Boards must not accept third-party in-kind contributions if they do not have an established need for the contribution of space, equipment, and so forth offered by a partner who is not part of the workforce system.

Third-party in-kind contributions that are accepted must be valued consistent with 2 CFR §200.306 and reconciled on a regular basis to ensure that the contributions are fairly evaluated and meet the proportionate share of the workforce partner’s infrastructure costs.

The following are examples of third-party in-kind contributions:

1. A local county government that is not a workforce partner has a vacant building and would like to donate the space for use as a Workforce Solutions Office. This in-kind contribution would not be associated with one specific workforce partner but rather would go to support the Workforce Solutions Office, generally, and would be factored into the underlying budget and cost pools used to determine proportionate share of the workforce partners, meaning that each workforce partner’s proportionate share may be lower. The valuation of donated space by a third party must be in accordance with 2 CFR §200.306(i)(3). The annual fair rental value of comparable space in the same locality, as established by an independent appraisal, is $77,000. As with all noncash and third-party in-kind contributions, the value at which the space has been appraised is the amount accounted for in the infrastructure budget. The workforce partners may use this donation of space as an offset toward the entire budget for infrastructure, thus reducing the workforce partners’ individual contributions. The valuation of the donated space must be assessed again each subsequent year.
	1. An employer provides assistive technology equipment to a workforce partner program located in a Workforce Solutions Office. The acquisition cost at the time of purchase by the employer was $6,800, and, at the time of donation, the fair market value was assessed as $4,500. If the assistive technology equipment was in the Workforce Solutions Office’s budget for infrastructure costs, the workforce partner may use the fair market value of the donation toward its contribution. As 2 CFR §200.306(g) states, the equipment must be valued at no more than the fair market value ($4,500) at the time of donation.
	2. A local literacy foundation wants to donate gently used computer equipment to the local Workforce Solutions Office to support the infrastructure cost contribution of the designated Adult Education and Literacy (AEL) partner program in the local community. Computer equipment is part of the one-stop operating budget. The fair market value of the computer equipment is valued at $9,200 at the time of donation. The AEL partner program’s proportionate use of the Workforce Solutions Office is determined to be $12,500. The AEL partner program may use the fair market value of this equipment toward its infrastructure cost contribution for that program year. The AEL partner program is required to contribute an additional $3,300 in resources to pay its remaining share of infrastructure costs.

#### Valuation of Noncash and Third-Party In-Kind Contributions

Noncash and third-party in-kind contributions must be fairly evaluated in accordance with Uniform Guidance at 2 CFR §200.306 and must be in the agreed-upon one-stop operating budget that must contain an infrastructure cost budget and an additional cost budget. To ensure that noncash and third-party in-kind contributions are fairly evaluated, workforce partners should agree on which sources or companies they will use to assess or appraise the fair market value or fair rental value of such contributions.

When considering the use of noncash and third-party in-kind contributions, workforce partners should first come together to determine what the Workforce Solutions Office needs most. If a workforce partner offers to donate equipment but the Workforce Solutions Office has no need for the equipment, the donation of equipment does not qualify as that workforce partner’s funding contribution for its share of one-stop operating costs. Additionally, the MOU should specify the entity responsible for determining fair market value, and workforce partners should also agree on the standard for valuation. A letter from a donor specifying fair market value is not sufficient in and of itself to support the valuation of a noncash or in-kind contribution.

As required by 20 CFR §678.720(c)(5), all workforce partner contributions, regardless of type, must be reconciled on a regular basis (monthly or quarterly), comparing actual expenses incurred to relative benefits received, to ensure that each workforce partner program is contributing its proportionate share in accordance with the terms of the MOU.

As cited in 2 CFR Part 200, all workforce partner contributions, regardless of the source, must be reconciled and adjusted accordingly on a regular basis (monthly or quarterly) to ensure that each workforce partner is contributing no more than its proportionate share, based on the relative benefits received.

### Funding Infrastructure Costs under the LFM

The source of funds used to pay for one-stop operating costs depends on the requirements regarding the use of funds under authorizing statute and regulations for the workforce partner program that is contributing the funding. Funding the costs of one-stop operations may come from funds classified as administrative, programmatic, or both, depending on the workforce partner’s program requirements.

The use of workforce partners’ program funds to pay for infrastructure costs must conform to the relevant partner’s authorizing statutes and regulations, including statutory limitations on administrative costs. Contributions made using administrative funds may not exceed the amount available for administrative costs under the authorizing statute or regulations of the workforce partner program, and no partner may contribute more than its proportionate share based on relative benefit and use by the program consistent with 2 CFR Part 200 (Uniform Guidance). Refer to [Appendix D](#_APPENDIX_IV:_INFRASTRUCTURE) for more information on the classification of funding sources for infrastructure costs by workforce partner program.

#### Funding Additional Costs

The funds that workforce partners use to pay the additional costs of a local workforce system must be consistent with WIOA and its implementing regulations governing that particular workforce partner’s program. Any shared services or other shared operating costs that are jointly funded by workforce partners must be funded with administrative funds or program funds according to the type of cost to be funded and the classification of that cost under each respective workforce partner’s authorizing regulations.

## 2. One-Stop Operating Budget

The operating budget is the financial plan which workforce partners, CEOs, and Boards have agreed to in the MOU that will be used to achieve their goals of service delivery throughout the workforce area. The one-stop operating budget shows the agreed-upon one-stop operating costs for the workforce area. One-stop operating costs are the infrastructure costs and certain additional costs of operating the comprehensive center and affiliate sites in the workforce area. The one-stop operating budget has close ties to the IFA, and both are required components of the MOU. A sample one-stop operating budget and supporting schedules are included in the DOL’s [Sample MOU and Infrastructure Costs Toolkit](https://ion.workforcegps.org/resources/2017/03/23/13/30/Sample_MOU_Infrastructure_Costs_Toolkit).

### Definition of the One-Stop Operating Budget

WIOA §121(c)(2)(A) requires that each MOU contain provisions describing how the costs of the services to be provided through the local workforce system and the operating costs of the workforce system will be funded. Furthermore, 20 CFR §678.755(b) requires Boards and workforce partners to establish in the MOU how they will fund the infrastructure costs and other shared costs of the Workforce Solutions Offices. In the MOU, Boards and workforce partners must also include identification of an infrastructure and shared services budget. This infrastructure and shared services budget is also known as the one-stop operating budget.

The one-stop operating budget and supporting schedules must be included in the MOU (20 CFR §678.760(e)). The one-stop operating budget shows each contributing workforce partner’s allocable share of the operating costs of the workforce system. Supporting schedules show the cost allocation methodology and basis used to arrive at those amounts.

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 WIOA statute, namely, the following:

* Infrastructure costs, defined in WIOA §121(h)(4), which must be detailed in a separate IFA
* 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 workforce system but do not constitute infrastructure costs (WIOA §121(i))

While each of these components covers different cost categories, an operating budget would be incomplete if any of these cost categories were omitted, because all components are necessary to maintain a fully functioning and successful local workforce system. Therefore, whenever possible, TWC strongly encourages Boards, workforce partners, and chief elected officials (CEOs) to negotiate the IFA, along with additional costs, when developing the operating budget for the local workforce system. The overall one-stop operating budget must be included in the MOU.

### Evaluating the One-Stop Operating Budget

The following are factors that workforce partners may consider before finalizing the one-stop operating budget. Because the one-stop operating budget represents the financial plan from which workforce partners, CEOs, and Boards negotiate agreement, workforce partners may want to ask the following questions and, if appropriate, make adjustments to the one-stop operating budget:

* How valid are the assumptions used in calculating the budget figures? Are the assumptions used consistently across the whole budget? For example, assumptions made when developing the budget might include the number of customers using the center on a monthly basis, the need for audio-visual equipment, the need for staff to provide common services or conduct intake and eligibility determinations, the need for maintenance, the utility costs that may be incurred based on the weather, and so on.
* What supporting information or documentation was used in developing the budget? How accurate was the information? Workforce partners as a group must decide what source of information will be used to determine the dollar amounts for each shared cost.
* What process was used to develop the estimates used in developing the budgets? Are controls in place to ensure accurate estimates based on supporting documentation rather than estimates tailor-made to generate a preconceived bottom line?
* How will possible changes in operation, client flow, need for services, and so on influence the assumptions and calculations used in developing the budget?
* What is the impact of workforce partner agencies coming on board at different times or workforce partner agencies withdrawing from participation?
* How closely does the overall budget and its specific numbers compare with similar or related budgets within the same area or organization? Note: This question may not be relevant during the first year of operation as a workforce partner but will be necessary to ask in subsequent program years or budget periods.

Boards may use factors similar to those listed above when monitoring or otherwise evaluating the reasonableness of the one-stop operating budget.

The revenues that will fund the one-stop operating budget are the resources that each workforce partner will provide. It is important that the cost items and their amounts in the one-stop operating budget can be traced to workforce partners’ own budgets and books of account. The one-stop operating costs also need to be available for audit under the audit requirements of the Uniform Guidance.

To make the costs available for audit, workforce partners might choose to code line items or object classes in a way that enables costs to be traced to each workforce partner’s own budget. Workforce partners could develop a code that lists all the budget items in the one-stop operating budget and provide a cross-reference to each one-stop partner’s budget items.

### Modifications and Adjustments

Workforce partners must agree on the process used to modify or adjust the budget during the year and include a description of that process in the MOUs, or in the umbrella MOU, when appropriate. The one-stop operating budget will not be a static document; it might require adjustment in response to periodic reconciliation against actual costs or for other reasons.

The following are examples of reasons that a budget may require modifications or adjustments:

* Identification of an opportunity to gain efficiencies by sharing the cost of a common service that each workforce partner previously provided on its own
* Changes in physical location of workforce partners
* Approval of an optional workforce partner
* Refinement of estimated dollar amounts as estimated costs become known

In some cases, a budget modification or adjustment might also require a modification to other parts of the MOU, for instance, if the terms of the MOU require it or if the event that caused the budget change also impacts other parts of the MOU. In circumstances other than that, the workforce partners may make a budget modification without modifying other parts of the MOU.

Similarly, if other parts of the MOU are being modified independent of a budget modification, it is recommended that the workforce partners also review the one-stop operating costs, cost allocation process, and IFA to determine whether such change also impacts the one-stop operating budget and modify or adjust the budget accordingly, if needed. Such a change might occur, for example, if an optional workforce partner starts providing services or access to services at one or more Workforce Solutions Offices.

### Benefits

The one-stop operating budget can be used as a planning and management tool. It supports the integration of services by making all workforce partners aware of one-stop operating costs.

Budgeting is viewed as a natural component of the overall workforce planning and management process, as demonstrated in the following list of budgeting benefits.

Budgeting includes the following benefits:

* Shows the Board and workforce partners all of the workforce system’s work, shows the programs in relation to one another, and illustrates the overall direction and effort of the system, because all of the workforce system’s projects, commitments, services, and customer flow are in some way reflected in the budget
* Gives the Board and workforce partners a place to start when combining services or providing a more comprehensive system of services to customers
* Shows all of the proposed one-stop operating costs, thereby providing a picture of the resources that the system needs during the covered budget period
* Supports economies of scale by providing a tool to evaluate how the needs of different services might be consolidated or how the needs of different services might make use of equipment, training resources, or personnel that might otherwise be underutilized
* Serves as a checklist for workforce partners to understand and approve the services being provided within the system

Development of the one-stop operating budget should involve careful review of programs, activities, and goals, and allow judgments to be made about which programs, activities, and goals are relatively more important than others and what resources to commit to each one.

As required by 20 CFR §678.755(b), the one-stop operating budget must be periodically reconciled against actual costs incurred and adjusted accordingly. See [Budget Controls](#_BUDGET_CONTROLS) for more information on reconciliation requirements.

## 3. Cost Allocation Methodology

The funding of one-stop operating costs must conform to cost principles established in Uniform Guidance, which specifically states that any costs paid for with federal grant funds must comply with Subpart E, Federal Cost Principles, at 2 CFR Part 200 (Uniform Guidance). The federal cost principles, applicable to workforce partners that are federally funded, provide general guidance to be used in developing cost allocation methodologies and in determining whether contributions toward infrastructure costs and additional costs are necessary, reasonable, and allocable to their program based on the relative benefits received. Additionally, all costs must be allowable under and allocable to workforce partner programs in accordance with the program’s authorizing statute and implementing regulations.

WIOA requires workforce partners to contribute funding to establish and maintain the local workforce system, based on each workforce partner’s proportionate use of the workforce system and the relative benefit received (WIOA §121(h)(1)(B)(i) and §121(h)(2)(C) and 20 CFR 678.420(b)). Workforce partners must use a reasonable cost allocation methodology to determine appropriate partner contributions based on proportionate use and relative benefits received.

### Proportionate Use

Proportionate use refers to a workforce partner program contributing its fair share of the costs proportionate to the use of the Workforce Solutions Office by customers, which may include reportable individuals and participants in its programs, according to the amount of square footage occupied by a workforce partner program or using another allocation base consistent with Uniform Guidance. See [Appendix A](#_APPENDIX_A:_GLOSSARY) for this and other definitions.

### Relative Benefit Received

The relative benefit received from participating in the local workforce system is another step in the cost allocation process. Determining relative benefit does not require workforce partners to conduct an exact or absolute measurement of benefit but instead to measure a workforce partner’s benefit using reasonable methods. Uniform Guidance at 2 CFR §200.4 requires that the process of assigning a cost or group of costs to one or more cost objectives must be in reasonable proportion to the benefit provided. The measurement of a workforce partner’s share of infrastructure costs must be based on reasonable methods that are agreed to by all workforce partners. However, workforce partner contributions that are initially based on budgeted amounts must be reviewed and reconciled periodically during the program year against actual costs incurred. Adjustments must be made to ensure that workforce partner contributions are proportionate to their use of the Workforce Solutions Office and the relative benefits received.

### Allocation of Costs

Cost allocation is based on 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 Uniform Guidance. See [Appendix A](#_APPENDIX_A:_GLOSSARY) for definitions of allocation and allocable costs.

Boards have the flexibility to select a methodology and allocation base that reflects the local workforce system’s design and operation. Costs may be aggregated in any manner agreeable to the partners, provided that the costs are accumulated and treated consistently, as required by the Uniform Guidance.

Measuring benefit is the critical requirement and central task in allocating costs. It is important that workforce partners understand and agree that costs are allocable to a particular cost objective or program only to the extent of benefits received by that workforce partner program. Likewise, costs that do not benefit a particular cost objective are not allocable and must not be charged to that cost objective.

### Cost Pools

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 workforce 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 may be used in allocating costs. The most appropriate base will vary depending on the circumstances.

Workforce partner programs may agree to use several different bases for allocating different types of costs in the Workforce Solutions Office. A Board may allocate costs differently among Workforce Solutions Offices 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 the cost category.

Several examples of options for pooling costs are provided in the following paragraphs. Boards and workforce partners are not strictly limited to the use of these options if another approach produces a better measure of costs.

#### Aggregate Basis

Under this approach, the one-stop operating costs to be allocated are totaled and a single allocation base is chosen by the workforce partners and applied to the total costs. The resulting amounts represent each workforce partner’s respective share of the pooled costs; for example, the one-stop operating costs of a Workforce Solutions Office are pooled and allocated using a cost-per-hour-of-operation basis.

#### Activity Basis

Under this approach, costs are grouped into multiple pools that correspond to identifiable shared functions or activities for which costs will be allocated. A separate allocation base is selected for each pool and applied. The amounts represent each partner’s respective share of the costs for the specified activities or functions. For example, the costs for a combined intake and eligibility determination system could be pooled and allocated on the basis of data bytes on common forms attributable to each program; or, alternatively, common core services, such as counseling, could be pooled and allocated on the basis of a time distribution system.

#### Item of Cost Basis

Under this approach, costs are pooled by object of expense, such as separate pools for facility leases, copier leases, utility costs, and so on. Each item of cost is allocated to the benefiting partner program using a separate allocation methodology—for example, allocating building rental costs on a square footage basis or allocating telecommunication costs based on the number of units used.

#### Combination Basis

Pooling of costs is not strictly limited to the aggregate, activity, and item of cost bases. Boards and workforce partners may also pool and allocate costs using a combination of the cost pools described above, such as allocating some costs on an activity basis and others on an individual item of cost basis.

### Allocation Methodologies

For comprehensive centers, Boards must develop a cost allocation methodology for all colocated workforce partners and for all non-colocated required workforce partners. For affiliate sites, Boards must develop a cost allocation methodology for all colocated workforce partners. Boards may develop multiple cost allocation methodologies within a single Workforce Solutions Office, when appropriate. Refer to DOL’s [Sample MOU and Infrastructure Costs Toolkit](https://ion.workforcegps.org/resources/2017/03/23/13/30/Sample_MOU_Infrastructure_Costs_Toolkit) for examples of multiple cost allocation methodologies.

WIOA does not prescribe specific allocation methodologies. Each one-stop delivery system is unique and presents a different set of circumstances within which costs are allocated. Therefore, when Boards develop MOUs with their workforce partners, they may choose from any number of methods of allocating costs, provided those methods are consistent with WIOA, its implementing regulations, and Uniform Guidance, including the federal cost principles.

When choosing the methodologies to allocate costs, Boards and workforce partners may consider whether it is necessary to allocate costs by each Workforce Solutions Office separately. For instance, the budget for operating an affiliate site may be less than the operating budget for a comprehensive center because the affiliate site includes one or more, but not all, workforce partner programs. Because of the need to provide maximum flexibility to accommodate various organization structures, costs, and budgets in workforce areas, there is no single method prescribed for allocating costs.

In this stage of determining an allocation methodology, workforce partners will take the following steps to select the appropriate distribution base or bases under which they allocate infrastructure and additional costs:

1. Determine the budget for infrastructure costs and the budgets for additional costs. Budgets for additional costs must include career services and may include shared services and shared operating costs for a particular comprehensive Workforce Solutions Office
2. Determine which methodologies are reasonable and acceptable.
3. Select, from the acceptable methodologies, the methodology (or methodologies) that will be applied to the different cost categories.

Workforce partner programs may agree to select different cost allocation methodologies and distribution bases for cost objectives within infrastructure costs and additional costs, such as applicable career services, shared operating costs, and shared services categories. Workforce partners should focus on identifying the methodologies that most effectively allocate costs based on proportionate use and the relative benefits received by the workforce partners.

The negotiation of cost sharing and allocation among workforce partners must be conducted in good faith and in an open and transparent environment. Full disclosure of costs and funding is essential to the success of this process.

### Types of Allocation Bases

Inputs—Inputs are considered to be the resources used in a process, activity, or service. When using inputs, the cost is allocated at the same time it is incurred and use of inputs must be documented.

Examples of input allocation bases include:

* staff time allocated, based on time sheets and time distribution records;
* facilities allocated, based on square footage;
* accounting services allocated, based on transactions; and
* equipment or supplies allocated, based on usage.

Equal Access—Equal access is another allocation basis that may be appropriate to use when the costs being allocated are of equal benefit to all participating workforce partners. In this case, the pooled costs are allocated equally to each participating workforce partner. This allocation basis might also be suitable when allocating universal service costs or costs associated with the display and provision of information related to the services available within the Workforce Solutions Office. An equal access basis is not appropriate when the cost benefit varies by workforce partner.

### Standards for Acceptable Bases

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 merit and the degree of equity and reasonableness it will achieve in allocating infrastructure or additional 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.

The standards for acceptable allocation bases are as follows:

* **Minimal Distortion** allocates 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 the square footage used by a workforce partner program.
* **General Acceptability** should be generally accepted and in conformance with generally accepted accounting principles. 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** 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 workforce partner contributions determined from allocation methodologies based originally on a budget must be reconciled periodically to actual costs to ensure that the contribution reflects the relative benefits received by the partner over time.
* **Timely Management Control** 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 for 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, an entity 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** should be as efficient as possible in terms of the cost or effort involved in developing it. Whenever 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.

 Other examples of cost pools and possible allocation bases are available in [Appendix E](#_APPENDIX_E:_EXAMPLES:).

Additional considerations related to the allocation of costs are described as follows:

* **Actual Costs**—Any method that initially uses estimated numbers, such as participants, data elements, space use, or other costs that must use pre-budgeted amounts, must be adjusted to actual data when it is available. Cost allocation must be determined using actual costs. While workforce partners may agree on a methodology for determining the proportionate share of costs by partner and for conducting preliminary allocations based on estimates or the shared budget, these estimates must be reconciled to actual costs on a periodic basis. An integral part of this step in the process is developing a schedule for the provision of information and the reconciliation process.
* **Information Sharing**—In order for the cost allocations to be performed, workforce partner agencies must share information that may be used in the allocation methodology. For example, if the allocation base requires numbers of customers receiving a specific service from a workforce partner, then that information must be made available to all partners in a timely manner. If there are privacy considerations associated with the provision of this information, then these issues should be resolved before the process is completed.
* **Reconciliation and Adjustment**—The reconciliation and adjustment process will require the provision of actual financial information by workforce partners. As with customer information, this data must be provided to all workforce partners on a timely basis. Any issues related to privacy considerations must be resolved before the cost allocation and resource sharing process is completed, and the time frames for providing the information should be included in the reconciliation process.

### Budget Controls

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 workforce partner in proportion to the partner’s use of the Workforce Solutions Office and the relative benefit received. The one-stop operating budget may be further refined by the workforce partners, as needed, to assist in tracking their contributions, and it may also be necessary at times to separate the budget of a comprehensive center from an affiliate site (20 CFR §678.755(b)).

Comparing budget items to actual costs is an established internal control that, when combined with expenditure projections, aids in fund management by forecasting changes in budgeted funding needs. Performing budget-to-actual comparisons and expenditure projections, communicating those results to workforce partners, and adjusting the budget accordingly are critical to the management of the one-stop operating budget and to ensuring that resources are available for workforce system operations.

## 4. Infrastructure Funding Agreement

The IFA contains the infrastructure costs budget, which is an integral component of the overall one-stop operating budget. Whenever possible, Boards, CEOs, and workforce partners are strongly encouraged to negotiate the IFA, along with additional costs, when developing the operating budget for the local workforce system. Both the operating budget and IFA are required components of the MOU.

Boards and workforce partners must fund infrastructure costs through either the LFM or the SFM. The LFM provides Boards, CEOs, and workforce partners with the flexibility to design and agree locally on the methods to fund infrastructure costs. However, if a Board fails to reach consensus with all of the required workforce partners operating in its workforce area with regard to the amount each partner will contribute to the local workforce system’s infrastructure costs, the statute replaces local flexibility for determining how to fund infrastructure costs with the SFM. Under the SFM, TWC (on behalf of the governor) is charged with allocating infrastructure costs and determining each partner’s proportionate share of costs for Boards that did not reach consensus on the LFM. The LFM and SFM apply only to the funding of infrastructure costs.

All workforce partners, whether required partners or optional partners, must contribute to the infrastructure costs of Workforce Solutions Offices based on proportionate use and relative benefit received. Required partners must contribute infrastructure costs to the comprehensive center, whether or not they are colocated, and to any affiliate site where they are colocated. Optional partners must contribute infrastructure costs to any comprehensive center or affiliate site where they are colocated. The required workforce partners must provide access to their programs in the comprehensive centers and contribute to the infrastructure costs of those centers. These required partners must also make available each partner program’s applicable career services at the comprehensive centers and may contribute to shared services and shared operating costs.

Only those workforce partners that are physically colocated in the affiliate sites would be required to contribute to the infrastructure costs for those centers.

Boards and CEOs may, at their discretion, do what they believe is necessary to encourage optional workforce partners to contribute their proportionate share of infrastructure costs. This discretion does not include the ability to subject the optional partners to the SFM, nor can optional partners trigger the SFM.

### Umbrella Infrastructure Funding Agreements

Similar to MOUs, Boards may develop and negotiate an umbrella IFA that includes infrastructure costs aggregated across all Workforce Solutions Offices within the workforce area. In an umbrella IFA, Boards would include all comprehensive Workforce Solutions Offices and affiliate sites.

### Requirements for Infrastructure Funding Agreements

Boards must include the following information related to infrastructure costs in their IFAs:

* A budget that outlines the infrastructure costs for the comprehensive center and any affiliate sites in the workforce area and includes a detailed description of the costs included in each line item
* The cost allocation methodology chosen to charge each workforce partner in proportion to the partner’s use of the Workforce Solutions Office and the benefit received, in accordance with Uniform Guidance
* The initial proportionate share of infrastructure costs allocated to each partner based on the agreed-upon cost allocation methodology, each partner’s estimated total contribution amount, and the funding type; that is, cash, noncash (in-kind), and/or third-party in-kind contributions. The initial determination must be periodically reconciled against actual costs incurred and adjusted accordingly
* Any noncash or in-kind contributions must include a description of the method by which the value of the contribution was or will be fairly evaluated (Refer to [Funding Options](#_INFRASTRUCTURE_COSTS_–) in Part D for detailed descriptions of cash, noncash, and third-party contributions.)

Consistent with 20 CFR §678.755, IFAs must include all of the following elements:

* The period of time in which the infrastructure cost agreement 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 the Board, CEOs, and all workforce partners participating in the IFA
* The steps the Board, CEOs, and workforce partners used to reach consensus (or an assurance that the Board followed the guidance for the SFM)
* A description of the process to be used among workforce partners to resolve issues related to infrastructure funding during the MOU duration period when consensus cannot be reached
* A description of the periodic modification and review process that will be used to ensure all workforce partners continue to contribute their fair and equitable share of infrastructure and additional costs, including the identification of the individual or individuals fulfilling this responsibility

In addition to the elements described above, IFAs must include signatures of authorized representatives of the Board, CEOs, and all workforce partners who signed the MOU.

Boards must periodically review and, if necessary, modify IFAs to ensure that the IFAs are:

* designed and developed to ensure that workforce partners negotiate on a level playing field regarding the infrastructure funding of the Workforce Solutions Offices in the workforce area; and
* designed to ensure that workforce partners have established a process to attempt to resolve differences before triggering the SFM.

### Exceptions to Infrastructure Funding Agreements

The following are limited exceptions to the IFA requirement of local Board MOUs:

* Interagency contracts between the Texas Veterans Commission (TVC) and TWC under which TWC contributes to the infrastructure of the local Workforce Solutions Offices through the provision of grant funds
* TWC’s Vocational Rehabilitation (VR) colocation contracts with each local Board through which funds are determined based on the proportionate use and relative benefits received by the VR program at each Workforce Solutions Office
* Circumstances in which a Board has calculated that a partner’s share of infrastructure costs is *de minimis* and after such determination has assessed that partner’s amount of infrastructure cost owed as zero dollars

## 5. Local Infrastructure Funding Mechanism

Title 20 CFR §678.715(a) states that in the LFM, the Board, CEOs, and workforce partners negotiate and agree on the amounts that each workforce partner will contribute for infrastructure funding, as well as negotiate and agree on the methods used for calculating the amounts, in order to include the terms of infrastructure funding in the MOU as an IFA and sign the IFA and MOU in accordance with WIOA §121(c)(2)(A)(ii) and §121(h)(1)(A)(i). Infrastructure funding mechanisms are subject to review by federal administering agencies and workforce partners to ensure compliance with applicable requirements.

### Preference for Implementing the LFM

Under WIOA, the intent of the LFM is to encourage Boards to make a good-faith effort to reach consensus in developing each IFA. The SFM is intended as a failsafe if local workforce partners cannot come to a consensus regarding infrastructure cost funding. However, the application of capped levels of funding under the SFM may severely restrict the amount that workforce partners have available for infrastructure contributions in a workforce area, and without the support from workforce partners in the form of infrastructure cost contributions, Boards may not be able to keep the current number of Workforce Solutions Offices open. Boards and workforce partners are strongly urged to reach agreement under the LFM, if at all possible.

The underlying reason for this preference is that Boards, CEOs, and workforce partners are more likely to understand the needs of the area’s workforce, how to best meet those needs through the local workforce system, and the resources needed to meet those needs. Under the LFM, there are no specific programmatic caps on the percent of overall funding that a workforce partner may contribute to fund infrastructure costs, except that contributions may not exceed a workforce partner’s proportionate use or relative benefit received. In contrast, the SFM’s programmatic caps create uncertainty for workforce 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.

TWC strongly supports WIOA’s preference for workforce areas to reach consensus agreement on the LFM in lieu of triggering the SFM, whenever possible.

### Requirements for the LFM

In accordance with 20 CFR §678.715(a)(1), the LFM must meet all of the following requirements:

* Infrastructure costs are to be funded through the following means to provide a stable and equitable funding stream for ongoing workforce system operations:
* Cash and fairly evaluated noncash and third-party in-kind partner contributions
* Funding from philanthropic organizations or other private entities
* Other alternative financing options
* Contributions must be negotiated between workforce partners, CEOs, and the Board, and the amount to be contributed must be included in the MOU.
* The workforce partner program’s proportionate share of funding must be calculated based on a reasonable cost allocation methodology whereby infrastructure costs are charged to each partner in proportion to the partner’s use of the Workforce Solutions Office, relative to the benefit received. Such costs must also be allowable, reasonable, necessary, and allocable.
* Workforce partner contributions must be periodically reviewed (monthly or quarterly) and reconciled against actual costs incurred and adjusted to ensure that actual costs charged to any workforce partner are proportionate to the use of the Workforce Solutions Office and relative to the benefit received by the workforce partner and its respective programs or activities.

When developing the part of the MOU that addresses infrastructure funding, the Board and CEOs will:

* ensure that the workforce partners adhere to the WIOA guidance in 20 CFR §678.705 on workforce system infrastructure costs;
* coordinate with workforce partners to achieve consensus and informally mediate any possible conflicts or disagreements among workforce partners; and
* provide technical assistance to new workforce partners and local grant recipients to ensure that they are informed and knowledgeable about the elements contained in the MOU and the infrastructure costs arrangement.

A workforce partner program’s proportionate share of funding must be calculated in accordance with WIOA, its implementing regulations, and the Uniform Guidance. Proportionate share must be based on a reasonable cost allocation methodology whereby infrastructure costs are charged to each workforce partner based on the partner’s proportionate use of the Workforce Solutions Office and the relative benefits received and must be allowable, reasonable, necessary, and allocable.

The use of workforce partners’ funds to pay for infrastructure costs must conform to the relevant workforce partner’s authorizing statutes and regulations, including statutory limitations on the administrative costs referred to in [Appendix D](#_APPENDIX_IV:_INFRASTRUCTURE).

There are no specific caps on the amount or percent of overall funding a workforce 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 under the authorizing statute of the workforce partner program. However, amounts contributed for infrastructure costs must be allowable and based on proportionate use of the Workforce Solutions Office and relative benefit received by the workforce partner program, taking into account the total cost of the local workforce system infrastructure as well as alternate financing options, and must be consistent with 2 CFR Part 200, including the federal cost principles. The extent to which infrastructure costs funded under the LFM must be funded with administrative funds, program funds, or both is illustrated in [Appendix D](#_APPENDIX_IV:_INFRASTRUCTURE).

### Notification of an Impasse on the LFM

Under WIOA §121(h)(1), failure of the Board, CEOs, and required workforce partners to reach unanimous consensus on the LFM for a program year triggers the SFM for that program year. TWC will specify timelines regarding notification for not reaching local consensus agreement on the LFM. The specified timelines reflect consideration that the SFM requires complex calculations and determinations; the counsel of multiple parties; the need to allow sufficient time for these calculations; and determinations to be completed well before the start of the program year for which the infrastructure costs are being negotiated.

To ensure the state’s compliance with WIOA, Boards must notify TWC if the Board, CEOs, and required workforce partners do not reach consensus agreement on the LFM by March 15, or the next business day thereafter, of the program year immediately preceding the program year for which the LFM must be negotiated. For example, Boards must notify TWC about an impasse for PY’24 no later than March 15, 2024, or the next business day thereafter. When notification is required, it must be provided in writing and delivered by email to wioa.infrastructure.funding@twc.texas.gov. If a Board is successfully negotiating or has successfully negotiated the LFM, there is no requirement to notify TWC by the specified notification dates.

### Local Negotiation Materials

Along with written notification that no consensus was reached on the LFM, the Board must provide TWC with local negotiation materials (20 CFR §678.731). Local negotiation materials must include appropriate and relevant materials and documents used in the negotiations under the LFM (20 CFR §678.735(a)).

Local negotiation materials submitted to TWC must include, but are not limited to:

* the cost allocation methods proposed by the workforce partners to determine proportionate share;
* proposed amounts or budgets to fund infrastructure;
* the amount of total workforce partner funds included;
* the type of funds or noncash contributions;
* any budgets for a Workforce Solutions Office or the local workforce system, whether or not consensus was reached; and
* any partially agreed-upon, proposed, or draft IFAs and/or MOUs.

Boards may also provide additional materials that the Board or TWC determine appropriate.

Once TWC receives and reviews the required local negotiation materials, TWC may direct the Board, CEOs, and required workforce partners into renegotiation. If the Board, CEOs, and workforce partners reach consensus agreement on the LFM through renegotiations, no further application of the SFM will occur. If renegotiations are unsuccessful, TWC will apply the SFM as directed by WIOA regulations at 20 CFR §678.725.

## 6. State Infrastructure Funding Mechanism

As established in WIOA §121(h)(1) and WIOA regulations at 20 CFR §678.725–§678.730, failure of the Board, CEOs, and only one of the required workforce partners in a workforce area to reach unanimous consent on the LFM for funding infrastructure costs for a program year will trigger implementation of the SFM for that program year. However, failure by required workforce partners to reach consensus agreement on additional costs does not trigger the SFM.

Optional workforce partners that are colocated are required to contribute to infrastructure funding; however, the SFM does not apply to optional workforce partners and cannot be triggered by an optional workforce partner’s disagreement with the terms of the IFA or the partner’s refusal to sign the IFA. While optional workforce partners are not subject to the SFM, they are required to contribute to infrastructure cost funding in accordance with the program’s proportionate use of the Workforce Solutions Office and relative benefit received.

If the Board, CEOs, and required workforce partners fail to reach unanimous consensus on infrastructure funding and the SFM is triggered, the result will be a complex, time-consuming process in which TWC, not the workforce partners, will make the final determination on the proportionate share each workforce partner must contribute to infrastructure costs and the allocation methodology under which the proportionate share is calculated. The locally developed infrastructure funding mechanism is the primary and highly preferred method of funding infrastructure costs in the workforce area. Application of the SFM is considered a secondary, less desirable solution. TWC recommends that Boards, CEOs, and workforce partners work diligently and in good faith to successfully negotiate the LFM.

The SFM has eight steps that TWC must follow. The steps are outlined in [Appendix F](#_APPENDIX_F:_STEPS). The SFM requires the state to develop cost allocation methodologies, calculate infrastructure-funding caps for each required workforce partner program, and determine the required workforce partner’s proportionate share in accordance with applicable program caps, which are calculated using the sub-steps detailed in Step 6 of [Appendix F](#_Step_6b:_Calculate).

### Determining Workforce Partner Contributions under the SFM

The SFM determines workforce partner contributions after consultation with the CEOs, the Board, and TWC. This determination involves the following general steps:

* Applying a budget for infrastructure costs, based on either agreement reached in Board negotiations or the SFM formula
* Determining each workforce partner program’s proportionate use of the local workforce system and relative benefit received
* Calculating required statewide program caps on contributions to infrastructure costs from workforce partner programs
* Adjusting a workforce partner’s proportionate share according to the applicable program cap for the associated workforce program

# E. Common Identifier for the Texas Workforce System

The Workforce Innovation and Opportunity Act (WIOA) §121(e)(4) requires each Local Workforce Development Board (Board) to include a common identifier in addition to any Board-developed identifiers on all products, programs, activities, services, facilities, and related property and materials.

In WIOA regulations at 20 CFR §678.900, DOL clarifies that Boards are not required to change their existing name or brand. However, the additional common identifier must be included with the Board’s name or brand to ensure that the public is aware that all online and in-person workforce development services are part of a larger national network.

Boards must use the tagline “a proud partner of the American Job Center network” on all primary electronic resources and websites, as well as on any newly printed, purchased, or created materials.

Boards are encouraged to exhaust all materials or supplies that were created or printed before November 17, 2016, and do not contain the tagline before using materials or supplies created or printed with the tagline. Once previously created or printed materials or supplies are exhausted, Boards are required to include the tagline “a proud partner of the American Job Center network” in all newly created materials and supplies.

By July 1, 2017, Boards must use the tagline on all products, programs, activities, services, electronic resources, facilities, and related property and new materials used by Boards and Workforce Solutions Offices. WIOA Title I funds may be used when implementing the use of the common identifier or tagline.

Boards are not required to replace existing signs with new signs that include the common identifier. Boards may continue to use existing signs until the signs are retired. The Texas Workforce Commission (TWC) will provide Boards with a decal that includes the tagline “a proud partner of the American Job Center network” and can be affixed to facility entrances until existing signs on Board offices and Workforce Solutions Offices are retired and replaced. Boards may determine when it is necessary to retire and replace signs.

Boards may use plain text or one of the tagline logos developed by the Department of Labor Employment and Training Administration (DOLETA) and included in the [Graphics Style Guide for Partners](https://www.dol.gov/agencies/eta/american-job-centers/style-guide) web page, available at <https://www.dol.gov/agencies/eta/american-job-centers/style-guide>. If a tagline logo is used, it must be used in accordance with the guidelines contained in the Graphics Style Guide for Partners and with the terms of use for the logos described on that page.

Boards must be aware that the tagline is not required on resource room materials distributed to customers if those materials were not printed, purchased, or created by Boards.

# F. One-Stop Certification

The Workforce Innovation and Opportunity Act (WIOA) regulations at 20 Code of Federal Regulations (CFR) §678.800 require Workforce Solutions Offices in each Local Workforce Development Board (Board) area to be certified by the Texas Workforce Commission (TWC) once every three years. Some of the required elements for one-stop certification are covered in the Board’s annual Equal Opportunity review. The completed one-stop certification form should be delivered by email to Board.Relations@twc.texas.gov.

One-stop certification applies to comprehensive centers and affiliate sites but does not apply to the network of eligible workforce partners. The certification requirements are provided in [Appendix G](#_APPENDIX_G:_ONE-STOP).

As part of the one-stop certification process, Boards must designate one Workforce Solutions Office as a comprehensive center. This designation is limited to one comprehensive center per workforce area.

The One-Stop Certification Form is available in the [WIOA One-Stop Certification](http://www.twc.state.tx.us/partners/workforce-innovation-opportunity-act-wioa#wioaOnestopCertification) section of the WIOA page on TWC’s website.

Boards must use the One-Stop Certification Form to:

* certify and identify the Workforce Solutions Office as a comprehensive center or an affiliate site;
* provide a list of the workforce partner programs that are physically colocated in the Workforce Solutions Office; and
* indicate that the Workforce Solutions Office meets the WIOA requirements for one-stop certification, as defined in WIOA regulations at 20 CFR §678.800.

Under WIOA, TWC is responsible for evaluating and certifying Workforce Solutions Offices in Texas. Objective criteria and procedures for one-stop certification will be used to evaluate the effectiveness of the workforce area and the Workforce Solutions Offices contained therein, to include:

* customer satisfaction;
* physical and programmatic accessibility; and
* continuous improvement.

Evaluations for effectiveness will include how well the Workforce Solutions Office:

* integrates available services for participants and businesses;
* meets the workforce development needs of participants and the employment needs of local employers;
* operates in a cost-efficient manner, which includes, at a minimum, a Board’s quarterly review of the financial status of the Board and its service provider for all funding sources the Board administers;
* coordinates services among the workforce partner programs;
* includes the common identifier tagline on all products; programs; activities; online and in-person services; primary electronic resources; websites; printed, purchased, or created materials; facilities and related property; and new materials;
* provides access to workforce partner program services outside of regular business hours when there is a workforce need identified by the Board; and
* takes feedback from customers into account.

Evaluations for effectiveness related to accessibility will also consider the following:

* How well the Workforce Solutions Office ensures equal opportunity for individuals with disabilities to participate in or benefit from Workforce Solutions Office services
* How well the Workforce Solutions Office and local workforce systems take action to comply with the disability-related regulations implementing WIOA §188, including, but not limited to:
	+ providing reasonable accommodations for individuals with disabilities;
	+ making reasonable modifications to policies, practices, and procedures where necessary to avoid discrimination against individuals with disabilities;
	+ administering programs in the most integrated setting appropriate;
	+ communicating with individuals with disabilities as effectively as with others;
	+ providing appropriate auxiliary aids and services, including assistive technology devices and services, when necessary, to give individuals with disabilities an equal opportunity to participate in and enjoy the benefits of the program or activity; and
	+ ensuring that individuals with disabilities have physical access to the one-stop center.

For information and guidance regarding WIOA Equal Opportunity (EO) officers and Rehabilitation Act of 1973 Section 504 coordinators, including EO officer duties and responsibilities, refer to [WD Letter 01-15, Change 1](http://www.twc.state.tx.us/partners/workforce-policy-guidance#eo), issued October 13, 2017, and titled “Equal Opportunity Officers and Section 504 Coordinators—Update,” and subsequent issuances.

Evaluations of continuous improvement will include a review of how well the Workforce Solutions Office supports the achievement of the local levels of performance for the workforce area (WIOA §116(b)(2)). Additional continuous improvement factors may include:

* implementing a regular process for identifying and responding to technical assistance needs;
* implementing a regular system of continuing professional staff development; and
* ensuring systems are in place to capture and respond to specific customer feedback.

TWC will evaluate the documentation, including the EO review, provided by each Board to determine whether the Workforce Solutions Office meets the criteria for one-stop certification. TWC may request additional documentation, if needed, in order to complete the evaluation process for one-stop certification. TWC may provide technical assistance to the Board for Workforce Solutions Offices that fail to meet the criteria for one-stop certification or to any other Boards requesting technical assistance related to the one-stop certification process.

TWC will notify the Board of its status regarding one-stop certification. Once a Workforce Solutions Office has been successfully certified, TWC will send a formal confirmation letter, as well as a certificate for achieving the certified Workforce Solutions Office standards.

WIOA regulations at 20 CFR §678.800(d) state that all Workforce Solutions Offices within a workforce area must be certified in order to be eligible to use infrastructure funds in the state funding mechanism as described in 20 CFR §678.730.

# G. Federal Appeals Process

Under 20 Code of Federal Regulations (CFR) §683.600, each state and direct recipient of the Workforce Innovation and Opportunity Act (WIOA) Title I funds must establish and maintain procedures for participants and interested parties to file grievances and complaints alleging violations of WIOA Title I requirements to include the opportunity for participants and interested parties to appeal decisions to the US Secretary of Labor (Secretary).

The Texas Workforce Commission (TWC) Chapter 823 Integrated Complaints, Hearings, and Appeals rules outline the requirements for local-level grievances and complaints, state-level complaints, and state-level appeals, including providing customers and other interested parties opportunities to:

* file grievances and complaints at the local and state levels;
* have an informal resolution and hearing, to be completed within 60 days of filing a grievance or complaint; and
* file a local-level appeal to the state when no decision is reached within 60 days or when either party is dissatisfied with the local hearing decision.

Boards must ensure that Workforce Solutions Office staff informs customers and other interested individuals who wish to file a local-level grievance or complaint that the Secretary will investigate appeals under the following circumstances:

* Local-level grievances and complaints: when a state-level appeal is filed and within 60 days of that request, either party appeals to the Secretary
* State-level complaints:
	+ when no determination is made at the state level within 60 days of receipt of the state-level complaint; or
	+ when a decision on a state level grievance or complaint has been reached and the party to which the decision is adverse appeals to the Secretary.

Customers and other interested individuals who wish to appeal a final state-level determination must adhere to the following time parameters:

* Appeals to the Secretary that are based on a state-level determination not being made within 60 days of receipt of a grievance or complaint must be filed within 120 days of filing the grievance or appeal with the state.
* Appeals to the Secretary that are based on a party’s dissatisfaction with the decision of the state-level appeal must be filed within 60 days of receipt of the state-level decision.

Appeals to the Secretary must be submitted by certified mail with a return receipt requested. In addition to sending an appeal to the Secretary, the party must also simultaneously provide a copy of the appeal to the opposing party and the Department of Labor Employment and Training Administration (DOLETA) regional administrator.

Mailing addresses for the Secretary and the DOLETA regional administrator:

Secretary, US Department of Labor

200 Constitution Ave., NW

Washington, DC 20210

Attention: ASET

Regional Administrator

US Department of Labor Employment and Training Administration

525 S. Griffin Street, Room 317

Dallas, Texas 75202

The Secretary must make a final decision on an appeal no later than 120 days after receiving the appeal.

This federal appeals process applies solely to noncriminal grievances and complaints under WIOA Title I. The process does not apply to filing appeals regarding discrimination or denial or termination of training provider eligibility for inclusion on the Texas Eligible Training Provider List. Discrimination complaints will be handled according to procedures outlined in WD Letter 18-07, Change 2, issued January 30, 2019, and titled, “Discrimination Complaint Procedures—Update.” The appeals process for Eligible Training Providers that receive WIOA funds for training services is addressed in TWC Chapter 823, Integrated Complaints, Hearings, and Appeals rules.

# Appendix A: Glossary of Terms

The following definitions are provided for terms referred to throughout this guide.

**Additional Costs**—Applicable career services as well as shared operating costs and shared services that are necessary for the general operation of the Workforce Solutions Office. Shared services may include the cost of other shared services commonly provided by workforce partners to any individual, such as initial intake, assessment of needs, referrals to other workforce partners, and business services. Another example of a shared operating cost is a staff person acting as the receptionist in a Workforce Solutions Office.

**Affiliate Center**—A Workforce Solutions Office where job seekers and employers can access the programs, services, and activities of one or more workforce partners, and where the operation of the affiliate site adds a cost to the Board’s operational budget, or where the Board is responsible for overseeing and managing the center. An affiliate site is not required to provide access to all required Workforce Innovation and Opportunity Act (WIOA) partner programs (20 Code of Federal Regulations (CFR) §678.310). Some affiliate sites are specialized centers established to serve a specific population, such as dislocated workers or youth.

**Allocable Costs**—Defined at 2 CFR §200.405 as follows:

1. 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:
	1. is incurred specifically for the federal award;
	2. benefits both the federal award and other work of the nonfederal entity and can be distributed in proportions that may be approximated using reasonable methods; and
	3. is necessary to the overall operation of the nonfederal entity and is assignable in part to the federal award in accordance with the principles in this subpart.
2. All activities that benefit from the nonfederal entity’s indirect Facilities and Administrative cost, including unallowable activities and donated services by the nonfederal entity or third parties, will receive an appropriate allocation of indirect costs.
3. 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 for other reasons. However, this prohibition would not preclude the nonfederal entity from shifting costs that are allowable under two or more federal awards in accordance with existing federal statutes, regulations, or the terms and conditions of the federal awards.
4. 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) above, 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.

Note: Shifting costs does not allow costs to be unilaterally shifted from one federal grant award to another, or that costs do not have to be allocated in accordance with the principles described in the Uniform Guidance. Some programs serve or include populations that share the same eligibility requirements, creating funding choices for costs that are allowable under those programs. For example, such costs might be allocated in part to each program using a standard allocation base or discretionary amount or might be allocated in total to one program. Charging costs in this manner may be more appropriate for program services when the clients are enrolled in and receiving services from multiple partner programs.

**Allocation**—The process of assigning a cost, or a group of costs, to one or more cost objectives, in reasonable proportion to the benefit provided or other equitable relationship. The process may entail assigning a cost directly to a final cost objective or through one or more intermediate cost objectives (2 CFR §200.4).

**Allocation Base**—The method of documentation used to measure the extent of benefits received when allocating joint costs among multiple cost objectives. 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 workforce 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.”

**Career Services**—Services cited under WIOA §134(c)(2). Career services include basic career services, individualized career services, and follow-up services provided by Workforce Solutions Offices and their workforce partners. The following services must be available to adults and dislocated workers through the workforce system and must at a minimum include:

* Determining eligibility for individuals to receive assistance under WIOA Title I, Subtitle B
* Providing outreach, intake (which may include worker profiling), and orientation to the information and other services available through the one-stop delivery system
* Making an initial assessment of skill levels (including aptitudes, abilities, and skills gaps) and supportive service needs
* Providing labor-exchange services, including job search, placement assistance, and, if appropriate, career counseling; providing information on in-demand industry sectors and occupations and on nontraditional employment; and appropriate recruitment and other business services on behalf of employers
* Providing referrals to activities offered by other programs and services, and providing coordination with those programs and services
* Providing accurate statistics on workforce and labor market employment related to local, regional, and national labor market areas, including job vacancy listings, information on the job skills necessary to obtain the jobs listed, and information on local occupations that are in demand, including the earnings, the skills required, and the opportunities for advancement
* Providing information on the cost and performance of the eligible providers of training services offered by program, the eligible providers of youth workforce investment activities, the providers of adult education, the providers of career and technical education activities at the postsecondary level, the providers of career and technical education activities that are available to school dropouts, and the providers of vocational rehabilitation services
* Providing information, in formats that are usable by and understandable to Workforce Solutions Office customers, on how well the local area is performing according to local performance accountability measures and any additional performance information related to the local workforce system
* Providing information on the availability of supportive services or assistance
* Providing information and assistance on how to file claims for unemployment compensation
* Helping to establish eligibility for programs of financial aid assistance for the training and education programs that are not funded under WIOA
* Providing services, when appropriate, to help an individual find or keep a job, such as providing the following:
	+ Comprehensive and specialized assessments of the skills levels and service needs of adults and dislocated workers, which may include diagnostic testing and the use of other assessment tools, and in-depth interviewing and evaluation to identify employment barriers and appropriate employment goals
	+ Development of an individual employment plan to identify the employment goals, appropriate achievement objectives, and appropriate combination of services for the participant to achieve the employment goals, including providing information on eligible training providers and career pathways to attain career objectives
	+ Group counseling
	+ Individual counseling
	+ Career planning
	+ Short-term prevocational services, including development of learning skills, communication skills, interviewing skills, punctuality, personal maintenance skills, and professional conduct to prepare individuals for unsubsidized employment or training
	+ Internships and work experiences that are linked to careers
	+ Workforce preparation activities
	+ Financial literacy services;
	+ Out-of-area job search assistance and relocation assistance
	+ English language acquisition and integrated education and training programs
* Providing follow-up services (including counseling about the workplace) for participants who are placed in unsubsidized employment, for at least 12 months after the first day of employment, as appropriate

**Cash Contributions**—Cash funds used to cover a partner’s proportionate share of the Workforce Solutions Office’s infrastructure costs. Cash funds may be provided directly to the Board or its designee by partners (either directly or through an interagency transfer), or by a third party.

**Comprehensive Center**—A Workforce Solutions Office where job seekers and employers can access the programs, services, and activities of all required workforce partners with at least one Title I staff person physically present (WIOA 20 CFR §678.305). All required workforce partner programs and services must be available at the comprehensive center (either physically colocated or through direct linkage).

**Conflict of Interest**—A conflict of interest arises when an employee, officer, or agent; any member of their immediate family or their partner; or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or receives a tangible personal benefit from a firm being considered for a contract. A nonfederal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal award if they have a real or apparent conflict of interest, as described in Uniform Guidance at 2 CFR §200.112. Potential conflicts of interest are defined below as real, apparent, or organizational conflicts of interest:

* A **Real** (that is, actual) conflict of interest arises when an employee or other person is assigned official responsibilities in a particular matter that will directly and predictably affect the employee’s personal financial interests or the interests of other specific persons.
* An **Apparent** (that is, appearance of) conflict of interest arises when an employee is assigned to participate in an official duty or matter of an organization with which the employee has a covered relationship or when the employee represents a party to that matter or when the matter is likely to affect the interests of a family or household member and there are circumstances that would cause a reasonable person with knowledge of the relevant facts to question the employee’s impartiality in the official matter.
* An **Organizational** conflict of interest arises when, due to relationships with a parent company, affiliate, or subsidiary organization, the nonfederal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization (2 CFR § 200.318). A risk exists if there is no organizational separation of duties between the two functions of acting as an administrative entity and monitoring—for example, an employee of the administrative entity helps in the monitoring of the Board, which is also the one-stop operator. Organizational conflicts must be mitigated with complete separation of duties, supervision, and restrictions of access to information.

**Direct Linkage**—Direct linkage through technology provides customers with access to program staff who can provide meaningful information or services for those workforce partner programs not physically located in a comprehensive center.

**Firewalls**—Proper firewalls must be in place to ensure a complete separation of duties. Firewalls must also be in place to ensure the transparency and integrity of staff fulfilling multiple roles and multiple functions. With respect to the procurement process, proper firewalls must demonstrate to the public and to the Department of Labor (DOL) that the selection process was impartial, and that no preferential treatment was given to the awardee.

**Infrastructure Costs**—Non-personnel costs that are necessary for the general operation of each comprehensive center. Non-personnel costs include rental of the facilities; utilities and maintenance; equipment (including assessment-related products and assistive technology for individuals with disabilities); technology to facilitate access to the Workforce Solutions Office (including technology used for the Workforce Solutions Office’s planning and outreach activities); and common identifier costs, if determined appropriate by the Local Workforce Development Board (Board) and its partners (WIOA 20 CFR §678.700).

**Infrastructure Funding Agreement (IFA)** —An agreement between the Board and its workforce partners that defines the infrastructure costs budget, which is one of several integral components of the one-stop operating budget.

**Internal Controls**—A process, implemented by a Board, that is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

* Effectiveness and efficiency of operations
* Reliability of reporting for internal and external use
* Compliance with applicable laws and regulations, including Uniform Guidance at 2 CFR §200.61

**Local Funding Mechanism (LFM)** —A mechanism that outlines the Board and workforce partners agreed-upon methodology that will be applied to the infrastructure budget (WIOA 20 CFR §678.715). The LFM gives Boards and workforce partners the flexibility to design and fund their one-stop delivery system through consensus and meet the needs of their workforce area by leveraging funds and resources available to the Board and its workforce partners to optimally provide program services.

**Noncash Contributions**—Expenditures incurred by workforce partners on behalf of the Workforce Solutions Office and goods or services contributed by a partner program and used by the Workforce Solutions Office. Contributions must be valued consistent with 2 CFR §200.306 (Uniform Guidance) and reconciled on a regular basis (such as monthly or quarterly) to ensure that they are fairly evaluated and meet the partners’ proportionate share.

**Texas Workforce System**—Provides workforce development, employment and training, and educational services through a seamless customer-focused service-delivery network that enhances access to all program services and improves long-term employment outcomes for individuals receiving assistance. Workforce partners administer separately funded programs as a set of integrated streamlined services to customers.

**One-Stop Operating Costs**—One-Stop operating costs refers to infrastructure costs and additional costs, the latter of which are made up of applicable career services and may include shared operating costs and shared services.

**Outputs**—An outputs allocation base is defined as the result of an activity or service. Examples of an outputs allocation base include:

* the participants and reportable individuals in a specific program;
* the number of customers who obtain employment after self-directed job search; and
* the number of customers who receive a specific career service.

The drawback of using output-based allocations is that they will vary over time, usually based on client flow, and may result in large changes in the resources needed to fund the pooled costs when the budgets are adjusted to actual costs. For this reason, an output-based allocation should be used with caution.

**Proportionate Use**—Proportionate use refers to a workforce partner program contributing its fair share of the infrastructure costs proportionate to:

* the use of a Workforce Solutions Office by customers that may include reportable individuals and participants in a partner program at the Workforce Solutions Office;
* the amount of square footage occupied by the partner program in the Workforce Solutions Office; or
* another allocation base consistent with Uniform Guidance.

**Relative Benefit**—In determining the proportionate share, determining the relative benefit received from participating in the local workforce system is another step in the cost allocation process. Determining relative benefit does not require an exact or absolute measurement of benefits, but instead requires Boards to measure a workforce partner’s benefit using reasonable methods. 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 workforce partner’s share of infrastructure costs must be based on reasonable methods that are agreed to by all partners or are determined in accordance with the state funding mechanism (SFM). However, a workforce partner’s contributions that are initially based on budgeted amounts must be reviewed and reconciled periodically during the program year against actual costs incurred (20 CFR §678.715(a)(4)).

**Shared Operating Costs and Shared Services**—Shared costs that support the operations of Workforce Solutions Offices and 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 workforce partners, and business services. Shared services may also include the personnel expenses associated with a shared welcome desk or greeter directing employers and customers to services or staff that are available in the Workforce Solutions Office.

**Specialized Center**—An affiliate site that addresses the specific needs of a specific population such as dislocated workers or youth (WIOA 20 CFR §678.300(d)(3)).

**State Funding Mechanism (SFM)** —If the Board and its required workforce partners fail to reach unanimous consensus with regard to the amount each partner will contribute to the one-stop delivery system’s infrastructure costs, the SFM is triggered. Under the SFM, TWC calculates the statewide funding caps and the amount available for the Board and its workforce partners to determine the partners’ contributions for infrastructure costs using the process outlined in WIOA 20 CFR §678.730–§678.738. The SFM is only applicable to Boards who have not reached unanimous consensus with required workforce partners. The SFM cannot be triggered by optional workforce partners failing to reach consensus.

**Third-Party In-Kind Contributions**—Contributions of space, equipment, technology, non-personnel services, or other like items made by a non-partner (third party) to support the infrastructure costs associated with one-stop operations. Unrestricted contributions that support the Workforce Solutions Office in general would lower the total infrastructure costs before determinations of proportionate share are made, whereas contributions made on behalf of a workforce partner program would directly lower that partner’s share of infrastructure costs (WIOA 20 CFR §678.720).

# Appendix B: WIOA MOU Provisions Checklist

Note: The information in this appendix is offered as a set of best practices. Local Workforce Development Boards (Boards) may choose to use this information to meet statutory requirements when developing their local memoranda of understanding (MOUs).

## Texas Workforce System Services

As required by Workforce Innovation and Opportunity Act (WIOA) §121(c)(2)(A)(i), describe the services to be provided through the Texas workforce system, including the manner in which the services will be coordinated and delivered.

Best practices for describing the workforce system services are as follows:

* Identify each workforce partner included in the MOU.
* Describe the workforce system’s design.
* Identify the workforce system’s services, including career services applicable to workforce partners.
* Identify and describe the workforce system’s customers.
* Describe each workforce partner’s responsibilities.

## Funding Texas Workforce System Services and Operating Costs

As required by WIOA §121(c)(2)(A)(ii), describe how Texas workforce system services and operating costs will be funded to provide a stable and equitable funding stream for ongoing Texas workforce system operations and the funding of Workforce Solutions Offices’ infrastructure costs. Texas workforce system services and operating costs may be funded through cash, noncash, and third-party in-kind contributions (fairly evaluated), which may include funding from philanthropic organizations or other private entities, or through other alternative financing options.

Texas workforce system services will be funded as follows:

* Identify the period of time in which the infrastructure funding agreement is effective, which may be a different time period from the MOU’s duration
* Identify all partners participating in the infrastructure funding agreement
* Identify an infrastructure and shared services budget that will be periodically reconciled against actual costs incurred and adjusted accordingly
* Describe how shared operating and infrastructure costs will be funded by partners
* Identify the cash and in-kind contributions used to fund shared operating costs
* Describe the steps the Boards, chief elected officials (CEOs), and partners use to reach a consensus, or provide an assurance that the Board, CEOs, and partners followed applicable infrastructure funding guidance
* Describe the process to be used between partners to resolve issues during the MOU’s duration when consensus cannot be reached
* Describe the process for periodic review and modification

## Methods for Referring Customers

As required by WIOA §121(c)(2)(A)(iii), describe the methods used to refer individuals between the Workforce Solutions Office and Texas workforce system partners for appropriate services and activities.

Methods used to ensure individuals receive appropriate referrals to workforce system services:

* Describe the referral process between partners
* Describe the commitment to ensuring quality customer service and a customer-centered focus
* Identify how the Texas workforce system will provide direct access to partners through real-time technology

## Access to Services

As required by WIOA §121(c)(2)(A)(iv), describe the methods used to ensure that the needs of workers and youth—as well as individuals who have barriers to employment, including individuals with disabilities—get necessary and appropriate access to services, including access to technology and materials, made available through Workforce Solutions Offices.

Methods used to ensure individuals with barriers to employment and individuals with disabilities receive necessary workforce system services:

* Describe how the local workforce system will ensure access to and priority for services is ensured for all individuals who have barriers to employment, including accessibility to buildings and technology
* Describe the commitment by partners to work together to share data
* Describe the measures and internal control applied to ensure security
* Describe the commitment to comply with confidentiality provisions of respective statutes for partners
* Describe how the system will provide measures to promote nondiscrimination and equal opportunity
* Describe grievance procedures
* Include a commitment that partners will comply with the Americans with Disabilities Act Amendments Act of 2008
* Provide assurances that workforce partners will provide Workforce Solutions Offices staff with the professional development necessary to strengthen their ability to serve individuals who have barriers to employment, including individuals with disabilities

## Duration of the MOU

As required by WIOA §121(c)(2)(A)(v), describe the MOU’s duration, describe the procedures for amending the MOU during its duration, and provide assurances that the MOU will be reviewed at least once every three years to ensure appropriate funding and delivery of services.

Describe the MOU’s duration and other required information as follows:

* Identify the MOU’s effective date
* Include an assurance that the MOU will be reviewed at least once every three years
* Describe the procedures established to revise and modify the MOU
* Describe the procedures for terminating the MOU

# Appendix C: One-Stop Operating Costs

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



# Appendix D: Infrastructure Costs: Funding Sources

Note: Table includes required and optional workforce partner programs.

| **Workforce Partner Program** | **Required/ Optional Partners** | **Admin Funds to Pay Infrastructure Costs[[1]](#footnote-2)** | **Program Funds to Pay Infrastructure Costs** | **State Funding Mechanism Applicable****[[2]](#footnote-3)** |
| --- | --- | --- | --- | --- |
| Workforce Innovation and Opportunity Act (WIOA) Title I programs: Adult, Dislocated Worker, and Youth | Required | Yes | Yes | Yes |
| Wagner-Peyser Act Employment Services  | Required | N/A[[3]](#footnote-4) | Yes | Yes |
| Adult Education and Literacy program, WIOA Title II | Required | Yes | No | Yes |
| Vocational Rehabilitation (VR) program, WIOA Title IV, Title I of the Rehabilitation Act of 1973, as amended | Required | N/A3 | Yes | Yes |
| Unemployment Insurance programs, including the Reemployment Services and Eligibility Assessment (RESEA) program | Required  | N/A3 | Yes | Yes |
| Trade Adjustment Assistance program | Required | Yes | Yes | Yes |
| Choices, Temporary Assistance for Needy Families (TANF) Employment and Training program | Required | Yes  | Yes | Yes[[4]](#footnote-5) |
| Veteran employment and training programs—Jobs for Veterans State Grants  | Required | N/A3 | Yes | Yes |
| Senior Community Service Employment Programs | Required | Yes | Yes | Yes |
| Job Corps—WIOA Title I program | Required | No | Yes  | Yes |
| Migrant Seasonal Farmworker (under National Farmworker Jobs Program) —WIOA Title I program | Required | Yes | Yes | Yes |
| Native American programs—WIOA Title I program | Required[[5]](#footnote-6) | Yes | Yes | Yes |
| Reintegration of Offenders program—Second Chance Act of 2007 | Required | Yes | Yes | Yes |
| Career and Technical Education programs—Carl D. Perkins Career and Technical Education Act of 2006 (20 USC §2301 et seq.) | Required | Yes | No | Yes |
| Employment and training activities carried out by the US Department of Housing and Urban Development | Required | Consult partners’ authorizing statutes and regulations | Consult partners’ authorizing statutes and regulations | Yes |
| State Apprenticeship program, under Texas Education Code Chapter 133 | Required | n/a | n/a | n/a[[6]](#footnote-7) |
| Child Care Services, the subsidized child care program | Required | Yes | Yes | Yes |
| Supplemental Nutrition Assistance Program Employment and Training (SNAP E&T) programs | Required | Yes | Yes | Yes |
| Community Service Block Grant programs | Required | Consult partners’ authorizing statutes and regulations | Consult partners’ authorizing statutes and regulations | Yes |
| YouthBuild—WIOA Title I program | Required | Yes | Yes | Yes |
| National Dislocated Worker Grant—WIOA Title I program | Required[[7]](#footnote-8) | Yes | Yes | Yes |
| Ticket-to-Work and Self-Sufficiency program, established under §1148 of the Social Security Act Note: This is a separate program from the Self Sufficiency Fund program described in TWC Chapter 835 Self Sufficiency Fund rules and Texas Labor Code Chapter 309.  | Optional | Consult partners’ authorizing statutes and regulations | Consult partners’ authorizing statutes and regulations | No |
| Small Business Administration employment and training program | Optional | Consult partners’ authorizing statutes and regulations | Consult partners’ authorizing statutes and regulations | No |
| National and Community Service Act of 1990 program, administered by OneStar Foundation | Optional | Consult partners’ authorizing statutes and regulations | Consult partners’ authorizing statutes and regulations | No |
| Other optional workforce partners not mentioned above[[8]](#footnote-9)  | Optional | Consult partners’ authorizing statutes and regulations | Consult partners’ authorizing statutes and regulations | No |

# Appendix E: Examples of Cost Pools and Allocation Bases

| **Cost Pools** | **Possible Allocation Bases** |
| --- | --- |
| **Facilities:** Building rent, maintenance costs, utilities, tenant improvements, or other similar costs related to the physical structure in which the Workforce Solutions Office is located | The square footage occupied by each partner agency as compared to the total space. The number of workstations used by partners as compared to the total workstations |
| **Telecommunications:** Monthly telephone costs, telephone system equipment, data lines, T-1 lines, and other similar costs | The number of dedicated telephone units as compared to the total number of units |
| **Information Technology:** Shared equipment, software, IT maintenance costs, Internet access, and other similar costs | The number of dedicated computers (including all necessary equipment) as compared to the total |
| **Resource Center:** Costs of shared equipment, displays, computer learning, specialized software for computer learning, furniture, copiers, fax machines; may also include related staff costs | The number of program participants or reportable individuals using the resource center |
| **Common Intake System:** Costs of developing common intake data formats, costs of preparing and interviewing customers, and other similar costs | The use of common data formats and data elements required for each program, including the number of customer or participant records maintained by each partner program |
| **Workforce Solutions Office Management Staff:** Costs of the center director | The number of full-time staff members employed by the partner program. Square footage of the partner program’s benefit or the number of program participants and reportable individuals served |
| **Workforce Solutions Office—General Operations Staff:** Costs of the receptionist, and staff of the resource center | Number of partner program participants |
| **Shared Equipment and Supplies:** Staff copier, fax, associated supplies, and furniture | The use by staff of each partner program. Occupancy (square footage) basis; number 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 a specific program; weighted participation numbers |

# Appendix F: Implementing the State Funding Mechanism

The state funding mechanism (SFM) has eight steps that the Texas Workforce Commission (TWC) must follow in accordance with the Workforce Innovation and Opportunity Act (WIOA) regulations at 20 Code of Federal Regulations (CFR) §§678.730–678.750.

## Step 1: Notice of Failure to Reach Consensus Agreement on the Local Funding Mechanism

If the Local Workforce Development Board (Board), chief elected officials (CEOs), and required workforce partners fail to reach consensus on the local funding mechanism (LFM) for a program year, the SFM is triggered for that program year. The Board is required to notify TWC annually by March 15 or the next business day thereafter if it fails to reach unanimous consensus with all required workforce partners. The specified timelines reflect consideration that the SFM requires complex calculations and determinations and the counsel of multiple parties.

## Step 2: Local Negotiation Materials Provided to TWC

Along with written notification that no consensus was reached on the LFM, the Board must provide TWC with local negotiation materials. These materials must include appropriate and relevant materials and documents used in the negotiations under the LFM. In addition to the local Board Plan, the Board is required to provide TWC with the following:

* The cost allocation method or methods proposed by the workforce partners to determine proportionate share
* The proposed amounts or the proposed budget to fund infrastructure
* The amount of total workforce partner funds included
* The type of funds (cash, noncash, and third-party in-kind contributions) available
* Any proposed or agreed-upon budgets for the Workforce Solutions Office or the local workforce system
* Any partially agreed-upon, proposed infrastructure funding agreements or drafts thereof and/or the memoranda of understanding (MOUs)

Boards also may give TWC additional materials that they or TWC deem appropriate.

## Step 3: Determine Workforce Solutions Office Infrastructure Budget

Once the Board has notified TWC that no consensus agreement was reached on the LFM and the Board provides TWC with local negotiation materials, TWC must determine the Workforce Solutions Office budget. Depending on the local workforce system structure, there may be more than one infrastructure budget, each of which is contained in a one-stop operating budget. While TWC may take into account the operating budget for the Workforce Solutions Office, TWC only has the power to determine the infrastructure budget under the SFM.

As required by WIOA §121(h)(3)(B) and 20 CFR §678.745, the Texas Workforce Investment Council (TWIC) must develop a formula to be used by TWC in determining the appropriate budget for the infrastructure costs of Workforce Solutions Offices in the Board areas that do not reach agreement under the LFM and are, therefore, subject to the SFM. The formula identifies the factors and corresponding weights for each factor that TWC must use, which must include the following:

* The number of Workforce Solutions Offices in a workforce area
* The population served by such Workforce Solutions Offices
* The services provided by such Workforce Solutions Offices
* Any factors relating to the operations of such Workforce Solutions Offices in the workforce area that TWIC determines are appropriate

## Step 4: Establish a Cost Allocation Methodology to Determine Proportionate Share

After determining an appropriate budget for a Workforce Solutions Office, TWC must determine the appropriate cost allocation methodology to be applied to the workforce partner programs in the workforce area to fund the infrastructure budget. The cost allocation methodology must make such determination in accordance with the workforce partner’s relative benefit received. TWC may also take into consideration the extent to which workforce partners have agreed in determining the proportionate shares.

TWC will determine the methodology, consistent with cost principles in the Uniform Guidance. The determining factor can be a wide range of variables, such as the number of customers served, the square footage used, or a different basis that is agreed on for determining each workforce partner’s contribution for infrastructure costs.

## Step 5: Determine Workforce Partners’ Proportionate Shares

TWC’s next step is to use the cost allocation methodology determined in Step 4 to determine each workforce partner’s proportionate share of the infrastructure costs under the SFM. When making this determination, TWC must consider the following factors:

* The costs of administering the local workforce system for purposes not related to Workforce Solutions Offices for each workforce partner, such as costs associated with maintaining the Board or information technology systems
* Statutory requirements for each workforce partner program
* Each workforce partner’s ability to fulfill such requirements
* The extent to which the workforce partners in the workforce area have agreed in determining the proportionate shares, including any agreements reached at the local level by one or more workforce partners, as well as any other materials or documents related to the negotiating process, which must be provided to TWC by the Board. TWC must exclude from the determination of proportionate share, the amounts for proportionate use of Workforce Solutions Offices attributable to the programs of workforce partners in local areas where the costs of infrastructure for Workforce Solutions Offices are funded under the LFM
* All other applicable legal requirements (20 CFR §678.737(b)(2))

For other required workforce partner programs in which grant awards are made to entities that are independent of TWC’s authority, TWC will continue to determine, through the authority granted to TWC by WIOA and its implementing regulations, how much each of the applicable partners must contribute to help pay the infrastructure costs of the Workforce Solutions Offices.

## Step 6a: Identify State Cap Percentages

In calculating statewide caps, WIOA regulations at 20 CFR §678.738(c) specify that the following limitations apply to TWC’s calculations of the amount that workforce partners in Board areas that have not reached an agreement under the LFM may be required to contribute to infrastructure funding in the workforce area.

The SFM is subject to caps on required contributions established under 20 CFR §678.738(c), and under these caps, the portion of funds required to be contributed by required workforce partner programs are limited to those shown in the following table. There are no statewide caps for optional workforce partners because the SFM does not apply to them.

**Limiting Percentages for Programmatic Statewide Caps on Infrastructure Funding under the SFM**

| **Program Type** | **Limiting Percentage** |
| --- | --- |
| WIOA Formula Programs under Title I (Adult, Dislocated Worker, and Youth) | 3% |
| Wagner-Peyser Act—Employment Services | 3% |
| Adult Education and Family Literacy Act  | 1.5% |
| Vocational Rehabilitation (VR) Program Year 2020 (PY’20) and subsequent years[[9]](#footnote-10)  | 1.5% of applicable previous Fiscal Year federal VR funding |
| Choices, Temporary Assistance for Needy Families Employment and Training program | 1.5% of funds from the previous year spent on work, education, and training activities, in addition to associated administrative costs |
| Senior Community Service Employment Programs | 1.5% |
| Trade Adjustment Assistance program | 1.5% |
| State Unemployment Insurance program | 1.5% |
| Veterans employment and training programs (Jobs for Veterans State Grants) | 1.5% |
| Supplemental Nutrition Assistance Program Employment and Training programs | 1.5%[[10]](#footnote-11) |
| Apprenticeship programs (Texas Education Code, Chapter 133) | n/a[[11]](#footnote-12) |
| Subsidized child care programs | 0.1%10 |
| Job Corps | 1.5% |
| Migrant Seasonal Farm Worker programs | 1.5% |
| Native American programs—WIOA Title I program | 1.5% |
| Reintegration of Offenders program—Second Chance Act of 2007 | 1.5% |
| Career and Technical Education programs—Carl D. Perkins Career and Technical Education Act of 2006 (20 USC §2301 et seq.) | 1.5%[[12]](#footnote-13) |
| US Department of Housing and Urban Development employment and training programs | 1.5% |
| Community Service Block Grant (CSBG) programs | 1.5%[[13]](#footnote-14) |
| YouthBuild programs | 1.5% |
| National Dislocated Worker Grant programs | n/a |
| Optional (non-required) workforce partner programs  | SFM does not apply |

As discussed in the [LFM](#_LOCAL_INFRASTRUCTURE_FUNDING) section of Part D of this guide, one of the reasons TWC encourages Boards to strive to achieve consensus agreement on the LFM relates to the caps just discussed. These caps affect the Maximum Potential Cap (MPC) described under Sub-step 1 of Step 6b below. For example, if only one Board in a state is unable to reach agreement, then that Board’s workforce partners could be held responsible for the total difference between the MPC and the amount that the consensus areas are already considered to have contributed toward the MPC. Since TWC, not the workforce partners, has the final say under the SFM concerning the proportionate shares of each workforce partner and the allocation method under which this is calculated, a workforce partner could pay far more under the SFM than it would have paid under the LFM.

## Step 6b: Calculate Statewide Caps

The next step in applying the SFM requires TWC to calculate statewide caps on the amounts that workforce partner programs may be required to contribute toward infrastructure funding. This step involves applying percentage caps established under WIOA regulations at 20 CFR §678.738(d).

WIOA describes four sub-steps that use the limiting percentages to calculate statewide caps. When the sub-steps are complete, the resulting caps are referred to as the “applicable program caps.”

### Sub-Step 1: Calculate Maximum Potential Cap

First, TWC must determine the amount resulting from applying the percentage for the corresponding workforce partner program to the amount of federal funds provided to carry out the workforce partner program in the state for the applicable fiscal year. In other words, multiply the applicable percentage cap, as well as the TWC-established caps, described in [Step 6a](#_Step_6a:_Identify) by the total federal funding that the program receives for the affected program year. The resulting amount is the MPC. Refer to Step 6a to determine the total federal funding the partner program receives for a program year.

The formula for this sub-step is:

Limiting Percentage x Total Federal Program Funding = MPC

### Sub-Step 2: Select and Apply Allocation Factors

Next, TWC must select a determining factor (or factors) that reasonably indicates the use of the Workforce Solutions Office in the state, apply the factor (or factors) to all workforce areas in the state, and determine the percentage of the factor (or factors) applicable to the workforce areas that reached agreement under the LFM in the state. For example, a factor could be the total population, the concentration of wealth, or another factor that is applicable to the state’s workforce dynamic.

### Sub-Step 3: Calculate Consensus Areas’ Factor Percentages and Portion of the MPC

TWC must determine the amount resulting from applying the percentage determined in Sub-step 2 to the amount determined in Sub-step 1 for the workforce partner program. In doing so, the determining factors are applied to all workforce areas across the state, from which TWC then determines the percentage of the factors that is applicable to the areas that reached consensus, which is known as the consensus areas’ factor percentage. TWC then applies the consensus areas’ factor percentage to the MPC.

The formula for this sub-step is:

Consensus Areas’ Factor Percentage x MPC = Consensus Areas’ Portion of the MPC

### Sub-Step 4: Calculate Applicable Program Cap

In the last sub-step under Step 6b, TWC must determine the amount that results from subtracting the consensus areas’ portion of the MPC (Sub-step 3) from the MPC (Sub-step 1). The outcome of this final calculation is the workforce partner program’s cap (20 CFR §678.738(a)(4)). TWC will subtract the amount equal to the consensus areas’ portion of the MPC from the MPC.

The formula for this sub-step is:

MPC – Consensus Areas’ Portion of the MPC = Applicable Program Cap for the Non-Consensus Area

### Step 7: Assess Aggregate Contributions as They Relate to Statewide Caps

TWC must ensure that the required contributions by each workforce partner program in the local areas of the state under the SFM, in aggregate, do not exceed the statewide cap for each workforce partner program as determined under Step 4. Once TWC has determined the applicable program cap for each workforce program and the proportionate share of the infrastructure costs under [Step 5](#_Step_5:_Determine), TWC must ensure that the funds required to be contributed by each workforce partner program in the non-consensus area, in the aggregate, do not exceed the applicable workforce partner program cap.

If the contributions initially determined in Step 5 exceed the applicable cap determined in Step 6b, then TWC may take either of the following actions, as appropriate:

* Determine whether the workforce partner, whose contributions would otherwise exceed the cap determined under Step 6b, will voluntarily contribute above the capped amount, so that the total contributions equal the workforce partner’s proportionate share. In doing so, the workforce partner’s contribution must still be consistent with the program’s authorizing laws and regulations, the federal cost principles in 2 CFR Part 200, and other applicable legal requirements
* Direct or allow the Board, CEO, and workforce partners to:
	+ re-enter negotiations, as necessary
	+ reduce the infrastructure costs to reflect the amount of funds that are available for such costs without exceeding the cap levels;
	+ reassess the proportionate share of each workforce partner; or
	+ identify alternative ways to finance the Board’s infrastructure costs, consistent with the proportionate use of the Workforce Solutions Office and the relative benefit received by the workforce partner.

If after renegotiation, the Board, CEOs, and workforce partners come to agreement, sign an MOU, and proceed under the LFM, then such actions do not require the redetermination of the applicable caps under Step 6b (20 CFR §678.738(b)(4)).

### Step 8: Adjust Proportionate Shares

If, after renegotiation, agreement among workforce partners still cannot be reached or alternate financing cannot be identified, TWC may adjust the specified allocation, in accordance with the amounts available and with the limitations described in paragraph (d) of the definition of Allocable Costs in [Appendix A](#_APPENDIX_A:_GLOSSARY). In determining these adjustments, TWC may take into account information relating to the renegotiation as well as the information described in the [Notification of an Impasse](#_NOTIFICATION_OF_AN) in Section 5 of Part D in this guide (20 CFR §678.738(b)(4)).

If neither solution listed above is viable, TWC must reassess the proportionate shares of each workforce partner so that the aggregate amount attributable to the local workforce partners for each program is less than that program’s cap amount. Once this reassessment is complete, TWC must direct each workforce partner program to pay the reassessed amount toward the infrastructure funding costs of the Workforce Solutions Office (20 CFR §678.731(b)(7)).

## Appeal of Partner Contributions by Workforce Partners under the SFM

TWC is required to establish a process for a required workforce partner to appeal a determination:

* regarding the portion of funds to be provided under the SFM, and
* on the basis that the determination is inconsistent with the requirements of the SFM.

The appeal process established by TWC must ensure prompt resolution of the appeal in order to ensure the funds are distributed in a timely manner, consistent with WIOA §182(e) – Prompt allocation of funds.

TWC’s SFM appeal process states that no later than August 1 of each year, a workforce partner may appeal a determination made by TWC regarding the workforce partner’s portion of funds for local workforce system infrastructure costs under the SFM.

The appeals process is as follows:

* The appeal must explain the specific circumstances in detail.
* The chief executive officer of the workforce partner that is submitting the appeal must:
	+ sign the appeal; and
	+ submit the appeal to TWIC in writing or submit electronically through the TWIC or TWC website.
* The appeal may only be made on the grounds that TWC’s determination is inconsistent with the proportionate share requirements in WIOA regulations described in 20 CFR §678.735(a), the cost contribution limitations in §678.735(b), or the cost contribution caps in §678.738.
* TWIC will consider and rule on the appeal in writing no later than September 30, as applicable.

# Appendix G: One-Stop Certification Form



**Workforce Solutions Office: One-Stop Certification**

Local Workforce Development Area:

Office Name and Address:

Office Days and Hours of Operation:

Date Office Opened:       Cost Center #:

Choose One:

Comprehensive Center: [ ]  Affiliate Site: [ ]

**Check all workforce partner programs that are physically colocated or otherwise accessible to customers in the Workforce Solutions Office:**

**Physical Other**

[ ]  [ ]  Workforce Innovation and Opportunity Act (WIOA) Adult program

[ ]  [ ]  WIOA Dislocated Worker program

[ ]  [ ]  WIOA Youth program

[ ]  [ ]  Wagner-Peyser Employment Service program

[ ]  [ ]  Adult Education and Literacy (AEL) program

[ ]  [ ]  Vocational Rehabilitation (VR) program

[ ]  [ ]  Unemployment Insurance (UI) program, including RESEA

[ ]  [ ]  Trade Adjustment Assistance (TAA) program

[ ]  [ ]  Choices program, Temporary Assistance for Needy Families (TANF) Employment and Training program

[ ]  [ ]  Supplemental Nutrition Assistance Program Employment and Training (SNAP E&T) program

[ ]  [ ]  Subsidized Child Care programs

[ ]  [ ]  Registered Apprenticeship programs (Texas Education Code, Chapter 133)

[ ]  [ ]  Veteran Employment and Training programs—Disabled Veterans Outreach Program (DVOP) and Local Veterans Employment Representatives (LVER) program

[ ]  [ ]  Senior Community Service Employment Program (SCSEP)

[ ]  [ ]  Career and technical education programs authorized under the Carl D. Perkins Career and Technical Education Act of 2006 (20 USC §2301 et seq.)

[ ]  [ ]  Job Corps program

[ ]  [ ]  Native American programs

[ ]  [ ]  Community Service Block Grant (CSBG) programs

[ ]  [ ]  Reintegration of Offenders program, authorized under §212 of the Second Chance Act of 2007

[ ]  [ ]  US Department of Housing and Urban Development administered employment and training programs

[ ]  [ ]  YouthBuild programs

[ ]  [ ]  Other Workforce Partners (please list all other workforce partners:

**Does the Workforce Solutions Office meet the following WIOA requirements for One-Stop Certification, as defined in WIOA regulations at 20 CFR §678.800?**

* Provide Workforce Solutions Office services effectively, in accordance with 20 CFR §678.800.

| **Certification Requirement** | **Confirmation** |
| --- | --- |
| Integrates available services for participants and businesses | [ ]  |
| Meets the workforce development needs of participants | [ ]  |
| Meets the employment needs of local employers | [ ]  |
| Operates in a cost-efficient manner; has fiscal management systems that include appropriate fiscal controls in place; and during regularly scheduled Board meetings, the Board includes a quarterly review of the financial status of the Board and its service provider, for all funding sources it administers | [ ]  |
| Coordinates services among the workforce partner programs | [ ]  |
| Includes the common identifier tagline “A proud partner of the American Job Center network” on all products; programs; activities; online and in-person services; primary electronic resources; websites; printed, purchased, or created materials; facilities and related property; and new materials  | [ ]  |
| Provides access to partner program services to the maximum extent practicable, including providing services outside of regular business hours, when there is a workforce need identified by the Local Workforce Development Board (Board) | [ ]  |
| Customer satisfaction (must take into account feedback from customers) | [ ]  |

* Complies with Equal Opportunity (EO) accessibility requirements, in accordance with 20 CFR §678.800. Please provide a copy of the Board’s completed EO review.

|  |  |
| --- | --- |
| Ensures equal opportunity for individuals with disabilities to participate in or benefit from Workforce Solutions Office services | EO Review completed [ ]   |
| Makes reasonable modifications to policies, practices, and procedures when necessary to avoid discrimination against persons with disabilities | EO Review completed [ ]  |
| Provides reasonable accommodations for individuals with disabilities | EO Review completed [ ]   |
| Administers programs in the most integrated setting appropriate | EO Review completed [ ]  |
| Communicates with individuals with disabilities as effectively as with individuals without disabilities | EO Review completed [ ]  |
| Provides appropriate auxiliary aids and services, including assistive technology devices and services, when necessary to give individuals with disabilities an equal opportunity to participate in and enjoy the benefits of, the program or activity | EO Review completed [ ]  |
| Makes available screen magnifier software (for example, MAGic, ZoomText, CDesk, Dolphin Guide, Supernova) | [ ]  |
| Makes available screen reader software (for example, NVDA, JAWS, ZoomText) | [ ]  |
| Provides quality headphones and/or speakers of any brand that support a 3.5 mm connection (so that headphones or personal earbuds can be used) | [ ]  |
| Makes available qualified staff readers (Any staff member may accommodate upon request.)  | [ ]  |
| Makes available a large-print computer keyboard (for example, MAGic large-print keyboard or other quality keyboard with large-print keys) | [ ]  |
| Makes available speech amplification systems (for example, microphones and headphones or wireless headset microphones, ChatterVox voice amplifier, pocket talkers) | [ ]  |
| Makes available telephones with volume control and/or amplification devices to include handset amplifiers, large-button, hearing-aid compatible (HAC) (Phone system specific and at least one publicly accessible phone must be HAC compatible.)  | [ ]  |
| Makes available video text display phones, Video Relay Interpreting Services (VRIS), Video Relay Services (VRS) (for example, P3-Purple, Sorenson Video Relay Service, Cisco ClearCaption, existing TTY/TTD to serve as a backup to VRS or VRIS services or as a primary for areas with limited internet bandwidth) | [ ]  |
| Makes available interpreters—sign, oral, or cued speech (staff or contracted), Video Remote Interpreting Services (for example, staff or contractors, by appointment—with appointment requests made at least five business days in advance, LanguageLine solutions, UbiDuo by sComm) | [ ]  |
| Provides written materials for orientations, workshops, training, and so on (materials made available with requests made at least five business days in advance to produce content in formats such as braille and large-print or accessible digital content, based on request)  | [ ]  |
| Makes available a trackball mouse of good quality, with one per assistive technology workstation  | [ ]  |
| Makes available adjustable-height desks with adjustable keyboard tray, work tables, and chairs (for example, adjustable-height desk, quality adjustable chair, and keyboard tray at each assistive technology workstation)  | [ ]  |

* Provides continuous improvement in the local workforce system or local Board area in accordance with WIOA.

| Supports or has a plan in place for the achievement of the negotiated local levels of performance for the indicators of performance for the local area described in WIOA §116(b)(2) | [ ]   |
| --- | --- |

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Executive Director (Signature and Date)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
Printed Name of Staff Completing this Form (Name, Title, and Date)

I certify that this Workforce Solutions Office meets the WIOA One-Stop Certification
requirements in accordance with 20 CFR §678.800.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
Director, Workforce and Board Support (Signature and Date)

# List of Revisions

The tables below include a comprehensive list of the substantive changes made to this guide, including the revision date, the section revised, and a brief explanation of the specific revision.

Note: This guide also contains minor, nonsubstantive editorial changes that are not included in the List of Revisions.

July 2023

|  |  |
| --- | --- |
| **Section** | **Revisions** |
| A | Prior consistent state law reference replaced with §801.27 for workforce programs |
| B | Updated WIOA required and optional partners |
| C | Updated MOU requirements relating to §801.27 |
| C | Updated MOU-specific requirements for TVC and VR partnerships |
| D | Added information on *de minimis* exception to IFAs |
| Appendix D | Updated WIOA required and optional partners |
| Appendix F | Updated Table 6a with WIOA required and optional programs and funding limits |
| Appendix G | Updated program list with additional partner programs and additional checkboxes in order to identify type of access provided by each partner program |

December 2020

|  |  |
| --- | --- |
| **Section** | **Revisions** |
| C | Deleted the requirement that Boards jointly develop and adopt an MOU with the Texas Health and Human Services Commission |
| C | Clarified the relationship of interagency contracts to WIOA’s MOU and IFA requirements |

December 2019

|  |  |
| --- | --- |
| **Section** | **Revisions** |
| G | Added the federal appeals process |

1. Workforce partners’ funding contributions for infrastructure costs are subject to the workforce partner program’s administrative cost limitations and restrictions. The definition of administrative costs may also differ from one workforce partner program to the next. [↑](#footnote-ref-2)
2. Statutory caps for infrastructure funds are applicable only if the state funding mechanism is being implemented. [↑](#footnote-ref-3)
3. 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 does not limit the amount of funds that may be spent on administrative costs, VR agencies must report funds spent for infrastructure costs as administrative costs. [↑](#footnote-ref-4)
4. Pursuant to TEGL 17-16, issued January 18, 2017, and titled “Infrastructure Funding of the One-Stop Delivery System,” the TANF program infrastructure costs funded under the local funding mechanism may be administrative or program costs, according to whether the particular cost ordinarily meets the TANF definition of “administrative costs” at 45 Code of Federal Regulations (CFR) §263.0(b). Under the state funding mechanism, only administrative funds may be used to pay TANF infrastructure costs. (Page 10) [↑](#footnote-ref-5)
5. Pursuant to TEGL 17-16, Attachment III, “Native American programs… are strongly encouraged to contribute to infrastructure costs, but they are not required to make such contributions under WIOA.” [↑](#footnote-ref-6)
6. The purpose of the State Apprenticeship program is limited to supporting a portion of the costs of job-related classroom instruction in employers’ Registered Apprenticeship Programs (RAPs). [↑](#footnote-ref-7)
7. Pursuant to TEGL 16-21, Attachment I, National Dislocated Worker Grants (DWGs) are “funded through Title I of WIOA and are considered required one-stop partners in the local AJC network,” however, “most DWGs are awarded as supplemental funds to support an already existing Title I dislocated worker program, which renders them part of the existing local one-stop partnership. As such, DWG grant recipients that are currently one-stop partners would not be required to update or modify the existing Memoranda of Understanding (MOUs) or Infrastructure Funding Agreements (IFAs).” “DWGs awarded to grant recipients that are not already one-stop partners must engage with the local workforce development board to become a partner in the AJC network and be included in the local MOUs and IFA… no later than six months from the grant award date.” [↑](#footnote-ref-8)
8. Optional workforce partners are required to share in infrastructure costs when participating in the local workforce system; however, the state funding mechanism is not applicable to optional workforce partners. [↑](#footnote-ref-9)
9. The limiting percentages for VR increased 0.25 percent each PY as follows:

PY’18—limiting percentage was 1 percent of FY’17 federal VR funding;

PY’19—limiting percentage was 1.25 percent of FY’18 federal VR funding; and

PY’20 and subsequent years—limiting percentage is 1.5 percent of FY’19 (or applicable previous year) federal VR funding [↑](#footnote-ref-10)
10. TWC–established cap [↑](#footnote-ref-11)
11. The purpose of the State Apprenticeship program is limited to supporting a portion of the costs of job-related classroom instruction in employers’ Registered Apprenticeship Programs (RAPs). [↑](#footnote-ref-12)
12. In accordance with 20 CFR §678.738(c)(2), determination is based on previous fiscal year’s available funds and funds used, under §132 and §112 respectively of the Carl D. Perkins Career and Technical Education Act of 2006 (20 USC §2301 et seq.). [↑](#footnote-ref-13)
13. In accordance with 20 CFR §678.738(c)(6), based on local CSBG-eligible entity’s prior fiscal year combined expenditures and related administrative costs for employment and training services. [↑](#footnote-ref-14)