

CareerForce

Infrastructure Funding Agreements

Summary

An Infrastructure Funding Agreement (IFA) must be submitted at least every 3 years by Local Workforce Development Boards (LWDB) for each CareerForce Center (CFC) to ensure that all required one-stop partners are adequately contributing to the costs of Minnesota's one-stop system as defined in the Workforce Innovation and Opportunity Act (WIOA). The IFA must be included as part of the Memorandum of Understanding (MOU) of the CFC's Local Workforce Development Area (LWDA).

Relevant Laws, Rules, or Policies

WIOA Section 121(h)

[TEGL 17-16](#)

[20 CFR § 678.700-678.760](#)

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Who is required to be a part of an IFA?

19 required one-stop partner programs detailed in [20 CFR 678.400](#) are required to participate in IFA negotiations and contributions if they are present within a LWDA. The State requires SNAP E&T to be part of this list for IFAs to be acceptable. Native American programs must participate in MOU negotiations, but they are not required to make any IFA contributions. A list of these programs is below:

- WIOA Title I - Adult, Dislocated Worker, Youth and YouthBuild, Job Corps, Native American programs, and Migrant and seasonal farmworker programs.
- WIOA Title II – Adult Education and Family Literacy
- WIOA Title III – Wagner-Peyser
- WIOA Title IV – Vocational Rehabilitation Services/State Services for the Blind
- OAA, (Older Americans Act) Title V – SCSEP (Senior Community Service Employment Program)
- Supplemental Nutrition Assistance Program E&T
- Career & Technical Education Programs (post-secondary)
- Trade Adjustment Assistance
- Jobs for Veterans State Grants
- Community Services Block Grant E&T
- Housing & Urban Development E&T
- Unemployment Compensation
- Second Chance Act Grants
- Temporary Assistance for Needy Families (MFIP)

Contents of an IFA

An IFA must contain an annual estimated budget for the operations of CFC and an agreement on how the budget will be paid for by each required partner. The IFA must include both the infrastructure costs and any additional costs incurred as part of operating the system. All required partners must make a contribution to both infrastructure and additional costs.

Infrastructure Costs

All non-personnel costs necessary for the general operation of one-stop centers in an area including the following:

- Rental of the facilities
- Utilities and maintenance
- Common identifier costs (CareerForce signage, etc.)
- Equipment (including assessment-related products and assistive technology for individuals with disabilities), and
- Technology to facilitate access to the one-stop center, including technology used for the center's planning and outreach activities

Additional Costs

Additional costs are non-infrastructure costs necessary for the general operation of one-stop centers in an area and include the following:

- Personnel costs required to provide basic career services at one-stop centers, (such as initial intake, assessment of needs, appraisal of basic skills, identification of appropriate services to meet such needs, referrals to other one-stop partners, and business services).
- Any other non-infrastructure shared cost agreed upon as necessary for the operations of the one-stop system.

Allowable Types of IFA Contributions

All contributions to IFAs must be made in accordance with the principle that the cost the contribution is being made towards is allowable, reasonable, necessary, and allocable.

(c) Cash, non-cash, and third-party in-kind contributions may be provided by one-stop partners to cover their proportionate share of infrastructure costs.

(1) Cash contributions are cash funds provided to the Local WDB or its designee by one-stop partners, either directly or by an interagency transfer.

(2) Non-cash contributions are comprised of—

(i) Expenditures incurred by one-stop partners on behalf of the one-stop center; and

(ii) Non-cash contributions of goods or services contributed by a partner program and used by the one-stop center.

(3) Non-cash contributions, especially those set forth in paragraph (c)(2)(ii) of this section, must be valued consistent with 2 CFR 200.306 to ensure they are fairly evaluated and meet the partners' proportionate share.

(4) Third-party in-kind contributions are:

(i) Contributions of space, equipment, technology, non-personnel services, or other like items to support the infrastructure costs associated with one-stop operations, by a non-one-stop partner to support the one-stop center in general, not a specific partner; or

(ii) Contributions by a non-one-stop partner of space, equipment, technology, non-personnel services, or other like items to support the infrastructure costs associated with one-stop operations, to a one-stop partner to support its proportionate share of one-stop infrastructure costs.

IFA Requirements

Cost Reconciliation

Because an IFA can last up to 3 years the annual estimated budget must be reconciled annually and shared with all parties. The State's fiscal operations require that the WIOA-mandated reconciliation of budgets within IFAs occurs by, at the latest, each year by the first business day of the month of April. Reconciling costs on IFAs does not require a re-approval of an area's MOU.

IFA Submission and Amendment Timelines

Because of the State's fiscal operations, any amendment of an existing IFA can only occur between the first business day of the month of April and the first business day of the month of June to allow for the State's fiscal processes to be complete by 6/30 of every year.

The State mandates that if the master lease of a CFC or DEED's sublease expires before the end of a CFC's IFA, the IFA must be re-approved by all relevant parties to be effective the first day of either the new or renewed lease. This requirement ensures accurate billing through any possible space changes within a CFC.

Any new MOU must be accompanied by a new IFA unless the MOU specifies that existing IFAs are remaining in place for a period of up to 6 months after the finalization of the MOUs.

If a substantial change, as interpreted by local management, occurs within a CFC local partners can request that the IFA be amended to more accurately reflect the actual allocation of infrastructure costs in the location. Examples of how this could happen include but are not limited to: a number of staff either enter or exit the location; the size of the leased space decreases or increases; many computers that use state internet are installed at the location.

If an IFA is not submitted and finalized as described in any of the above circumstances, the State Funding Mechanism (SFM) replaces any operational cost sharing agreement in place at the CFC. The process for determining the allocations contained in the SFM begin immediately after the expiration date of the current IFA if a new one has not been submitted to DEED by that time. The implementation of the SFM is described in detail later in this policy.

OPTIONAL Cost Allocation Methodology Table

The cost allocation methodology outlined in the table below is preferred to be used in IFAs when a DEED operated program is present in a CFC. DEED will make an IFA template available that utilized the below methodology.

DEED Preferred IFA Cost Allocation Methodology						
Cost	Usage	FTEs	WF1 data	Career Lab Allocation	Total Space	Location
Dedicated Space	100%					
Shared Space	100%					
Common Space					100%	
Reception Expenses		50%	50%			
Career Lab Expenses				100%		
Career Lab MFDs				100%		
State Internet	100%					
Shared Phones						100%
Security		(1/3)	(1/3)	(1/3)		

Table Methodologies Described

Usage. For dedicated and shared space- whichever organization is using the space should be attributed the space on the IFA. Some unused space may not be clearly within an organization's area in a building; if this is the case a local agreement should be reached as to how to allocate the space's cost and indicated as such on the IFA.

If shared space isn't being utilized the master lease holder should take the majority of cost of the shared space for the portion of time it is not being utilized. For example, if no one is using a workshop room 60% of the time then the master lease holder should be responsible for most of the cost of the room for that 60% non-utilized time when determining how to split the space based on usage data.

Staff PCs that use MN.IT internet are tracked as such on the IFA and attributed to the organization that uses them. Other PCs that use MN.IT internet are also tracked on the IFA and are allocated based on their location, (career lab PCs by career lab allocation %; shared space PCs by shared space allocation %).

FTEs. The number of full-time equivalents on site. Staff with office space at multiple sites may not be counted as more than one FTE, with fractions totaling one FTE being allocated across the multiple sites. Vacant or unfilled positions must be included in the FTE count.

***FTE Exemptions** – Program FTE exemptions from allocation of reception costs are allowed if the program can document/attest to the fact that these customers do not receive direct services out of their assigned (by WF1) CFC. Current exemptions include:*

- *Youth participants from Title IB and Title IV*
- *Title VII program of State Services for the Blind, (SSB "u" only, not SSB "w"), for visually impaired individuals*
- *Supervisory FTEs*

Workforce One Data (WF1). Workforce One participant enrollments will be used for the allocation of 50% of a CFC's reception related expenses. A date is chosen near the beginning of the calendar year to count all active enrollees in WF1 in a CFC to populate the IFA with. DEED staff provide and pre-populate the IFAs with this data prior to them being sent to local CFC management.

Career Lab Allocation. A locally negotiated allocation that is preferred by DEED to be based off of DEED-provided Cybrarian data. Cybrarian data will be provided to show how many Cybrarian logins occurred from individuals who list a social security number in their Cybrarian/Minnesotaworks.net account that is also actively enrolled in a Workforce One program at the time they log in to a resource area PC with Cybrarian software present.

If Cybrarian is not present at a location a local agreement should be reached that best attempts to reflect the traffic of customers in to a CFC by organization.

Total Space. The sum of dedicated and shared space per organization as indicated on the IFA.

Location. Shared phones should be split by the allocation of the space they are in. For example, career lab shared phones should be split by the career lab allocation, break room phones should be split by the common space allocation, etc.

Dispute Resolution

If the partners are not able to reach agreement on an IFA, the local workforce development board will convene all partners and attempt to resolve the dispute. If an agreement still cannot be reached, the local workforce development board must notify DEED that an impasse has been reached. DEED will review the process and make a dispute resolution recommendation. If this is not successful the SFM will take effect for that CFC, taking into consideration the distribution and allocation of services of all required partners within the local area.

THE STATE FUNDING MECHANISM (SFM)

If the Local WDB, local elected official, and required one-stop partners in a local area do not reach consensus agreement on methods of sufficiently funding the costs of infrastructure of all of their one-stop centers for a fiscal year, the State funding mechanism is applicable to the local area for the applicable state fiscal year.

In the State funding mechanism, the Governor, subject to limitations, determines one-stop partner contributions after consultation with the chief elected officials, Local WDBs, and the State WDB. This determination involves:

- (1) The application of a budget for one-stop infrastructure costs as described in regulation Sec. 20 CFR 678.735, (all regulation numbers in this section pertain to Sec. 20 CFR), based on either agreement reached in the local area negotiations or the State WDB formula outlined in regulation 678.745;
- (2) The determination of each local one-stop partner program's proportionate use of the one-stop delivery system and relative benefit received, consistent with the Uniform Guidance at 2 CFR part 200, including the Federal cost principles, the partner programs' authorizing laws and regulations, and other applicable legal requirements described in regulation 678.736; and
- (3) The calculation of required statewide program caps on contributions to infrastructure costs from one-stop partner programs in areas operating under the State funding mechanism as described in regulation 678.738.

The Governor is limited to determining the infrastructure cost contributions for some one-stop partner programs under the State funding mechanism in the following situations:

(1) The Governor will not determine the contribution amounts for infrastructure funds for Native American program grantees described in regulation part 684. The appropriate portion of funds to be provided by Native American program grantees to pay for one-stop infrastructure must be determined as part of the development of the MOU described in 678.500 and specified in the MOU.

(2) In States in which the policy-making authority is placed in an entity or official that is independent of the authority of the Governor with respect to the funds provided for adult education and literacy activities authorized under title II of WIOA, postsecondary career and technical education activities authorized under the Carl D. Perkins Career and Technical Education Act of 2006, or VR services authorized under title I of the Rehabilitation Act of 1973 (other than sec. 112 or part C), as amended by WIOA title IV, the determination of the amount each of the applicable partners must contribute to assist in paying the infrastructure costs of one-stop centers must be made by the official or chief officer of the entity with such authority, in consultation with the Governor.

Any duty, ability, choice, responsibility, or other action otherwise related to the determination of infrastructure costs contributions that is assigned to the Governor in regulation 678.730 through 678.745 also applies to this decision-making process performed by the official or chief officer described in paragraph in paragraph (2) above.

To initiate the State funding mechanism, a Local WDB that has not reached consensus on methods of sufficiently funding local infrastructure through the local funding mechanism as provided in regulation 678.725 must notify the Governor by the deadline established by the Governor in the IFA policy.

Once a Local WDB has informed the Governor that no consensus has been reached:

(1) The Local WDB must provide the Governor with local negotiation materials in accordance with regulation 678.735(a).

(2) The Governor must determine the one-stop center budget by either:

(i) Accepting a budget previously agreed upon by partner programs in the local negotiations, in accordance with regulation 678.735(b)(1); or

(ii) Creating a budget for the one-stop center using the State WDB formula (described in regulation 678.745) in accordance with regulation 678.735(b)(3).

(3) The Governor then must establish a cost allocation methodology to determine the one-stop partner programs' proportionate shares of infrastructure costs.

(4)(i) Using the methodology established in this policy, and taking into consideration the factors concerning individual partner programs listed in regulation 678.737(b)(2), the Governor must determine each partner's proportionate share of the infrastructure costs, and

(ii) In accordance with regulation 678.730(c), in some instances, the Governor does not determine a partner program's proportionate share of infrastructure funding costs, in which case it must be determined by the entities named under the limitation section of the IFA policy.

(5) The Governor must then calculate the statewide caps on the amounts that partner programs may be required to contribute toward infrastructure funding, according to the steps found in regulation 678.738(a)(1) through (4).

(6) The Governor must ensure that the aggregate total of the infrastructure contributions according to proportionate share required of all local partner programs in local areas under the State funding mechanism do not exceed the cap for that particular program. If the total does not exceed the cap, the Governor must direct each one-stop partner program to pay the amount determined toward the infrastructure funding costs of the one-stop center. If the total does exceed the cap, then to determine the amount to direct each one-stop program to pay, the Governor may:

(i) Ascertain whether the local partner or partners whose proportionate shares are calculated above the individual program caps are willing to voluntarily contribute above the capped amount to equal that program's proportionate share; or

(ii) Choose from the options provided in regulation 678.738(b)(2)(ii), including having the local area re-enter negotiations to reassess each one-stop partner's proportionate share and make adjustments or identify alternate sources of funding to make up the difference between the capped amount and the proportionate share of infrastructure funding of the one-stop partner.

(7) If none of the solutions given in paragraphs (b)(6)(i) and (ii) of IFA regulation prove to be viable, the Governor must reassess the proportionate shares of each one-stop partner so that the aggregate amount attributable to the local partners for each program is less than that program's cap amount. Upon such reassessment, the Governor must direct each one-stop partner program to pay the reassessed amount toward the infrastructure funding costs of the one-stop center.

If a local area has reached agreement as to the infrastructure budget for the one-stop centers in the local area, it must provide this budget to the Governor. If, as a result of the agreed upon infrastructure budget, only the individual programmatic contributions to infrastructure funding based upon proportionate use of the one-stop centers and relative benefit received are at issue, the Governor may accept the budget, from which the Governor must calculate each partner's contribution consistent with the cost allocation methodologies contained in the Uniform Guidance.

The Governor may also take into consideration the extent to which the partners in the local area have agreed in determining the proportionate shares, including any agreements reached at the local level by one or more partners, as well as any other element or product of the negotiating process provided to the Governor as required by paragraph (a) of this section.

If a local area has not reached agreement as to the infrastructure budget for the one-stop centers in the local area, or if the Governor determines that the agreed upon budget does not adequately meet the needs of the local area or does not reasonably work within the confines of the local

area's resources in accordance with the Governor's one-stop budget guidance (which is required to be issued by WIOA Sec. 121(h)(1)(B) and under regulation 678.705), then in accordance with regulation 678.745, the Governor must use the formula developed by the State WDB based on at least the factors required under regulation 678.745, and any associated weights to determine the local area budget.

Once the appropriate budget is determined for a local area through either method described in regulation 678.735 (by acceptance of a budget agreed upon in local negotiation or by the Governor applying the formula in regulation 678.745), the Governor must determine the appropriate cost allocation methodology to be applied to the one-stop partners in such local area, consistent with the Federal cost principles permitted under 2 CFR part 200, to fund the infrastructure budget.

The Governor must use the cost allocation methodology—as determined under Sec. 678.736—to determine each partner's proportionate share of the infrastructure costs under the State funding mechanism, subject to considering the factors described in paragraph (b)(2) of this section.

(2) In determining each partner program's proportionate share of infrastructure costs, the Governor must take into account the costs of administration of the one-stop delivery system for purposes not related to one-stop centers for each partner (such as costs associated with maintaining the Local WDB or information technology systems), as well as the statutory requirements for each partner program, the partner program's ability to fulfill such requirements, and all other applicable legal requirements. The Governor may also take into consideration the extent to which the partners in the local area have agreed in determining the proportionate shares, including any agreements reached at the local level by one or more partners, as well as any other materials or documents of the negotiating process, which must be provided to the Governor by the Local WDB and described in Sec. 678.735(a).

Determining Caps on Contributions

(a) The Governor must calculate the statewide cap on the contributions for one-stop infrastructure funding required to be provided by each one-stop partner program for those local areas that have not reached agreement. The cap is the amount determined under paragraph (a)(4) of this section, which the Governor derives by:

(1) First, determining the amount resulting from applying the percentage for the corresponding one-stop partner program provided in paragraph (d) of this section to the amount of Federal funds provided to carry out the one-stop partner program in the State for the applicable fiscal year;

(2) Second, selecting a factor (or factors) that reasonably indicates the use of one-stop centers in the State, applying such factor(s) to all local areas in the State, and determining the percentage of such factor(s) applicable to the local areas that reached agreement under the local funding mechanism in the State;

(3) Third, determining the amount resulting from applying the percentage determined in paragraph (a)(2) of this section to the amount determined under paragraph (a)(1) of this section

for the one-stop partner program; and

(4) Fourth, determining the amount that results from subtracting the amount determined under paragraph (a)(3) of this section from the amount determined under paragraph (a)(1) of this section. The outcome of this final calculation results in the partner program's cap.

(b)(1) The Governor must ensure that the funds required to be contributed by each partner program in the local areas in the State under the State funding mechanism, in aggregate, do not exceed the statewide cap for each program as determined under paragraph (a) of this section.

(2) If the contributions initially determined under Sec. 678.737 would exceed the applicable cap determined under paragraph (a) of this section, the Governor may:

(i) Ascertain if the one-stop partner whose contribution would otherwise exceed the cap determined under paragraph (a) of this section will voluntarily contribute above the capped amount, so that the total contributions equal that partner's proportionate share. The one-stop 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; or

(ii) Direct or allow the Local WDB, chief elected officials, and one-stop 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 one-stop partner; or identify alternative sources of financing for one-stop infrastructure funding, consistent with the requirement that each one-stop partner pay an amount that is consistent with the proportionate use of the one-stop center and relative benefit received by the partner, the program's authorizing laws and regulations, the Federal cost principles in 2 CFR part 200, and other applicable legal requirements.

(3) If applicable under paragraph (b)(2)(ii) of this section, the Local WDB, chief elected officials, and one-stop partners, after renegotiation, may come to agreement, sign an MOU, and proceed under the local funding mechanism. Such actions do not require the redetermination of the applicable caps under paragraph (a) of this section.

(4) If, after renegotiation, agreement among partners still cannot be reached or alternate financing cannot be identified, the Governor may adjust the specified allocation, in accordance with the amounts available and the limitations described in paragraph (d) of this section. In determining these adjustments, the Governor may take into account information relating to the renegotiation as well as the information described in Sec. 678.735(a).

(c) Limitations. Subject to paragraph (a) of this section and in accordance with WIOA Sec. 121(h)(2)(D), the following limitations apply to the Governor's calculations of the amount that one-stop partners in local areas that have not reached agreement under the local funding mechanism may be required under Sec. 678.736 to contribute to one-stop infrastructure funding:

Program Title	Limitation	Program Title	Limitation
Title IB (Youth, Adult, DW)	3.00%	Temporary Asst. Needy Families	1.50%
Title II - AFLA	1.50%	Sup. Nut. Assistant Program E&T	1.50%
Title III – Wagner-Peyser	3.00%	Community Serv. Block Grant	1.50%
Title IV – VRS/SSB	1.50%	Jobs for Veterans State Grants	1.50%
Unemployment Compensation	1.50%	Trade Adjustment Assistance	1.50%
Job Corps	1.50%	Sr. Community Ser. Emp. Program	1.50%
Carl Perkins	1.50%	Native American Programs	1.50%
YouthBuild	1.50%	Housing & Urban Development	1.50%
Natl. Farmworker Jobs Program	1.50%	Second Chance Act Grants	1.50%

Federal direct spending programs. For local areas that have not reached a one-stop infrastructure funding agreement by consensus, an entity administering a program funded with direct Federal spending, as defined in Sec. 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985, as in effect on February 15, 2014 (2 U.S.C. 900(c)(8)), must not be required to provide more for infrastructure costs than the amount that the Governor determined.

For programs for which it is not otherwise feasible to determine the amount of Federal funding used by the program until the end of that program’s operational year—because, for example, the funding available for education, employment, and training activities is included within funding for the program that may also be used for other unrelated activities—the determination of the Federal funds provided to carry out the program for a fiscal year may be determined by:

1. The percentage of Federal funds available to the one-stop partner program that were used by the one-stop partner program for education, employment, and training activities in the previous fiscal year for which data are available; and
2. Applying the percentage determined under paragraph (d)(1) of this section to the total amount of Federal funds available to the one-stop partner program for the fiscal year for which the determination under paragraph (a)(1) of this section applies.

In the State funding mechanism, infrastructure costs for WIOA title I programs, including Native American Programs described in part 684 of this chapter, may be paid using program funds, administrative funds, or both. Infrastructure costs for the Senior Community Service Employment Program under title V of the Older Americans Act (42 U.S.C. 3056 et seq.) may also be paid using program funds, administrative funds, or both.

In the State funding mechanism, infrastructure costs for other required one-stop partner programs (listed in Secs. 678.400 through 678.410) are limited to the program’s administrative funds, as appropriate.

In the State funding mechanism, infrastructure costs for the adult education program authorized by title II of WIOA must be paid from the funds that are available for local administration and may be paid from funds made available by the State or non-Federal resources that are cash, in-

kind, or third-party contributions.

In the State funding mechanism, infrastructure costs for the Carl D. Perkins Career and Technical Education Act of 2006 must be paid from funds available for local administration of postsecondary level programs and activities to eligible recipients or consortia of eligible recipients and may be paid from funds made available by the State or non-Federal resources that are cash, in-kind, or third-party contributions.

The State Formula

The State WDB must develop a formula to be used by the Governor under Sec. 678.735(b)(3) in determining the appropriate budget for the infrastructure costs of one-stop centers in the local areas that do not reach agreement under the local funding mechanism and are, therefore, subject to the State funding mechanism. The formula identifies the factors and corresponding weights for each factor that the Governor must use, which must include: the number of one-stop centers in a local area; the population served by such centers; the services provided by such centers; and any factors relating to the operations of such centers in the local area that the State WDB determines are appropriate. As indicated in Sec. 678.735(b)(1), if the local area has agreed on such a budget, the Governor may accept that budget in lieu of applying the formula factors.

The State Funding Formula will be based on the following analysis:

1. The number of WorkForce Centers in the local area and total operational costs of WFCs.
2. The total number and ratio of workforce participants, including disparately impacted populations included in the state plan using the WorkForce Centers.
3. The availability/accessibility of services by core and required programs.

The analysis of WFC costs will be used to establish the total budgeting level for the WFC in question. The budget determined by the State Board should not vary more than 15% from the originally submitted budget for local areas with only 1 WFC, or the average cost of all WFCs within the local area. Variances above that amount may require reclassification of the WFC or adjusting of IFA contributions, based on the analysis of #2 and #3.

Appeals of the SFM

(a) The Governor must establish a process, described under sec. 121(h)(2)(E) of WIOA, for a one-stop partner administering a program described in Secs. 678.400 through 678.410 to appeal the Governor's determination regarding the one-stop partner's portion of funds to be provided for one-stop infrastructure costs. This appeal process must be described in the Unified State Plan.

(b) The appeal may be made on the ground that the Governor's determination is inconsistent with proportionate share requirements in Sec. 678.735(a), the cost contribution limitations in Sec. 678.735(b), the cost contribution caps in Sec. 678.738, consistent with the process described in the State Plan.

(c) The process must ensure prompt resolution of the appeal in order to ensure the funds are distributed in a timely manner, consistent with the requirements of Sec. 683.630 of this chapter.

(d) The one-stop partner must submit an appeal in accordance with State's deadlines for appeals specified in the guidance issued under Sec. 678.705(b)(3), or if the State has not set a deadline, within 21 days from the Governor's determination.