Workforce Arizona Council
ARIZONA@WORK Job Center Memorandum of Understanding
and Infrastructure Costs Policy

POLICY NAME: ARIZONA@WORK Job Center Memorandum of Understanding and Infrastructure Costs Policy

POLICY NUMBER: 04

EFFECTIVE DATE: February 23, 2023

ISSUING AGENCY: Workforce Arizona Council

SCOPE: Workforce Arizona Council (Council), Arizona Department of Economic Security (DES) Staff, Arizona Department of Education (ADE) Staff, Arizona Commerce Authority - Office of Economic Opportunity (ACA/OEO) Staff, Local Workforce Development Boards (LWDBs), Local Workforce Administrative Entities, and Workforce System Stakeholders

REFERENCES: Title I of the Workforce Innovation and Opportunity Act (WIOA) of 2014, (Pub. L. 113-128); WIOA Final Regulations, 20 CFR Part 678 Description of the One-Stop System Under Title I of the WIOA; 2 CFR 200, Uniform Guidance for Federal Financial Assistance, as applicable.

OBJECTIVE: This policy provides Local Workforce Development Boards (LWDBs) and other workforce system partners instruction and guidance regarding the administration of ARIZONA@WORK Job Center Service Delivery system.

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I. Definitions

The One-Stop Delivery System brings together workforce development, educational, and other human services in a seamless customer-focused service delivery network that enhances access to the programs' services and improves long-term employment outcomes for individuals receiving assistance. ARIZONA@WORK partners administer separately funded programs as a set of integrated streamlined services to job seeker and employer customers.

American Job Centers, also referred to as the one-stop delivery system, are known as

ARIZONA@WORK Job Centers.

The State Workforce Development Board is called the Workforce Arizona Council (Council). Arizona Commerce Authority - Office of Economic Opportunity serves as staff to the Council.

The Arizona Department of Economic Security (DES) serves as the State Administrative Entity for WIOA Title I, III, and IV funds.

The Arizona Department of Education (ADE) serves as the State Administrative Entity for WIOA Title II funds.

Limiting Percentage: The statutory percentages listed in [WIOA sec. 121(h)(2)(D)] that are applied to the total Federal funds received by a specific program in order to calculate the cap.

Maximum Potential Cap (MPC): The maximum amount that a program cap can be, only applicable if every Local Area within a State falls under the State funding mechanism.

Determining Factor: The factor used by the Governor to reasonably indicate the use of one-stop centers.

Consensus Area Factor Percentage: The percentage of the determining factor that can be attributed to Local Areas which reach consensus.

II. Memorandum of Understanding for the One-Stop Delivery System

The Memorandum of Understanding (MOU) is a document that outlines the responsibilities and agreements between the LWDBs, CEOs, and other partners in the local workforce development system under WIOA. The MOU is the product of local discussion and negotiation, and is an agreement developed and executed between the Local WDB and the one-stop partners, with the agreement of the chief elected official and the one-stop partners, relating to the operation of the one-stop delivery system in the local area.

The MOU may include provisions on the allocation of responsibilities, the use of WIOA funds, and the process for resolving disputes. It may also include performance measures and targets for the local workforce development system.

A. A single "umbrella" MOU may be developed to address issues relating to the local one-stop delivery system for the LWDBs, CEOs and all partners. Alternatively, the LWDB (with agreement of the CEOs) may enter into separate agreements between each partner or groups of partners.

B. Since funds are generally appropriated annually, the LWDB may negotiate financial agreements with each partner annually to update funding of services and operating costs of the system under the MOU.

C. The MOU, whether an umbrella MOU or separate partner agreements, must include:

   a. A detailed description of services to be provided through the one-stop delivery system, including the methods of coordination and delivery among all components of the system;

   b. A final plan, or an interim plan if needed, on how the costs of the services and the operating costs of the system will be funded, including:

      i. Funding of infrastructure costs of one-stop centers
      ii. Funding of the shared services and operating costs of the one-stop delivery system
      iii. Methods for referring individuals between the one-stop operators and between partner programs for appropriate services and activities;
      iv. Methods to ensure that the needs of workers, youth, and individuals with barriers to employment, including individuals with disabilities, are addressed in providing access to services, including access to technology and materials that are available through the one-stop delivery system;
      v. Methods to ensure all partners of the MOU/IFA comply with the agreed upon initiatives, processes, procedures and vision as defined by the local workforce development board;
      vi. The duration of the MOU and procedures for amending it;
      vii. Assurances that each MOU will be reviewed, and if substantial changes have occurred, renewed, not less than once every 3-years to ensure appropriate funding and delivery of services; and
      viii. Any other provisions agreed to by the parties that are consistent with WIOA title I, the authorizing statutes and regulations of one-stop partner programs, and the WIOA regulations. This includes personnel rules and regulations and collective bargaining agreements of the respective partner entities.
      ix. When fully executed, the MOU must contain the signatures of the LWDB, one-stop partners, the CEOs(s), and the time period in which the agreement is effective.
      x. The MOU must be updated at a minimum, every 3 years, to reflect any changes in the signatory official of the Board, one-stop partners, and CEOs, or one-stop infrastructure funding. If a one-stop partner appeals to DES regarding infrastructure costs which results in a change to the one-stop partner’s infrastructure cost contributions, the MOU must be updated to reflect the final one-stop partner

infrastructure cost contributions.

III. MOU Development Process

The MOU is a result of local discussions and negotiations in good faith between LWDBs, CEOs and one-stop partners. The MOU should accurately reflect the partnerships and cooperation between the parties.

A. LWDBs, CEOs , and one-stop partners may request assistance from the State agency responsible for administering the partner program, the Governor, the Council, or other appropriate parties.

B. In the MOU, LWDBs and one-stop partners must establish a plan for how the LWDBs and programs will fund the infrastructure costs of the one-stop centers.

   If a final plan regarding infrastructure costs is not complete when other sections of the MOU are ready, an interim infrastructure funding agreement may be included instead.

C. The interim infrastructure agreement must be finalized within 6 months of when the MOU is signed. If the interim infrastructure agreement is not finalized within that time frame, the LWDBs must notify the Council or the Governor.

D. Once the final infrastructure cost plan is approved, the LWDBs and one-stop partners must amend the MOU to include the final plan for funding infrastructure costs of the one-stop centers, including a description of the funding mechanism established by the Council.

E. The LWDB must report to the Council, Governor, relevant State agency, and other appropriate parties when MOU negotiations with one-stop partners have reached an impasse.

F. The LWDB and partners must document the negotiations and efforts that have taken place in the MOU. The Council, one-stop partner programs, and the Governor may consult with the appropriate federal agencies to address impasse situations related to issues other than infrastructure funding after attempting to address the impasse. Impasses related to infrastructure cost funding must be resolved using the State infrastructure cost funding mechanism.

G. The LWDBs must report failure to execute an MOU with a required partner to the Governor, the Council, and the State agency responsible for administering the partner's program. Additionally, if the State cannot assist the LWDB in resolving the impasse, the Governor or the Council must report the failure to the Secretary of Labor and to the head of any other Federal agency with responsibility for oversight of a partner's program.

IV. One-Stop Infrastructure Costs

One-stop infrastructure costs refer to the costs associated with establishing and maintaining the physical space and infrastructure for one-stop centers. Infrastructure costs should represent the shared costs for an integrated local workforce system, which includes, but is not exclusive to the physical job centers. These may include costs for leasing or purchasing office space, furnishing and equipping the space, and installing and maintaining technology and equipment. One-stop infrastructure costs may also include costs for utilities, maintenance, and other expenses related to the operation of the one-stop center. LWDBs, CEOs, and one-stop partners must use the ARIZONA@WORK Infrastructure Funding Agreement template during the MOU development process.

A. Each entity that carries out programs or activities in a local one-stop center must use a portion of the funds available for the programs and activities to maintain integrated service delivery, including payment of the infrastructure costs of one-stop centers. These payments must be in accordance with 20 CFR 678.700; Federal cost principles, which require that all costs must be allowable, reasonable, necessary, and allocable to the program; and all other applicable legal requirements.

B. The LWDB, CEOs, and one-stop partners must agree to the method of calculating the amounts each partner will contribute for one-stop infrastructure funding, including the infrastructure funding terms in the MOU, and sign the MOU. The local one-stop funding mechanism must meet all of the following requirements:

    a. The infrastructure costs are funded through cash and fairly evaluated in-kind partner contributions and include any funding from philanthropic organizations or other private entities, or through other alternative financing options, to provide a stable and equitable funding stream for ongoing one-stop delivery system operations;

    b. Contributions must be negotiated between one-stop partners, CEOs, and the LWDB and the amount to be contributed must be included in the MOU;

    c. The one-stop partner program’s proportionate share of funding must be calculated in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR part 200 based upon a reasonable cost allocation methodology whereby infrastructure costs are charged to each partner in proportion to relative benefits received, and must be allowable, reasonable, necessary, and allocable;

    d. Partner shares must be periodically reviewed and reconciled against actual costs incurred, and adjusted to ensure that actual costs charged to any one-stop partners are proportionate and equitable.

V. State-Funding Mechanism for Infrastructure Costs

A. If the LWDB, CEOs , and one-stop partners in a local area do not reach consensus on methods of sufficiently funding local infrastructure costs through the local funding mechanism, and include that consensus agreement in the signed MOU, then the LWDB must notify the Governor, the Council, and the Superintendent of Education in writing at least 60 calendar days prior to the required date of execution for the MOU.

B. Once notified, the Council staff will apply the State funding mechanism, as described in this policy, for the program year impacted by the local area's failure to reach consensus and make a recommendation to the Governor and the Superintendent of Education, who must administer funding through the State funding mechanism.

   a. The State funding mechanism applies to allocation of infrastructure costs only as defined in section IV of this policy. The State funding mechanism is not used to determine partner contributions related to additional costs including career services, shared operating costs, and shared services.

   b. The Superintendent of Education, in consultation with the Council and/or the Governor, will make the determination of the amount that each of the applicable partners must contribute. The amount determined will assist in paying the infrastructure costs of one-stop centers with respect to the funds provided for adult education and literacy activities authorized under title II of WIOA, and postsecondary career and technical education activities authorized under the Carl D. Perkins Career and Technical Education Act of 2006.

   c. The appropriate portion of funds to be provided by the Native American program grantees to pay for one-stop infrastructure must be determined as part of the MOU development described in section III of this policy. The State funding mechanism will not determine the contribution amounts for infrastructure funds for Native American program grantees described in part 684 of the WIOA Final rules.

C. The LWDB must provide the Council, Governor and the Superintendent of Education with local negotiation materials including:

   a. The most recent version of the ARIZONA@WORK Infrastructure Funding Agreement template with attachments A through D related to infrastructure costs;

b. The cost allocation method being used to determine proportionate use and relative benefit as proposed by the partners;

c. Any back up documentation or calculations related to attachment A through D in the ARIZONA@WORK Infrastructure Funding Agreement template;

d. The amount of total partner funds included and the type of funds or non-cash contributions;

e. A brief written description of the areas of agreement and disagreement related to the allocation of infrastructure funding costs as currently proposed by the partners.

D. Based on the materials provided, an infrastructure budget will be created for use in the State funding mechanism based on the following:

a. If the infrastructure budget submitted by the LWDB has been agreed upon by all of the partners, and the only issue is the individual programmatic contributions to infrastructure funding based upon proportionate use of the one-stop centers and relative benefit received, the State funding mechanism will use this budget to calculate each partner's contribution; or

b. If the infrastructure budget submitted by the LWDB has not been agreed upon by all of the partners, the Council staff will consult with the LWDB to determine the areas of disagreement and solutions, and the reasons supporting the alternative budget. The State funding mechanism will be calculated based on multiple budgets to determine which budget option is most reasonable, supported by documentation of the costs, and in congruence with the requirements of WIOA.

c. ARIZONA@WORK Job Center partners may provide cash, non-cash, and third-party in-kind contributions to cover their proportionate share of infrastructure costs. If non-cash or in-kind contributions are used, they cannot include non-infrastructure costs (such as personnel).

E. Under the State funding formula, all required one-stop partners must contribute to infrastructure costs of the one-stop centers based on proportionate use and relative benefits received. The measure used to determine proportionate use and relative benefits received to each ARIZONA@WORK Job Center partner is based upon the percentage of each co-located ARIZONA@WORK Job Center partner's occupancy in each ARIZONA@WORK Job Center location.

a. All ARIZONA@WORK Job Center partners' shares in infrastructure costs must be necessary, reasonable, and allocable to their program based upon relative benefits received.

F. The Statewide funding mechanism is used to calculate the statewide caps to determine the maximum amounts that required partners could be required to contribute toward infrastructure costs.

   a. There are no statewide caps for additional partners, because the State funding mechanism does not apply to them.

   b. The caps only restrict those partners in Local Areas which could not reach consensus in the local funding mechanism negotiations.

   c. If more than one local area in a State falls under the State funding mechanism, it is the aggregate of the infrastructure cost contributions for each required partner in these local areas that is restricted by the caps.

G. The Governor must ensure the proportionate share of the infrastructure costs that the State funding formula has determined would be required of each local partner in a non-consensus area does not exceed the applicable statewide program cap.

H. In accordance with [WIOA 121(h)(2)(E)], if a one-stop partner wishes to appeal the Governor’s determination regarding the partner’s portion of funds to be provided for one-stop infrastructure costs, the partner may submit a written appeal to the Council within 30 calendar days of the Governor’s determination. Appeals submitted after this time will not be considered. The Council must consider and respond in writing to such an appeal within 30 calendar days of its receipt.

CONTACT ENTITY: Inquiries regarding this policy should be directed to the Workforce

Arizona Council staff at Workforce.Council@oeo.az.gov.