

ARIZONA@WORK Job Center MOU and Infrastructure Costs Policy

**05-2016** **ARIZONA@WORK Job Center MOU and Infrastructure Costs**

**ISSUING AGENCY:** State Workforce Development Board

**SCOPE:** State Workforce Development Board, Arizona Department of Economic Security, Arizona Department of Education, Arizona Commerce Authority/Office of Economic Opportunity, Local Workforce Development Boards, Local Workforce Administrative Entities, One-Stop Operators, 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.

**EFFECTIVE DATE:** **February 16, 2017**

**OBJECTIVE:** This policy provides local workforce development boards and other workforce system partners with instruction and guidance regarding the administration of ARIZONA@WORK Job Center Service Delivery system. Note: The term one-stop delivery system is used interchangeably with 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 resource 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. One-stop partners administer separately funded programs as a set of integrated streamlined services to job seeker and employer customers. (20 CFR 678.300)

In Arizona, American Job Centers, also referred to as the one-stop delivery system, are known as **ARIZONA@WORK Job Centers**.

In Arizona, **the State Workforce Development Board** is called the **Workforce Arizona Council (WAC)**.

In Arizona, the **State Administrative Entity** is the Arizona Department of Economic Security for WIOA Title I, III, and IV funds and the Arizona Department of Education for WIOA Title II funds.

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- II. Memorandum of Understanding for the One-Stop Delivery System:** The memorandum of understanding (MOU) is an agreement relating to the operation of the one-stop delivery system in the local area. The Local Board develops the MOU through local discussion and negotiation, and executes the agreement between the Local Board, the chief elected official, and the one-stop partners. Two or more local areas in a region may develop a single joint MOU, if they are in a region that has submitted a regional plan under sec. 106 of WIOA. (20 CFR 678.500)
- a). A single "umbrella" MOU may be developed that addresses the issues relating to the local one-stop delivery system for the Local Board, chief elected official and all partners. Alternatively, the Local Board (with agreement of chief elected official) may enter into separate agreements between each partner or groups of partners. (20 CFR 678.505)
  - b). Since funds are generally appropriated annually, the Local Board 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 (20 CFR 678.500b):
    1. A detailed description of services to be provided through the one-stop delivery system, including the manner in which the services will be coordinated and delivered through all components of the system;
    2. 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 in accordance with §§ 678.700 through 678.755; and
      - (ii). Funding of the shared services and operating costs of the one-stop delivery system described in § 678.760;
    3. Methods for referring individuals between the one-stop operators and partners for appropriate services and activities;
    4. 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;
    5. The duration of the MOU and procedures for amending it;
    6. Assurances that each MOU will be reviewed, and if substantial changes have occurred, renewed, not less than once every 3-year period to ensure appropriate funding and delivery of services; and
    7. 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. (WIOA sec. 121(c).) This includes personnel rules and regulations and collective bargaining agreements of the respective partner entities.

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- d). When fully executed, the MOU must contain the signatures of the Local Board, one-stop partners, the chief elected official(s), and the time period in which the agreement is effective.
- e). The MOU must be updated not less than every 3 years to reflect any changes in the signatory official of the Board, one-stop partners, and chief elected officials, or one-stop infrastructure funding. If a one-stop partner appeal to the State regarding infrastructure costs 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 product of local discussions and good-faith negotiations between Local Workforce Development Boards, chief elected officials, and one-stop partners and should reflect the full and effective partnerships of these partners. (20 CFR 678.510)

- a). Local Workforce Development Boards, chief elected officials, and one-stop partners may also request assistance from a State agency responsible for administering the partner program, the Governor, State Board, or other appropriate parties on other aspects of the MOU.
- b). Local Workforce Development Boards and one-stop partners must establish, in the MOU, a final plan for how the Local Board 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, including as much detail as the Local Board has negotiated with one-stop partners, may be included instead (20 CFR 678.715(c)).
  - 1. 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 timeframe, the Local Board must notify the Governor (20 CFR 678.725).
  - 2. Once the final infrastructure cost plan is approved, the Local Board 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 Governor relevant to the local area.
- c). The Local Board must report to the State Board, Governor, relevant State agency, and other appropriate parties when MOU negotiations with one-stop partners have reached an impasse.
  - 1. The Local Board and partners must document the negotiations and efforts that have taken place in the MOU. The State Board, 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 (20 CFR 678.73).
  - 2. The Local Board must report failure to execute an MOU with a required partner to the Governor, State Board, and the State agency responsible for administering the partner's program. Additionally, if the State cannot assist the Local Board in resolving the impasse, the Governor or the State Board must report the failure to the Secretary of Labor and to

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the head of any other Federal agency with responsibility for oversight of a partner's program.

**IV. One-Stop Infrastructure Costs:** Infrastructure costs of one-stop centers are non-personnel costs that are necessary for the general operation of the one-stop center, including:

- a). Rental of the facilities;
- b). Utilities and maintenance;
- c). Equipment (including assessment-related products and assistive technology for individuals with disabilities); and
- d). Technology to facilitate access to the one-stop center, including technology used for the center's planning and outreach activities.
- e). In addition, Local Workforce Development Boards may consider common identifier costs as costs of one-stop infrastructure. (20 CFR 678.700)

Each entity that carries out a program or activities in a local one-stop center must use a portion of the funds available for the program and activities to maintain the one-stop delivery system, 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.

The Local Board, chief elected officials, and one-stop partners agree to amounts and methods of calculating amounts each partner will contribute for one-stop infrastructure funding, include 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 (20 CFR 678.715);
- b). Contributions must be negotiated between one-stop partners, chief elected officials, and the Local Board 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 to the benefit received by the one-stop partners and their respective programs or activities.

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If after July 1, 2016, and each subsequent July 1st, the Local Board, chief elected officials, and one-stop partners do not reach consensus on methods of sufficiently funding local infrastructure through their local negotiations, then the Local Board must notify the Governor in writing. The Governor will allocate infrastructure costs through an alternative funding mechanism developed by the WAC. The allocation formula will take into account the number of one-stop centers in a local area, the population served by such centers, the services provided by such centers, and other factors relating to the performance of such centers that the WAC determines are appropriate and that are consistent with Federal cost principles. (20 CFR 678.725 and WIOA sec. 121(h)(3)(B).)

In accordance with WIOA 121(h)(2)(E), if a one-stop partner wishes to appeal the Governor's determination regarding the one-stop partner's portion of funds to be provided for one-stop infrastructure costs, the one-stop partner may submit a written appeal to the State Workforce Development Board within 30 days of the Governor's determination. Appeals submitted after this time will not be considered.

The appeal may be made on the grounds that the Governor's determination is inconsistent with proportionate share requirements in 678.735(a), the cost contribution limitations in 678.735(b), or the cost contribution caps in 678.735(c). The appealing entity must explain why it believes the determination is contrary to the provisions of WIOA 121(h)(2)(E). No other cause for appeal will be considered. The State Workforce Development Board must consider and respond in writing to such an appeal within 30 days of its receipt.

**CONTACT ENTITY:** Inquiries regarding this policy should be directed to the Arizona Department of Economic Security at [AZWIOAComments@azdes.gov](mailto:AZWIOAComments@azdes.gov) or the Arizona State Director of Adult Education at [Sheryl.Hart@azed.gov](mailto:Sheryl.Hart@azed.gov).