	New Jersey Workforce Innovation Notice		WD-PY23-4
	Issued By:	Workforce Development Division of Career Services	
	Approved By:	Dr. Yolanda Allen, Assistant Commissioner Workforce Development	
	Issue Date:	September 19, 2023	

SUBJECT: Additional Infrastructure Funding Agreement (IFA) Guidance

EFFECTIVE DATE: This NJWIN is effective **Immediately.**

POLICY RESCISSIONS: None.

FOR MORE INFORMATION: Questions about this policy may be directed to **WIOAPOLICY@dol.nj.gov**.

PURPOSE: This policy outlines the processes of drafting, negotiating, and reconciling Infrastructure Funding Agreements for PY2023.

I. Introduction

The Infrastructure Funding Agreement (IFA), a component of the Memorandum of Understanding (MOU) among local One Stop partners, spells out the way partners in the One Stop system pay for shared costs, shared services, and shared customers. The IFA may be in effect for no more than three years.

The IFA should include support to fund the infrastructure of the entire One Stop system and its services. Rent, equipment, security, and other physical aspects are key parts of the One Stop system infrastructure. However, the IFA should also consider provision of virtual services, cross-training, outreach, referral strategies, and other components that contribute to service delivery as important infrastructure of the system.

While all partners are involved in the conversation, and support of the One Stop System is the outcome of the negotiations, the Local Workforce Development Board (LWDB) is responsible for convening partners, leading negotiations, and setting the overall strategy for the One Stop. LWDBs are encouraged to consider the system as a whole and the IFA as the mechanism through which partners contribute to it, rather than beginning with individual costs of the One Stop sites. Taking this approach encourages innovation and supports LWDBs in exploring ways to provide services that may vary from traditional in-person activities conducted during traditional business hours.

The United States Department of Labor (USDOL) provides guidance for developing the IFA in Training and Employment Guidance Letter (TEGL) 17-16. These instructions draw on and follow the guidelines in the TEGL.

II. Developing and Negotiating the IFA

One Stop Budget
The One Stop operating budget may be considered the master budget that contains a set of individual budgets or components that consist of costs that are specifically identified in the statute: infrastructure costs, defined in WIOA sec. 121(h)(4); and additional costs, which must include applicable career services and may include shared operating costs and shared services that are related to the operation of the One Stop delivery system.

The starting point for the IFA negotiation is the One Stop budget. LWDBs should take a lead role in developing the overall One Stop budget. The One Stop budget should identify the full scope of the One Stop System in the local area. It should:

- Incorporate all American Job Center (AJC) locations
- Be based on the services, structures, and processes described in the MOU;
- Incorporate Infrastructure and additional costs as defined below, in Section VI, "Definitions"
- Be aligned with other budget materials

Choosing an Allocation Base
The IFA template includes drop down menus for both cost categories and allocation bases. The cost categories mirror those used in the PY2023 budget template. LWDBs may add cost categories or allocation bases; the drop-downs include those most commonly used.

Local partners determine the allocation base that will be used to negotiate the IFA. Partners may use a single allocation base or multiple allocation bases. For example, the IFA may allocate costs for signage or physical infrastructure by square footage, and costs for outreach and for intake staff by customers served. One Stops often allocate costs among onsite partners by square footage and among offsite partners by customers served. A partner's impact on successful outcomes of customers may also be considered.

The allocation bases should be determined based on "proportionate use" and "relative benefit."

"Relative benefit" refers to the additional services and successful impacts that one partner's activities have in supporting another partner's activities.

"Proportionate use" refers to a partner program contributing its fair share of the costs proportionate to:

(1) the use of the One Stop center by customers that may include reportable individuals and participants in its program at that One Stop center (see AOSOS report provided);
(2) the amount of square footage occupied by the partner program in the One Stop center;
(3) Full-time equivalent staff; or
(3) another allocation base consistent with the Uniform Guidance.

LWDBs and partners may want to consider proportionate use and relative benefit, and the appropriate allocation bases, in three broad categories:

- For **onsite** partners, the allocation may most closely correlate with space or full-time equivalent staff

- For **core** partners that are **offsite** or primarily offsite, the most appropriate allocation base may be proportion of customers served; or a share of space or FTEs based on the benefit that would otherwise be derived from an onsite presence
- For **non-core partners,** the contribution may be based on customers served; may be a flat contribution; or may be an in-kind contribution such as outreach support, cross-training, or specialized services

If the partners cannot agree on a local allocation base, they must notify the New Jersey Department of Labor and Workforce Development, as a representative of the Governor, that the state funding mechanism will be used. The details of the state funding mechanism are available in the MOU template and guidance as well as SETC Policy 2017-3, as updated.

III. Determining Partner Contributions

The IFA must include contributions from all partners that are signatories to the MOU. Some partners, especially those that are offsite and/or not required, may make in-kind contributions such as training, specialized services (interpretation and translation) or other contributions that fill needs at the One Stop. These in-kind contributions should nonetheless be assigned a value, documented in the IFA, and assigned to a cost center and allocation base.

To conduct effective negotiations and discussions, LWDB staff should prepare the following items and provide them to all partners:

- One Stop Budget
- Projected infrastructure costs
- Projected other costs, including the costs of providing career services
- Reports on customers served
- Projections of customers served
- Other local reports relevant to the ways partners contribute resources

Using the One Stop Operating Budget as a starting point:

- Determine which costs use which allocation base. See TEGL 17-16, Attachment 1 for examples.
- Allocate costs among partners using the agreed-upon allocation bases.

The agreement should consider the implications of long-term fixed costs. For example, the IFA should include provision for the lease agreements in the event that space needs change before the end term of the lease.

IV. Collecting partner contributions

Local Workforce Development Boards should coordinate with the Fiscal Agent and the person designated by each partner to arrange invoicing and billing for IFA contributions. Local areas can use a process already in place for managing these costs.

V. Review and Reconciliation of the IFA

IFAs are living documents and must be reviewed and reconciled periodically. LWDBs will lead semiannual and annual reconciliations.

- Semiannual reconciliation: twice each year, the LWDBs lead a reconciliation (which may be delegated to the fiscal agent) to ensure the agreed-upon allocation bases and formula are being followed and payments are being made as agreed.
- Annual reconciliation: Annually, the LWDB must lead a review of the formula and allocation bases and make any adjustments and reforecasts (for example, if the allocation base was customers served the LWDB and partners should review any changes in the anticipated customer volume).

Review of the IFA should also occur when there has been a material change in a partner or an item related to the IFA. Material changes include but are not limited to:

- A change in the physical space occupied by any One Stop Center
- A change that significantly affects the assumptions on which the allocation is based (for example, a partner ends up serving more customers than initially planned, if those are the factors that determine the allocation)
- A change in the partner organization providing services in one of the programs

VI. Definitions

These are key definitions as highlighted on Section II, "Developing and Negotiating the IFA."

Infrastructure Costs. Infrastructure costs of AJCs are defined as non-personnel costs that are necessary for the general operation of the One Stop center, including: rental of the facilities; utilities and maintenance; equipment (including assessment-related and assistive technology for individuals with disabilities); and technology to facilitate access to the one- stop center, including technology used for the center's planning and outreach activities.

Additional Costs. One Stop partners must share in additional costs, which must include applicable career services, and may include shared operating costs and shared services that are necessary for the general operation of the One Stop center.

Additional costs may also in some cases include personnel costs, for example personnel expenses associated with a shared welcome desk or greeter directing employers and customers to the services or staff that are available in that AJC; or a portion of the costs of Local WDB staff who provide programmatic supports as MIS staff providing data entry support for One Stop partner programs.

Additional costs may include ways to foster service integration, including cross-training and outreach.

Proportionate Use. "Proportionate use" refers to a partner program contributing its fair share of the costs proportionate to:

(1) the use of the One Stop center by customers that may include reportable individuals and participants in its program at that One Stop center;
(2) the amount of square footage occupied by the partner program in the One Stop center;

(3) Full-time equivalent staff; or
(3) another allocation base consistent with the Uniform Guidance

Relative Benefit. Determining relative benefit does not require partners to conduct an exact or absolute measurement of benefit, but instead to measure a partner's benefit using reasonable methods**.** Benefits could include coordination in the provision of comprehensive services to participants and the potential enhancement of outreach and follow-up activities. LWDBs should include relative benefit in the IFA contributions if it can be quantified and documented, such as a rent reduction or service that would not otherwise be provided.

VII. Roles and Responsibilities in IFA Negotiation and Implementation

Figure 1 below summarizes the roles and responsibilities of participants in the IFA process. Please note that the state of New Jersey has multiple roles. NJDOL and the Governor's office oversee the overall process and implement the state funding mechanism. In addition, many of the required and recommended partners are programs overseen by the state; representatives of those programs should participate as partners in the negotiations.

Figure 1. Roles and Responsibilities

MOU/IFA Participants	Roles and Responsibilities
LWDB	• Convene partners and lead negotiations • Oversee reconciliation and modification processes • Provide final IFA and reconciliation documentation to NJDOL • Inform NJDOL if consensus is not reached
Partners	• Participate fully in negotiations and negotiate in good faith • Make IFA payments as agreed • Provide reports on customers served or other data that supports allocation base or in-kind contribution
One Stop Operator	• Provide any necessary reports on customers served or other data to review allocation bases • May support logistics of developing agreements and collecting signatures
Local Fiscal Agent	• Oversee all WIOA expenditures • Provide guidance and technical assistance to partners and providers • Oversee invoicing of partners providing financial contributions • Prepare financial reports to support reconciliation
NJDOL	• Provide resources and templates • Provide standard formulas or calculations to be used • Implement Governor's funding mechanism as necessary • Participate as a partner for appropriate programs • Oversight of MOU/IFA development • Oversight of reconciliation

VIII. References

2 CFR Part 200 -- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

TRAINING AND EMPLOYMENT GUIDANCE LETTER No. 17-16 | U.S. Department of Labor (dol.gov), Infrastructure Funding of the One-Stop Delivery System

SETC Policy 2017-3, State Funding Mechanism for Local Infrastructure Costs

NJWD-PY22-16, Program Year 2023 (PY23/FY24)/Fiscal Year 2024 (FY24) Budget Guidelines and Requirements

NJWD-PY22-4.2, New Jersey Memorandum of Understanding (MOU) and Infrastructure Funding Agreement

Infrastructure Funding Agreement Template