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OFFICIAL
Policy Issuance (PI): 18-02

Date: January 23, 2018

To: Michigan Works! Agency (MWA) Directors

From: Wanda M. Stokes
Director **SIGNED**

Subject: The Workforce Innovation and Opportunity Act (WIOA) Infrastructure Funding Agreement(s) (IFAs) Payment Procedures for the Michigan Talent Investment Agency (TIA) Migrant Seasonal Workers (MSWs), Jobs for Veterans State Grants (JVSGs) and Unemployment Compensation (UC) Programs

Programs Affected: The MSW, JVSG, and UC programs funded through the TIA

References: The WIOA of 2014, Public Law 113-128
The WIOA Final Regulations as Published in the Federal Register on August 19, 2016
U.S. Department of Labor (USDOL) Training and Employment Guidance Letter (TEGL) 16-16, issued January 18, 2017
USDOL TEGL 17-16, issued January 18, 2017
PI 17-12, issued July 14, 2017, or any policy that replaces PI 17-12
PI 15-29, issued December 1, 2015, or any policy that replaces PI 15-29
PI 11-37, Change 2, issued May 11, 2015, or any policy that replaces PI 11-37, Change 2

Rescissions: None

Background: The WIOA, which supersedes the Workforce Investment Act of 1998, presents an extraordinary opportunity to improve job and career options for our nation's workers and job seekers through an integrated, job driven, public workforce system that links diverse talent to businesses. The WIOA supports the development of strong, vibrant regional economies where businesses

thrive, and people want to live and work. This workforce system will be characterized by three critical hallmarks of excellence:

- 1) The needs of business and workers drive workforce solutions.
- 2) One-Stop centers provide excellent customer service to workers, job seekers, and employers, and focus on continuous improvement.
- 3) The workforce system supports strong regional economies and plays an active role in community, economic and workforce development.

The WIOA requires local boards, with the agreement of the Chief Elected Official, to develop and execute Memorandums of Understanding (MOUs) with One-Stop partners concerning the operation of the One-Stop delivery system in the local service delivery area. In accordance with the WIOA at Section 121(c) and the WIOA Final Regulations at 678.500, the MOUs must also include an IFA, which details how infrastructure costs for the One-Stop delivery system will be funded in the local area. The IFAs must adhere to the provisions outlined by the WIOA at Section 121(h) and the WIOA Final Regulations at 678.700 thru 678.755.

This policy sets forth guidance regarding the payment procedure to receive infrastructure funding allocations identified through the Local Funding Mechanism (LFM). The LFM allocates costs based on methodologies developed by the MWAs. The negotiated and mutually agreed-upon infrastructure costs for the MSW, JVSG, and UC programs are identified under the *WIOA Infrastructure Funding Agreements Program Year (PY) 2017 Allocation Chart* attached to this policy (Attachment A). This funding is awarded for the PY period of July 1, 2017 through June 30, 2018, and therefore, **must be applied toward expenditures incurred during PY 2017.**

Policy:

Consistent with PI 17-09 and 17-12, or any subsequent changes regarding Instructions for Executing MOUs and IFAs under the WIOA of 2014, an IFA must be executed between the local board and each of the required One-Stop partners and attached as an addendum to the MOU. Infrastructure costs should be funded through the LFM.

Required partners must contribute toward infrastructure costs based on their proportionate use of the One-Stop delivery centers and relative benefits received. Required One-Stop partners are listed at Section 121(b)(1) of the WIOA. At a minimum, IFAs must be developed and entered into with the partners described in PI 17-09, or any subsequent changes regarding Instructions for Executing MOUs under the WIOA of 2014.

In the LFM, One-Stop partner programs may determine what funds they will use to pay for infrastructure costs. The use of these funds must be in accordance with the requirements outlined in the WIOA Final Regulations at 678.720, and with the relevant partner's authorizing statutes and regulations. The permissible types of funds used for infrastructure costs and the additional costs of operating a local One-Stop delivery system (i.e., a partner's program or administrative funds) may differ depending upon the partner program's authorizing law and implementing regulations. The funding types and sources permissible for the One-Stop partners are outlined in Attachment II of TEGl 17-16. All amounts contributed for infrastructure costs must be allowable and based on proportionate use of the One-Stop

centers and relative benefit received by the partner program, and must be consistent with 2 Code of Federal Regulation, Part 200, including the federal cost principles. Cash, non-cash, and third-party, in-kind contributions, as described in the WIOA Final Regulations at 678.720(c), may be provided by One-Stop partners to cover their proportionate share of the infrastructure costs.

Payment Procedure

Expenditures for the WIOA funds awarded in this policy are allowable only for those activities permitted by the WIOA or the WIOA Final Regulations. To be an allowable WIOA infrastructure expenditure, a cost must meet the following reporting category:

- Facilities Costs.
- Technology Costs.
- Common Identifier Marketing Costs.
- Other Infrastructure Costs.
- Costs Related to Board Functions.
- Costs to Promote Service Integration.
- Shared Service Costs.

Note: This policy sets forth a sub-recipient relationship with the MWAs to allocate federal funding towards the local area's infrastructure funding costs. For PY 2017, this policy pertains only to *cash* payments towards infrastructure costs.

Modification and Review Process

All partner contributions, regardless of type, **must be reconciled on a regular basis (at least quarterly)**, comparing actual expenses incurred to relative benefits received to ensure each partner program is contributing its proportionate share in accordance with the terms of the IFA. The IFA must describe the periodic modification and review process to ensure equitable benefit among One-Stop partners. This should include a plan for reconciling actual expenses incurred to relative benefits received.

There are no specific caps on the amount or percent of overall funding a One-Stop partner may contribute to funding 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 partner program.

State Funding Mechanism (SFM)

The state emphasizes the importance of local One-Stop partners, local boards, and Chief Elected Officials reaching consensus on infrastructure funding during local negotiations, thus avoiding the necessity of utilizing the SFM. The SFM must take into account programmatic caps, which can create uncertainty for local One-Stop 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.

Failure of an MWA to come to a consensus regarding the terms of the IFA will trigger the SFM for that local area. If such occurs, the *WIOA Infrastructure Funding Agreements PY 2017 Allocation Chart* (Attachment A) must be updated and is therefore subject to change.

Profit

Please refer to the agency's Procurement Policy, PI 15-12, issued July 17, 2015, or any policy replacing PI 15-12, for further information regarding profit and corresponding limitations.

Fiscal Information

The local area will process all cash requests through the Management of Awards to Recipients System (MARS) in accordance with the MARS Manual. The local area must have on file appropriate documentation to support each cash draw. The USDOL Employment and Training Administration requires all grantees to report all financial transactions on a full accrual basis. Accrued expenditures mean the charges incurred by the grantee during a given period requiring the provision of funds for: (1) goods and other tangible property received; (2) services performed by employees, contractors, sub-grantees, subcontractors, and other payees; and (3) other amounts becoming owed under programs for which no current services or performance is required, such as annuities, insurance claims, and other benefit amounts.

In general, total accrued expenditures are costs incurred for goods and services received regardless of whether the payment has been made.

All reporting of fiscal expenditures for the funds provided in this policy must be reported to the TIA on a quarterly basis. A final close-out report is also required. All quarterly financial expenditure reports are due to the TIA no later than the 20th calendar day after the end of the calendar quarter. The final close-out report is due to the TIA no later than 60 days after the end of the grant period. In the event that the due date falls on a weekend or state government holiday, the report is due on the last business day prior to the due date. Local areas must submit reports in the [MARS](#). If there are any questions regarding cash requests or the submission of required expenditure reports, please call Ms. Marilyn Carey at 517-373-7243.

Quarterly expenditures will include seven cost categories as noted in this policy and are as follows: Facilities Costs; Technology Costs; Common Identifier Marketing Costs; Other Infrastructure Costs; Costs Related to Board Functions; Costs to Promote Service Integration and Shared Service Costs.

Action:

Local areas that have submitted fully executed IFAs with signatures from the Chief Elected Official(s), Workforce Development Board Chair or their designees will be accepted as complete, and are an acceptable source for budget information and signature documentation. Therefore, no further action is required.

Inquiries: Questions regarding this policy should be directed to your state coordinator. The information contained in this policy will be made available in alternative formats (large type, audio tape, etc.) upon request to this office. Please contact Ms. Pam Vance at 517-373-6234 or via email at VanceP1@michigan.gov for details.

**Expiration
Date:** June 30, 2018

WMS:VB:pv

*WIOA Infrastructure Funding Agreements
PY 2017 Allocation*

MWA Number	Michigan Works! Agency	Migrant Seasonal Farm Workers	Jobs for Veterans State Grants	Unemployment Compensation	Total Allocation
5	Berrien/Cass/Van Buren	\$41,233.00	\$24,183.00	\$45,866.00	\$111,282.00
17	Capital Area	\$0	\$6,657.00	\$7,656.00	\$14,313.00
7	Detroit Emp Solutions	\$0	\$19,592.00	\$0	\$19,592.00
13	GST Michigan Works	\$9,142.00	\$9,142.00	\$175,450.00	\$193,734.00
4	Great Lakes Bay	\$0	\$19,007.00	\$14,216.00	\$33,223.00
19	Macomb/St. Clair	\$0	\$32,085.00	\$0	\$32,085.00
21	Northeast	\$0	\$5,886.00	\$35,426.00	\$41,312.00
22	Northwest	\$8,401.00	\$18,293.00	\$68,341.00	\$95,035.00
23	Oakland County	\$0	\$33,335.00	\$90,885.00	\$124,220.00
2	Region 7B	\$0	\$13,200.00	\$89,041.00	\$102,241.00
30	SE Michigan Consortium	\$7,768.00	\$30,271.00	\$56,393.00	\$94,432.00
31	SEMCA	\$0	\$53,989.00	\$0	\$53,989.00
14	Southwest	\$0	\$6,748.00	\$4,464.00	\$11,212.00
6	UPWARD Talent Council	\$0	\$23,827.00	\$10,507.00	\$34,334.00
16	West Central	\$1,286.00	\$0	\$61,298.00	\$62,584.00
33	West Michigan Works	\$15,306.00	\$31,015.00	\$62,167.00	\$108,488.00
	TOTAL	\$83,136.00	\$327,230.00	\$721,710.00	\$1,132,076.00

January 23, 2018