



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
LANSING

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**OFFICIAL
Policy Issuance (PI): 19-24**

Date: July 30, 2019

To: Michigan Works! Agency (MWA) Directors

From: Krista Johnson, Division Administrator **SIGNED**
Talent Development Division
Workforce Development Agency

Subject: The Workforce Innovation and Opportunity Act (WIOA) Program Year (PY) 2019 Infrastructure Funding Agreement(s) (IFAs) Payment Procedures for the Workforce Development Agency (WDA) Jobs for Veterans State Grants (JVSGs), Migrant Seasonal Farm Workers (MSWs) and Unemployment Compensation (UC) Programs

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

References: The WIOA of 2014, Public Law 113-128

The WIOA Final Regulations as Published in the Federal Register on August 19, 2016

United States Department of Labor (USDOL) Training and Employment Guidance Letter (TEGL) 16-16, issued January 18, 2017

PI 17-12 Change 1, issued September 12, 2017, or any policy that replaces PI 17-12 Change 1

PI 19-01, issued February 5, 2019, or any policy that replaces PI 19-01

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, 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 JVSG programs are identified under the *WIOA Infrastructure Funding Agreements PY 2019 Allocation Chart* attached to this policy (Attachment A). This funding is awarded for PY 19, the time period of July 1, 2019 through June 30, 2020, and therefore, **must be applied toward expenditures incurred during PY 2019.**

Policy:

Consistent with PI 17-09 and 17-12 Change 1, 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 2019, this policy pertains only to *cash* payments towards infrastructure costs.

UC and JVSG Payments

The UC and JVSG funding is allocated on a Fiscal Year (FY) basis. Therefore, MWAs will receive their PY 2019 Infrastructure Funding for UC and JVSG in two separate allotments. The July allocation specified in this policy (Attachment A) for the period of July 1, 2019 through September 30, 2019, will utilize *UC FY 2019 and JVSG FY 2019* funding. One quarter (25 percent) of the infrastructure funding will be distributed after July 1, 2019, with the remainder of the funds (remaining 75 percent) to be distributed on or after October 1, 2019, utilizing *UC FY 2020 and JVSG FY 2020* funding.

The MSW funding will be awarded after July 1, 2019, in its entirety.

Monetary Shortfalls for Program Funds Awarded

Local areas shall estimate infrastructure costs prior to the program year start date. Local areas with obligations above the cost allocations identified in this policy for WDA programs will be made up from existing Michigan Works! Service Center Operations. Shortfalls related to any other required partners, including UC, must be addressed at the end of the program year with said required partner. Cost allocation *overages* of the WDA programs will be subject to the recapture of funds if not obligated by June 30 of each program year.

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 consider 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 2019 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 WDA on a quarterly basis. A final close-out report is also required. All quarterly financial expenditure reports are due to the WDA no later than the 20th calendar day after the end of the calendar quarter. The final close-out report is due to the WDA 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 517-241-6742.

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. A local area that has not submitted fully executed IFAs with signatures will need to submit IFAs prior to allocation release.

Inquiries: Questions regarding this policy should be directed to Shelly Belton, the IFA Coordinator, at IFACommunication@michigan.gov.

This policy is available for downloading from the [WDA website](#).

The WDA is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Please contact Ms. Whitney Wasser by telephone at 517-241-1018 or by email at wasserw@michigan.gov for details.

The WDA is funded by State and Federal funds; more details are available on the Legal Disclaimer page at www.michigan.gov/WDA.

Expiration

Date: June 30, 2020

KJ:SB:ww

WIOA Infrastructure Funding Agreements PY 2019 Allocation Chart

MWA Number	MWA Name	Migrant Seasonal Farm Workers (MSW) July 1 Allocation	Jobs for Veterans State Grants (JVSG) July 1 Allocation	Jobs for Veterans State Grants (JVSG) Oct 1 Allocation	Total Jobs for Veterans State Grants (JVSG) Allocation	Unemployment Compensation (UC) July 1 Allocation	Unemployment Compensation (UC) October 1 Allocation	Total UC Allocation	Total Allocations for All Programs (MSW, JVSG and UC)
5	Berrien/Cass/Van Buren	\$ 98,873	\$ 4,349	\$ 13,048	\$ 17,397	\$ 11,447	\$ 34,342	\$ 45,789	\$ 162,060
17	Capital Area	\$ -	\$ (512)	\$ (1,536)	\$ (2,048)	\$ 1,639	\$ 4,917	\$ 6,555	\$ 4,507
7	Detroit Emp Solutions Corp	\$ -	\$ 5,153	\$ 15,460	\$ 20,613	\$ 5,153	\$ 15,460	\$ 20,613	\$ 41,226
13	GST Michigan Works	\$ 6,766	\$ 2,412	\$ 7,237	\$ 9,649	\$ 37,968	\$ 113,904	\$ 151,872	\$ 168,286
4	Great Lakes Bay	\$ -	\$ 4,694	\$ 14,081	\$ 18,774	\$ 15,107	\$ 45,321	\$ 60,428	\$ 79,202
19	Macomb/St. Clair	\$ -	\$ 6,269	\$ 18,808	\$ 25,078	\$ 27,937	\$ 83,812	\$ 111,749	\$ 136,827
21	Northeast	\$ -	\$ 2,563	\$ 7,690	\$ 10,253	\$ 9,841	\$ 29,522	\$ 39,363	\$ 49,616
22	Northwest	\$ 28,347	\$ 7,649	\$ 22,946	\$ 30,594	\$ 22,994	\$ 68,983	\$ 91,977	\$ 150,918
23	Oakland County	\$ -	\$ 7,695	\$ 23,086	\$ 30,781	\$ 17,806	\$ 53,417	\$ 71,222	\$ 102,003
2	Region 7B	\$ -	\$ 2,663	\$ 7,990	\$ 10,654	\$ 18,569	\$ 55,708	\$ 74,277	\$ 84,931
30	SE Michigan Consortium	\$ 9,596	\$ 6,586	\$ 19,757	\$ 26,342	\$ 12,111	\$ 36,334	\$ 48,445	\$ 84,383
31	SEMCA	\$ -	\$ 8,633	\$ 25,900	\$ 34,534	\$ 17,092	\$ 51,277	\$ 68,370	\$ 102,904
14	Southwest	\$ -	\$ 6,254	\$ 18,762	\$ 25,016	\$ 26,439	\$ 79,316	\$ 105,755	\$ 130,771
6	UPWARD Talent Council	\$ -	\$ 9,839	\$ 29,516	\$ 39,355	\$ 38,246	\$ 114,739	\$ 152,985	\$ 192,340
16	West Central	\$ 4,582	\$ 1,349	\$ 4,047	\$ 5,397	\$ 37,987	\$ 113,960	\$ 151,947	\$ 161,925
33	West Michigan Works	\$ 22,345	\$ 8,052	\$ 24,155	\$ 32,206	\$ 16,641	\$ 49,924	\$ 66,565	\$ 121,116
	TOTAL	\$ 170,508	\$ 83,649	\$ 250,946	\$ 334,595	\$ 316,978	\$ 950,934	\$ 1,267,912	\$ 1,773,015

TED is an equal opportunity employer/program.

Auxiliary aids, services and other reasonable accommodations are available upon request to individuals with disabilities.

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