

Attachment 1: State Infrastructure Funding Methodology

This methodology details the state infrastructure funding formula process summarized in the state policy on infrastructure funding for local workforce development areas that fail to reach a consensus with required partners on funding the infrastructure costs for the operation of OhioMeansJobs Centers. In June of each year, ODJFS, as the state workforce agency, will calculate the amount of infrastructure costs payable by each required partner through the state infrastructure funding mechanism as follows:

1. Identification of negotiated infrastructure costs

For each area subject to the state infrastructure funding mechanism (participating area), ODJFS will identify the infrastructure costs and each required partner's share of those costs from the most recent MOU that was successfully negotiated by the local workforce development boards (WDBs) and partners. This amount will serve as the base for how much will be allocated to the area, subject to adjustments identified below.

If the OhioMeansJobs Centers contained within a local area changes in the subsequent program year due to designation or re-designation of the area, the area's infrastructure costs and partner shares for the upcoming program year will be calculated by summing the most recently negotiated MOU costs in total and by partner for those OhioMeansJobs Center(s) that will be included in the area following designation or re-designation.

If an area wishes to increase infrastructure funding for its OhioMeansJobs Centers, such as by adding additional centers, enhancing service delivery at greater expense, or expanding facility square footage, the area will need to complete a local MOU negotiation with a budget agreed upon by the partners in order to implement such cost increases.

2. Infrastructure cost adjustments

The total infrastructure costs and partner shares identified in the previous step for each OhioMeansJobs Center in each participating area will be adjusted as follows:

- A. Costs of personnel, which are normally identified within the One-Stop Management Cost Pool in the MOU budget, will be subtracted from the state infrastructure funding to be requested from the partners. Personnel costs are not included in state infrastructure funding calculations and therefore must be negotiated separately and collected from partners using local invoicing processes.
- B. Costs charged to non-required partners and Native American programs will be subtracted from the total amount to be requested from remaining partners. Any partner that is providing services through the

OhioMeansJobs centers and therefore receiving a benefit from use of the centers must pay its proportionate share of infrastructure costs. Participating areas must collect payments from non-required partners and Native American programs using local invoicing processes. These contributions will be considered contributions beyond the funding amount allocated to the participating area as state infrastructure funding.

Any new required partners that did not participate in the most recent MOU identified above will be treated as non-required partners and excluded from the state infrastructure funding process until after the participating area successfully completes a local MOU negotiation to include the new partners. Participating areas should collect infrastructure costs from excluded new partners using local invoicing processes.

- C. By May 31st, the area shall notify ODJFS of any new alternative funding it plans to use to cover costs of its OhioMeansJobs Centers in the upcoming program year, such as contributions from a county general fund, non-federal funds, philanthropic organizations, fees or donations from private entities, or other financing options meant to defray partner infrastructure costs. ODJFS will reduce each required partner's share of the participating area's infrastructure costs proportionately by the total alternative funding the participating area plans to expend.
- D. For each year that the area participates in state infrastructure funding, the area may request an increase in allocation amount (and in each partner's calculated share) of up to three percent over the most recently negotiated MOU cost. The request for an increase in infrastructure funding must be submitted to the state workforce agency by May 31st for the upcoming state fiscal year and must include documentation of actual annual costs in excess of the current infrastructure funding. If the increase in state infrastructure funding causes any required partner to exceed its cap on required contributions, the partner will not be required to pay more than its statutory cap. The state workforce agency will review the area's request and notify the area of approval or denial of the cost increase amount.

3. Partner funding requests

If one or more local areas failed to complete the local MOU negotiation process, ODJFS will provide written notice to partners having a presence in the participating area(s) that the state will collect the partners' shares of infrastructure funding in the upcoming state fiscal year and will include each partner's required contribution in the notice.

Each required partner's cap on required contributions is defined in section 121(h)(2)(D)(ii) of WIOA as a specified percentage of the partner's workforce development funding used for education, employment, and training activities

(which may be less than the total federal funding received for the program.)
The maximum caps pertaining to each program are:

- For the WIOA youth, adult, or dislocated worker programs, no more than 3 percent of Federal funds provided to carry out the program.
- For the Wagner-Peyser Act, no more than 3 percent.
- For vocational rehabilitation programs funded under the Rehabilitation Act, no more than 0.75 percent of Federal funds provided in State Fiscal Year (SFY) 2016; 1.0 percent in SFY 2017; 1.25 percent in SFY 2018; and 1.5 percent thereafter.
- For other required partners, no more than 1.5 percent of Federal funds provided to carry out the education or employment and training program in the fiscal year.

If the required contribution exceeds a partner's cap, the partner must notify ODJFS within 30 days that its cap is exceeded. The partner must also provide federal award letters or other documentation verifying its current funding for workforce development activities funded from any programs listed in section 121(b)(1)(B) of WIOA that are administered by the partner. A partner may opt to contribute more than its cap on required contributions and, if this is the case, must notify the ODJFS of the dollar amount in excess of the cap that it will contribute.

ODJFS will also execute agreements with all required partners that have a presence in the participating area(s) other than Native American programs. For local partner programs administered by a state agency, ODJFS will execute an interagency agreement with the state agency, which will represent all local partners. If the infrastructure funding mechanism is implemented in an area, ODJFS will execute agreements with required local partners that receive funding directly from a federal agency or that are not under state-level oversight. The agreements will ensure that required partners will have funding available and will pay their required contributions if ODJFS must implement the state infrastructure funding mechanism for a local area.

Required partners participating in state infrastructure funding will be invoiced quarterly for one-fourth of the annual required contribution calculated for infrastructure costs. For most partners, other than those noted as exceptions in section 121(h)(2)(D)(i)(II) of WIOA, contributions made to state infrastructure funding must be provided only from the funds available for costs of administration under the program and shall be subject to any programmatic limitations on administrative expenditures.

4. Calculation of allocations

If a partner verifies that its cap on required contributions (plus any voluntary contribution) is less than the requested contribution, partners in each participating area will be directed to reenter negotiations to resolve the shortage in a manner that is consistent with the federal laws and regulations that authorize each partner's program.

The state infrastructure funding allocated to each participating area will be reduced proportionately to not exceed the partner's cap (plus voluntary contribution). Each affected area's reduction in state infrastructure funding will equal the total requested contribution in excess of the partner's cap (or cap plus voluntary donation) times the ratio of the area's requested contribution from that partner to the partner's total requested contribution.

For example, if the contribution requested from a partner exceeds the partner's cap plus voluntary donation by \$10,000.00 and a given area's requested infrastructure funding from the partner equals 30 percent of that partner's total requested contribution for all areas participating in state infrastructure funding, the example area's infrastructure funding will be reduced by 30 percent of \$10,000.00, or by \$3,000.00.

In short, the amount to be allocated to each area under this methodology will equal:

- The sum total of infrastructure costs negotiated by the partners in the most recent MOU for the OhioMeansJobs Centers to be included in the participating area in the upcoming year;
- Less the amount of any personnel costs listed in the most recent MOU (which must be negotiated separately and collected locally);
- Less costs attributed to non-required partners or Native American programs (which must be collected locally);
- Less planned alternative funding sources that will be used to defray partner costs;
- Plus an increase of up to 3 percent for each consecutive year the area participates in state infrastructure funding (if justified by actual cost data);
- Less the proportionate reductions in funding for any required partners whose requested contributions exceeded the cap on required contributions (plus voluntary donation, if any);
- Less any contributions that ODJFS is unable to collect from partners;
- Less the WIOA formula funds in support of local infrastructure funding which are already allocated to the area.