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Policy Issuance (PI): 17-09, Change 1

Date: August 16, 2018

To: Michigan Works! Agency (MWA) Directors

From: Joe Billig, Division Administrator **SIGNED**
Targeted Services Division
Workforce Development Agency

Subject: Instructions for Executing Memorandums of Understanding (MOUs) Under the Workforce Innovation and Opportunity Act (WIOA) of 2014

Programs Affected: All programs funded through the Michigan Talent Investment Agency/Workforce Development Agency (TIA/WDA)

Rescissions: PI 17-09 issued April 21, 2017

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
USDOL TEGL 17-16 issued January 18, 2017
2 Code of Federal Regulation Part 200 (Uniform Guidance)
PI 18-17, issued May 17, 2018, or any policy that replaces PI 18-17
PI 17-12 Change 1, issued September 12, 2017

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 revitalized 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 the community, economic, and workforce development.

The WIOA requires local boards, with the agreement of the Chief Elected Official, to develop and execute MOUs with One-Stop partners concerning the operation of the One-Stop delivery system in the local service delivery area. All MOUs must adhere to the provisions outlined by the WIOA at Section 121(c) and the WIOA Final Regulations at 678.500 thru 678.510 and be reviewed and renewed at least once every three years. This policy change is being issued due to a recent Federal finding.

Policy:

Per the WIOA, an MOU must be executed between the local board and each of the required One-Stop partners. Required One-Stop partners are listed at Section 121(b)(1) of the WIOA. As such, at a minimum, MOUs must be developed and entered into with:

- Programs authorized under Title I of the WIOA (Adult, Dislocated Worker, and Youth).
- Programs authorized under the Wagner-Peyser Act, as amended (Employment Service).
- Programs providing adult education and literacy activities authorized under Title II of the WIOA (Adult Education and Literacy).
- Programs authorized under Title I of the Rehabilitation Act of 1973, other than Section 112 or Part C (Vocational Rehabilitation).
- Programs providing activities authorized under Title V of the Older Americans Act of 1965 (Senior Community Service Employment).
- Career and technical education programs at the postsecondary level authorized under the Carl D. Perkins Career and Technical Education Act of 2006 (Career and Technical Education).
- Programs providing activities authorized under Chapter 2 of Title II of the Trade Act of 1974 (Trade Adjustment Assistance).
- Programs providing activities authorized under Chapter 41 of Title 38, United States Code (U.S.C.) (Veterans).
- Programs providing employment and training activities carried out under the Community Services Block Grant Act.

- Programs providing employment and training activities carried out by the Department of Housing and Urban Development (Section 3).
- Programs authorized under state unemployment compensation laws, in accordance with applicable federal law (Unemployment Insurance).
- Programs authorized under Section 212 of the Second Chance Act of 2007 (Responsible Reintegration of Ex-Offenders).
- Programs authorized under Part A of Title IV of the Social Security Act (Temporary Assistance for Needy Families).
- Programs authorized under Section 6(d)(4) of the Food and Nutrition Act of 2008 (7 U.S.C. 2015(d)(4)), and work programs authorized under Section 6(o) of the Food and Nutrition Act of 2008, 7 U.S.C. Section 2015(o) (Supplemental Nutrition Assistance Program Employment and Training).

In addition, if a local board chooses to add any additional One-Stop partners, including those listed in Section 121(b)(2) of the WIOA, an MOU must be executed. Once the decision has been made to add an additional partner(s), they are subject to the same requirements as their mandated counterparts.

Local boards may choose to develop and enter into a single “umbrella” MOU that includes multiple One-Stop partners, or the local board may develop and enter into separate agreements with each of the One-Stop partners. For those programs and services operated at the state level by the WDA (Veterans Employment Services; Migrant and Seasonal Farmworker Services; and Unemployment Insurance), a single “umbrella” MOU will be executed.

Further, two or more local areas in a planning region may develop a single or joint MOU if they are in a planning region that has submitted a regional plan under Section 106 of the WIOA.

Each executed MOU must contain the signatures of the following representatives:

- The Chief Elected Official.
- The Workforce Development Board Chair.
- The One-Stop Partner.

MOU Development

Development, execution, and implementation of local level MOUs will assist local partners with effective coordination and collaboration with respect to governance structures, programs, and services. Each local level partner shall:

- Be a partner to the local MOU.

- Share responsibility for developing the local MOU collaboratively and in good faith.
- Collaborate with the One-Stop Operator, as outlined in the MOU.

MOU Content

The MOUs should be specific and include enough detail to tell the "story" from start to finish of the partnership.

As outlined in the WIOA at Section 121(c)(2) and in the USDOL TEGL 16-16, each executed MOU must include a description of the following:

- 1.) **Service Provision and Coordination:** **The services to be provided through the One-Stop delivery system and the manner in which the services will be coordinated and delivered through the system,** including the method or means of providing partner access to those services, the frequency of program staff's physical presence in an affiliated site, how specialized One-Stop centers, as necessary, will be implemented, the method(s) for referring individuals between the One-Stop operator and the partners for appropriate services and activities. **Descriptions of how services and activities are provided and/or made available by each One-Stop partner and the manner in which the services will be coordinated and delivered.**
- 2.) **One-Stop Operating Budget:** The financial plan that the One-Stop partners and the local board have agreed upon will be used to achieve the MOU's goals for delivering services in the local area. **The MOU must contain, among other things, provisions describing how the costs of services provided by the One-Stop system, including career services and other shared services, and the operating costs of such system will be funded, including the infrastructure costs for the One-Stop system.** The One-Stop Operating Budget may be considered the master budget that contains a set of individual budgets or components that consist of two types of costs that are specifically outlined in the statute: **additional costs, which consist of shared services and operating costs, as well as the costs of applicable career services for all partner programs, and services that are related to the operation of the One-Stop delivery system and infrastructure costs.**

Shared costs must be allocated according to the proportionate benefit received by each of the One-Stop partners and consistent with applicable federal laws and cost principles. One-Stop partners may jointly fund shared costs to the extent consistent with their programs' federal authorizing statutes and other applicable legal requirements. The costs must be reasonable, necessary, and allocable. Shared costs may include the costs of shared services that are authorized for and may be commonly provided through the One-Stop partner programs to any individual, such as initial intake, assessment of needs, appraisal of basic skills, identification of appropriate services to meet such needs, referrals to other One-Stop partners, and business services. Shared costs may

also include shared costs related to the local board's functions. **Any shared costs agreed upon by the One-Stop partners and/or partner programs must be included in the MOU.**

The MOUs must specify how the shared costs associated with the One-Stop delivery system are to be apportioned amongst the various partners. Some costs may be "pooled" and apportioned by means of a formula consistent with Generally Accepted Accounting Principles, while others may be charged to the partners based upon an agreed-upon formula that reflects each respective program's fair share. Cost-sharing may be applied to services that are of common benefit to all partners, such as customer intake and referral, as well as to the expenses of the local board's functions. Cost allocation plans determined by either method must take into consideration the rules, regulations, and prohibitions of partner funding sources so as to produce no conflict between the program's contribution to the One-Stop delivery system and the partner's programmatic requirements, as specified in the WIOA Final Regulations at Section 678.760, paragraphs (a), (b), and (c).

The MOU must also include contributions made to the local One-Stop system through other avenues, such as donations made by a non-partner entity (i.e. a local business donates computers for a learning lab). Third-party in-kind contributions made to supplement the local area's One-Stop center operations must also be documented.

As required by the WIOA, the MOUs that are negotiated, developed, and executed must also include an Infrastructure Funding Agreement (IFA), which details how infrastructure costs for the One-Stop delivery system will be funded in the local area. The information required to be included in the IFA is detailed in the WIOA Final Regulations at 678.755. Further guidance regarding the IFA and infrastructure costs under the WIOA, in general, is provided in PI 17-12 Change 1. The initial MOU that is submitted to the WDA may include an interim IFA, which should include as much detail as the local board has negotiated with the One-Stop partners with respect to infrastructure costs. The information required for an interim IFA is described at 678.715(c). If an interim IFA is not yet in place at the time of the MOU submission, the local board must notify the Governor of the delay when submitting the MOU to the WDA. Once the final IFA is approved, the local board and One-Stop partners must amend the original MOU to include the final plan for funding infrastructure costs in the local area.

If, after August 31, 2017, and each subsequent July 1st thereafter, the local board, Chief Elected Official(s), and One-Stop partners do not reach consensus on methods of sufficiently funding local infrastructure costs through the local funding mechanism, and include that agreement in the signed MOU; then, the local board must notify the Governor and the Governor must administer funding through the state funding mechanism.

Per TEGL 16-16, Native American programs are not required to contribute to infrastructure funding but, as required One-Stop partners,

they are encouraged to contribute. Any agreement regarding the contribution or non-contribution to infrastructure funding by Native American programs must be recorded in the MOU.

In developing the section of the MOU on One-Stop infrastructure funding described in the WIOA Final Regulations at 678.755, the Chief Elected Official and the local board will:

- Ensure that the One-Stop partners adhere to the guidance identified in 678.705 on One-Stop delivery system infrastructure costs.
 - Work with One-Stop partners to achieve consensus and informally mediate any possible conflicts or disagreements among One-Stop partners.
 - Provide technical assistance to new One-Stop partners and local grant recipients to ensure that those entities are informed and knowledgeable of the elements contained in the MOU and the One-Stop infrastructure costs arrangement.
- 3.) Referral Strategies: The methods of referral of individuals between the One-Stop operator and the One-Stop partners for appropriate services and activities, including reverse referrals.
- 4.) Inclusion Strategies: The methods employed to ensure 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 made available through the One-Stop delivery system.
- 5.) Other Provisions: Other provisions determined to be appropriate for inclusion by the parties signing the MOU.
- 6.) Duration: The duration of the MOU and the procedures for amending the MOU, and assurances that the MOU will be reviewed and renewed at least once every three years, in accordance with Section 121(c)(2) of the WIOA and USDOL TEGL 16-16, to ensure appropriate funding availability and delivery of services. Further, the MOU should be renewed any time substantial changes occur, such as the election of a new Chief Elected Official, for example.

The MOUs must be renewed whenever a local board is reorganized, consolidated, divided, or in any other situation in which the local board for the local service delivery area ceases to be the same local board as the one who originally executed the MOUs currently in place.

Local areas may incorporate required MOU language into their service provider contracts in lieu of executing a formal MOU. All MOU content requirements as outlined above must be embedded within the contracts in such cases in order to meet the requirements of this policy, and the contracts must be signed by all three required individuals (Chief Elected Official, Workforce Development Board Chair, and partner).

In cases where the WDA has granted an MWA approval for direct delivery of services for a specific program(s), an MOU is not required for that program. This exemption will cease to apply upon expiration of the approval.

MOU Impasse

The local board must report to the Governor, State Board, and relevant state agencies when MOU negotiations with One-Stop partners have reached an impasse. The local board and partners must document the negotiations and efforts that have taken place in the MOU. The Governor may consult with relevant partners, including 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 funding mechanism as described in Section 678.730 of the WIOA Final Regulations. If the state cannot assist the local board in resolving the impasse, the Governor must report the failure to the Secretary of Labor and to the head of any other federal agency with responsibility for oversight of a partner's program.

In the state funding mechanism, the Governor, after consultation with the Chief Elected Official, local board, and the State Board, determines One-Stop partner contributions, based upon a methodology where infrastructure costs are charged to each partner in proportion to relative benefit received and consistent with the partner program's authorizing laws and regulations, including the federal cost principles, and other applicable legal requirements. The State Board will develop an allocation formula to allocate funds to local areas to support infrastructure costs for local One-Stop centers for all local areas that did not reach an agreement via the local funding mechanism. The allocation formula must 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 State Board determines is appropriate, and that is consistent with federal cost principles. The state infrastructure funding mechanism, if necessary, will be outlined in future policy guidance.

MOU Template

Local boards may use the attached MOU template (Attachment A), which includes all required MOU elements, when executing MOUs in compliance with this policy. The attached template may be used when executing, reviewing, updating, and/or renewing all MOUs. As necessary, local boards may add sections to the MOU template in order to address the "Other Provisions" described above. **The MOUs should be comprehensive and include as much detail as possible to ensure all partners understand their respective role within the One-Stop delivery system.**

A [sample MOU and Infrastructure Costs Toolkit](#) and additional information can be found on the internet.

Action: Any new, renewed, or modified MOUs must be developed in compliance with the provisions of the WIOA, the WIOA Final Regulations, federal guidance, and this policy.

Any new, renewed, or modified MOUs/contracts must be submitted to:

Workforce Development Agency
Targeted Services Division
201 North Washington Square, 5th Floor
Lansing, Michigan 48913

Inquiries: Questions regarding this policy should be directed to your Adult Services state coordinator.

This policy is available for downloading from the internet system. Further, 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 via email at vancep1@michigan.gov or by calling 517-373-6234 for details.

**Expiration
Date:** Continuing

JB:KP:pv
Attachment

**MICHIGAN WORKS! SYSTEM
MEMORANDUM OF UNDERSTANDING
BETWEEN**

AND THE

WORKFORCE DEVELOPMENT BOARD

**Part I
General Information**

This Memorandum of Understanding (hereinafter referred to as the MOU) establishes the terms and conditions between _____ (hereinafter referred to as partner) and the local Workforce Development Board (hereinafter referred to as the WDB) for the _____ Michigan Works! Agency. This MOU is entered into for the purpose of delineating the respective roles and responsibilities of the _____ (partner) as a One-Stop partner, in compliance with the provisions of the Workforce Innovation and Opportunity Act (WIOA) of 2014, Section 121(c)(2). By signing this MOU, the parties agree to abide by the terms, conditions, goals, and principles set forth herein.

This MOU is designed to ensure the efficient and effective coordination and delivery of services in the _____ Michigan Works! service delivery area in order to prevent duplication and maximize available resources. In addition, this MOU establishes joint processes and procedures that will enable all parties to more fully integrate the current service delivery system, resulting in a more seamless and comprehensive array of education, human service, job training, and other workforce services.

**Part II
Service Provision and Coordination**

The _____ (partner) agrees to the following:

- (List of services/coordination and delivery responsibilities, descriptions of how services/activities are provided through the system and/or made available and how the services will be coordinated and delivered through the system.)

The WDB agrees to the following:

- (List of services/coordination and delivery responsibilities, descriptions of how services/activities are provided through the system and/or made available and how the services will be coordinated and delivered through the system)

**Part III
One-Stop Operating Budget**

The _____ (partner) agrees to the following:

- (Detailed listing of funding contributions, including shared operational costs and infrastructure costs, consistent with applicable rules, regulations, and policies. Provisions describing how the costs of services and the operating costs of the system will be funded, additional costs including shared services and operating costs for all partner programs and services related to the operation and infrastructure.)

The WDB agrees to the following:

- (Detailed listing of funding contributions, including shared operational costs and infrastructure costs, consistent with applicable rules, regulations, and policies. Provisions describing how the costs of services and the operating costs of the system will be funded, additional costs including shared services and operating costs for all partner programs and services related to the operation and infrastructure)

Part IV Referral Strategies

The _____ (partner) agrees to the following:

- (Detailed listing of referral methods/processes)

The WDB agrees to the following:

- (Detailed listing of referral methods/processes)

Part V Inclusion Strategies

The _____ (partner) agrees to the following:

- (Detailed listing of inclusion methods/strategies)

The WDB agrees to the following:

- (Detailed listing of inclusion methods/strategies)

Part VI Other Provisions

The _____ (partner) agrees to the following:

- (Detailed listing of other provisions agreed to)

The WDB agrees to the following:

- (Detailed listing of other provisions agreed to)

Part VII Duration of Agreement

In accordance with the provisions of the WIOA of 2014, this MOU is effective this _____ day of _____, 201_ by and between the _____ WDB and _____ (partner), as system partners. This MOU shall remain in effect until _____, or unless otherwise terminated by mutual agreement of all signing parties, under the following condition:

Any party may withdraw from this MOU by giving written notice of intent to withdraw at least 30 calendar days in advance of the effective date of the withdrawal. Notice of withdrawal shall be given to all parties covered by this agreement. Should any partner withdraw, this MOU shall remain in effect in its entirety with respect to the remaining parties until the expiration date of this agreement, or a new MOU is executed, whichever occurs first.

All signing parties assure that this MOU will be reviewed and renewed at least once every three years, or when substantial changes occur.

**Part VIII
Procedure for Amendment or Assignment**

This MOU may be modified at any time by written agreement of the parties. Such amendments will require the signature of all parties affected by such amendment. Assignment of responsibilities under this MOU by any of the parties shall be effective upon written notice to the other parties. Any assignee shall also commit in writing to the terms of this MOU.

**Part IX
Certification**

The undersigned hereby agree to abide by all terms and conditions outlined in this agreement, or in any amended version of this agreement, for the duration of this agreement.

Approval on behalf of Partner: _____
(Partner Entity Name)

Print Name and Title

Date

Signature of Partner

Date

Approval on behalf of the WDB:

Print Name of WDB Board Chair

Date

Signature of WDB Board Chair

Date

Approval on behalf of Chief Elected Official:

Print Name and Title of Chief Elected Official

Date

Signature of Chief Elected Official

Date