

To: work2future Staff & Subrecipients  
From: work2future Director  
Effective Date: May 2020  
SUBJECT: Memoranda of Understanding and Infrastructure  
Funding Agreements  
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## OPERATIONAL DIRECTIVE

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### Purpose:

This policy provides guidance on the development of Memoranda of Understanding (MOUs) and Infrastructure Funding Agreements (IFAs) under the Workforce Innovation and Opportunity Act (WIOA).

### Scope:

This policy applies to the San José Silicon Valley Workforce Development Board (WDB)

### Effective Date:

This policy is effective upon date of issue.

## REFERENCES

- WIOA (Public Law 113-128) Section 121
- Americans with Disability Act Amendment Act of 2008 (ADA) (Public Law 110-325)
- Title 34 Code of Federal Regulations (CFR) “WIOA, Joint Rule for Unified and Combined State Plans, Performance Accountability, and the One-Stop System Joint Provisions; WIOA Joint Final Rule” •
- Title 2 CFR Part 200: “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”
- WSD 15-12 WIOA Phase I Memorandums of understanding
- WSD 16-09 WIOA Phase II Memorandums of Understanding – Comprehensive AJCCs
- WSD 16-22 WIOA Phase II MOUs – Affiliate and Specialized AJCCs
- Department of Labor Workforce Innovation and Opportunity Act One-Stop Infrastructure Costs – FAQs

## BACKGROUND

In order to establish a high quality One-Stop delivery system and enhance collaboration amongst partner programs, WIOA requires Local Boards to develop Memorandum of Understandings (MOU) with all American Job Center (AJC) **required partners** present in the Local Workforce Development Area (Local Area). California has branded its AJCC's as Americas Job Centers of California (AJCC).

These MOUs serve as a functional tool as well as visionary plan for how the WDB and AJCC partners will work together to create a UNIFIED SERVICE DELIVERY SYSTEM that best meets the needs of their shared customers. Accordingly, this MOU focuses on the partner's various program offerings, that deliver common services to common clients. The MOU design is intended to eliminate duplication of effort and cost, streamline services for customers, and infuse best practices and expertise into the AJCC delivery system(s).

In California’s case, the state chose to separate the MOU development process into two distinct phases.

- Phase I addressed service coordination and collaboration amongst the partners.
- Phase II addressed how to sustain the unified system as described in Phase I through the use of resource sharing and joint infrastructure cost funding.

A critical part of successful implementation of the State’s vision is a well-articulated MOU. As the WDB, with the agreement of the chief elected official (CEO), we are responsible for entering MOU with each AJCC partner, that outlines the operations of the overarching One-Stop delivery system (WIOA Section 121[c]). WDB will act as both the convener of the MOU negotiations as well as the shaper of how One-Stop services are delivered within their Local Workforce Development Area (Local Area).

## **POLICY AND PROCEDURES**

### **Memorandums of Understanding**

The AJCC partners are jointly responsible for workforce and economic development, educational, and other human service programs. Therefore, collaboration is essential to establishing a quality-focused, employer-driven, and customer-centered system.

#### **Comprehensive AJCC**

Every Local Area must have at least one comprehensive AJCC (Title 20, CFR 678.305) that provides universal access to the full range of employment services, training and education, employer assistance, etc. In other words, a comprehensive AJCC is a physical location where job seekers and employers have access to all programs, services, and activities of all the required AJCC partners.

The San José Silicon Valley Workforce Development Board’s (WDB) comprehensive AJCC is:

- work2future AJCC, located at 1601 Foxworthy Avenue in San Jose, California 95118.

The WDB partners include local/regional representatives of the following programs:

WIOA Required Program	Partner Agency
WIOA Adult, Dislocated Worker and Youth	San Jose Silicon Valley Workforce Development Board
Adult Education and Literacy	Campbell Union High School District Metropolitan Education District East Side Union High School District
Wagner Peyser	California Employment Development Department
Rehabilitation Act	California Department of Rehabilitation
Job Corps	San Jose Job Corps
Migrant and Seasonal Farmworkers	Center for Employment and Training
Community Services Block Grant	Center for Employment and Training
Senior Community Services Employment Program	Sourcewise Community Resource Solutions
Post-Secondary Career and Technical Education	Foothill De Anza Community College District San Jose Evergreen Community College District
California Department of Social Services	The County of Santa Clara Social Services Agency

The term “access” refers to providing services that are accessible to all AJCC customers, including those with disabilities, through one or more of the following methods:

- **Co-location** – Staff with expertise of Required WIOA Programs as shown above, are physically present at the AJCC. This generally means that each partner listed above will staff service functions as required to provide integrated and coordinated services at the AJCC.
- **Cross information sharing** – Staff who are physically present at the AJCC and properly trained to provide information about programs, services, and activities that are, or may be available to the customer offered by partners who have not staffed the AJCC.
- **Direct access through real-time technology** – Access through two-way communication and interaction between customers and AJCC partners that result in services being provided. Examples may include the following:
  - Email or instant messaging.
  - Live chat via Skype or Facetime.
  - Identification of a single point of contact for service delivery at each partner program.
  - Establishment of an internet portal linking all of the partners.

### **Affiliate AJCCs**

An affiliate AJCC, in contrast to a comprehensive AJCC is a center that offers job seekers and employers at least one or more of the AJCC programs, services, and activities. Affiliate AJCC's do not provide all programs, services, and activities of all the required AJCC partners. Affiliate AJCC type centers however do serve as access points into the local comprehensive AJCC system.

An affiliated site is not required to provide access to every required AJCC core (partner) service and the extent of time and frequency of staff presence in an affiliated center is left to the discretion of the partners. Affiliate AJCCs can be **Specialized Centers** that address specific needs of a target population or key industry sector or cluster. Regulatory guidance allows WDB's the option of choosing to incorporate affiliated centers as part of their service delivery strategy. In making these elections, the WDB and/or partners need to operate these centers in a manner that supplements and enhances customer access. The WDB affiliate AJCCs are located at:

- North San José Job Center, 1901 Zanker Road, San José CA 95134
- Gilroy Job Center 379 Tomkins Ct. Gilroy, CA 95020

### **Development of a Memorandum of Understanding**

MOU's act as a functional tool as well as visionary plan for how the Local Board and AJCC partners will work together to create a unified service delivery system that best meets the needs of their shared customers.

Local Boards may develop a single "umbrella" MOU that addresses overarching issues for the Local Board, CEO, and AJCC partners as they relate to the local AJCC system. Alternatively, they may choose to enter into a separate MOU with each individual partner or groups of partners. Two

or more Local Areas within a planning region also have the option to develop a single joint MOU, should they wish to do so.

The WDB has an "umbrella" MOU with all partners except the County of Santa Clara Social Services Agency and an individual partner MOU with the County of Santa Clara Social Services Agency.

The three major components each MOU should address are as follows:

1. Shared Customers
2. Shared Services
3. Shared Costs

Joint infrastructure funding is a critical part of establishing the foundation needed to support integrated service delivery. Therefore, under WIOA each of the required partners must contribute a portion of their funds toward maintaining the AJCC system [WIOA Section 121(b)(1)]. However, in order to ensure we are moving toward a customer-focused approach across all programs, the shared resources and costs portion of each MOU does not have to be negotiated until after the Local Board and AJCC partners have first addressed their shared customers and services.

**Phase I and Phase II**

The MOU development process takes place in two phases. Phase I of each MOU addresses service coordination and collaboration amongst the partners. Phase II addresses how to functionally and fiscally sustain the unified system described in Phase I through the use of resource sharing and joint infrastructure costs. The State compiled a matrix of the AJCC required partners at the state and local level as well as the preferred points of contact for MOU negotiations and signatures. After each phase of a MOU has been completed, authorized representatives of the Local Board, CEO, and AJCC partner(s) must sign it.

**Federal guidance requires that the entire MOU be reviewed and updated a minimum of every three years.**

**Phase I: Service Coordination**

For Phase I, the WDB is expected to work with all of the required partners present in the Local Area to develop an agreement regarding the operations of the local AJCC (One-Stop system) as it relates to shared services and customers.

**Phase II: Shared Resources and Costs**

For Phase II, the WDB builds upon the agreements established in Phase I and determines how to best support the established service delivery model through the sharing of resources and costs. WDB are allowed to continue local funding agreements they previously had under the Workforce Investment Act.

Each MOU must contain an assurance that it will be reviewed and updated, at a minimum, every three years in order to ensure it contains up to date information regarding funding, delivery of services, and changes in the signatory official of the Local Board, CEO, or AJCC partner(s). In addition, each MOU must be reviewed and, if necessary, renegotiated after Local Workforce Development Plans and Regional Workforce Development Plans have been developed. This is to ensure they are properly aligned with the local priorities and strategies identified in both plans.

**Provisions of a Memorandum of Understanding**

The table below outlines the content for Phase I and Phase II of the MOU development process. The left column lists the provisions that each MOU must contain, as required by WIOA. The right column lists what corresponding information needs to be included in order to address each provision.

<b>Phase I MOU</b>	
<b>MOU Provisions Required under WIOA Section 121 (c)</b>	<b>Corresponding Information Needed</b>
<p><b>Services provided through the One-Stop delivery system</b>  WIOA Section 121(c)(2)(A)(i)  Describe the services to be provided through the One-Stop delivery system consistent with the requirements of this section, including the manner in which the services will be coordinated and delivered through such a system.</p>	<ul style="list-style-type: none"> <li>• Define the purpose, mission, values and goals of the AJCC system.</li> <li>• Identify the AJCC partner(s) included in the MOU.</li> <li>• Describe the AJCC system design.</li> <li>• Describe the AJCC system services, that are applicable to each partner, including career services and those identified in the bi-lateral agreements contained in the State Plan</li> </ul>

	<ul style="list-style-type: none"> <li>• Identify the AJCC system customers and describe shared customers.</li> <li>• Describe the responsibilities of the AJCC partner(s), including joint planning and staff development/professional development.</li> </ul>
<p><b>Initial Plan for Funding of Services and Operating Costs</b> Describe the initial plan for Phase II as referenced in WIOA Section 121(c)(2)(A)(ii).</p>	<ul style="list-style-type: none"> <li>• Include a commitment to sharing system operating costs.</li> <li>• Include an assurance that costs will be based on proportionate use and agreed upon methodology.</li> <li>• Include an assurance that a cost sharing agreement will be completed during Phase II of MOU process.</li> </ul>
<p><b>Methods for Referring Customers</b> WIOA Section 121(c)(2)(A)(iii) Describe methods of referral of individuals between the One-Stop operator and the One-Stop partners for appropriate services and activities.</p>	<ul style="list-style-type: none"> <li>• Describe the AJCC system referral process.</li> <li>• Describe commitment to ensuring a high-quality customer service and customer-centered focus.</li> <li>• Identify how the AJCC system will provide direct access to partners through real-time technology.</li> </ul>
<p><b>Access to Services</b> WIOA Section 121(c)(2)(A)(iv) Describe methods to ensure the needs of workers and youth, and individuals with barriers to employment, including individuals with disabilities, are addressed in the provision of necessary and appropriate access to services, including access to technology and materials, made available through the One-Stop delivery system.</p>	<ul style="list-style-type: none"> <li>• Attach an AJCC system map that identifies the location of each comprehensive and affiliate AJCC within the Local Area.</li> <li>• Define individuals with barriers to employment and describe how the AJCC system will ensure access and priority for services to individuals with barriers to employment.</li> <li>• Include a commitment by the AJCC partner(s) to work together to share data and technology.</li> <li>• Identify measures and internal control applied to ensure system security.</li> <li>• Include a commitment to comply with the confidentiality provisions of the respective statutes of the AJCC partner(s).</li> <li>• Describe how the AJCC system will provide measures to promote nondiscrimination and equal opportunity.</li> <li>• Describe the AJCC system grievance procedures.</li> <li>• Include a commitment that the AJCC partner(s) and locations will comply with ADA physical and programmatic access requirements.</li> <li>• Include a commitment that the AJCC partner(s) will promote capacity building and professional development for staff in order to increase awareness and understanding of serving individuals with barriers to employment and individuals with disabilities.</li> </ul>

<p><b>Duration of MOU</b>  WIOA Section 121(c)(2)(A)(v)  Describe the duration of the MOU and the procedures for amending the memorandum during the duration of the memorandum, and assurances that such memorandum shall be reviewed not less than once every 3-year period to ensure appropriate funding and delivery of services.</p>	<ul style="list-style-type: none"> <li>• Identify the effective dates of the MOU.</li> <li>• Include an assurance to review the MOU at least every three years.</li> <li>• Describe the procedures established to revise and modify the MOU.</li> <li>• Describe the procedures established to terminate the MOU.</li> </ul>
<p><b>Recommended MOU Provision</b></p>	<p><b>Optional Sections to include in the MOU</b></p>
<p><b>Administration and Operations Management</b></p>	<ul style="list-style-type: none"> <li>• Describe management operations, including site supervision and day to day operations.</li> <li>• Describe how the AJCC system will engage in media releases and communication.</li> <li>• Describe the AJCC system policy and procedures regarding hold harmless, indemnification, and liability.</li> <li>• Describe how the AJCC system will handle dispute resolution.</li> </ul>
<p><b>Phase II MOU</b></p>	
<p><b>Key Components</b></p>	<p><b>Required Information</b></p>
<p><b>Infrastructure Costs</b></p>	<ul style="list-style-type: none"> <li>• A budget outlining the infrastructure costs for each comprehensive AJCC in the Local Area with a detailed description of what specific costs are included in each line item. Please note, if the Local Board chooses to negotiate infrastructure costs based on their “network” of comprehensive AJCCs, rather than center by center, then the budgets for all the comprehensive AJCCs can be consolidated into one system budget.</li> <li>• The cost allocation methodology chosen to charge each partner in proportion to its use of the AJCC(s) and benefit received, in accordance with Uniform Guidance.</li> <li>• The initial proportionate share of infrastructure costs allocated to each partner based on the agreed upon cost allocation methodology, each partner’s estimated total contribution amount, and whether it will be provided through cash, non-cash (in-kind), and/or third-party in-kind contributions. This initial determination must be periodically reconciled against actual costs incurred and adjusted accordingly.</li> <li>• For any identified non-cash or in-kind contributions, the method by which the value of the contribution was or will be fairly evaluated, in accordance with Uniform Guidance Section 200.306.</li> </ul>
<p><b>Other System Costs</b></p>	<ul style="list-style-type: none"> <li>• A budget outlining other system costs for each comprehensive AJCC in the local One-Stop delivery system and a detailed description of what specific costs are included in each line</li> </ul>

	<p>item. The budget must include “applicable career services” as well as any other shared costs agreed upon by the AJCC partners.</p> <ul style="list-style-type: none"> <li>• The cost allocation methodology agreed to by all partners to charge other system costs according to if benefit is received and their proportionate use in accordance with Uniform Guidance.</li> <li>• The initial proportionate share of other system costs allocated to each partner based on the agreed upon cost allocation methodology, each partner’s estimated total contribution amount, and whether it will be provided through cash, non-cash (in-kind), and/or third-party in-kind contributions. This initial determination must be periodically reconciled against actual costs incurred and adjusted accordingly.</li> <li>• For any identified non-cash or in-kind contributions, the method by which the value of the contribution was or will be fairly evaluated, in accordance with Uniform Guidance.</li> </ul>
<p><b>Process and Development</b></p>	<ul style="list-style-type: none"> <li>• The period of time in which the infrastructure and other shared costs agreement is effective.</li> <li>• Identification of all AJCC partners, Chief Elected Official(s) (CEO), and Local Boards participating in the infrastructure and other system costs funding arrangements.</li> <li>• Steps the Local Board, CEO, and AJCC partners used to reach consensus and/or an assurance that the Local Area followed guidance for the state infrastructure funding mechanism.</li> <li>• A description of the process to be used among partners to resolve issues during the MOU duration period when consensus cannot be reached.</li> <li>• A description of the periodic modification and review process that will be used to ensure all AJCC partners continue to contribute their fair and equitable fair share of infrastructure and other system costs, including the identification of who will fulfill this responsibility.</li> <li>• An assurance from all non-co-located partners that they agree to pay their proportionate share of infrastructure costs as soon as sufficient data are available to make such a determination.</li> <li>• Signatures of authorized representative(s) of the Local Board, the CEO, and all AJCC partners who signed the Phase I MOU</li> </ul>

## Infrastructure Costs

Under WIOA, each AJCC partner that carries out a program or activities within a comprehensive AJCC must use a portion of the funds available for their program and activities to help maintain the One-Stop delivery system (AJCC), including proportional payment of the infrastructure costs of the AJCCs (WIOA Joint Final Rule Section 678.700).

If it has been determined that a partner is receiving benefit from the AJCC, the amount of funds each AJCC partner is required to contribute must be based on their proportionate use of the AJCC(s). When determining each partner's proportionate share, Local Boards must remain in compliance with the federal statute authorizing each partner's program as well as Uniform Guidance.

The only exception is that Native American programs are not required to contribute to infrastructure funding but, as a required One-Stop partner, they are encouraged to contribute. Any agreement regarding the contribution or non-contribution to infrastructure costs by Native American programs must still be recorded in the signed MOU (WIOA Section 121[h][2][D][iv]).

It is important to note, that if the Native American program partner chooses not to contribute to infrastructure costs and an AJCC identifies infrastructure costs that are allocable solely to the Native American program, those costs cannot be allocated to the remaining partners and therefore must either be removed from the center budget or paid for by an alternate source of funding.

### Establishing Infrastructure Funding Agreements (IFA) Budgets

The IFA cost sharing requirements outlined in this directive apply to comprehensive, affiliate, and specialized AJCCs unless the guidance differs. Any differing guidance will be noted as such. All comprehensive and affiliate AJCCs are identified in the Phase I MOUs.

### Affiliate and Specialized AJCCS only:

If an affiliate or specialized AJCC only has one MOU partner within the AJCC, they are not required to negotiate the IFA as there are no cost sharing partners. However, the Local Boards and partners may choose to include affiliate and specialized AJCCs with only one co-located partner if they are participating in a "network" IFA.

### Comprehensive, Affiliate, and Specialized AJCCS:

When establishing the IFA budgets, Local Boards and their partners may choose whichever combination of "network" or individual IFA and other system cost budgets that best fits their needs. Examples of negotiation options include, but are not limited to, the following:

- Full network IFA and other system costs budget – The Local Area and partners will combine the negotiations for all their AJCCs. This would include the comprehensive, affiliate, and specialized AJCCs into one IFA and one other system costs budget.
- Individual AJCCs IFA and other systems budget – The Local Area and partners may negotiate an IFA and other system costs budget for each individual AJCC, regardless of type, and nothing will be combined.
- Two separate network IFA and other system costs budgets – The Local Area and partners may want to negotiate a network IFA and other system costs budget but keep the comprehensive AJCCs together in one network and separate the affiliate and specialized AJCCs into a second network. •
- Any mixture of network and individual IFA and other system costs budgets – The Local Area and partners may want to combine some AJCCs into a network negotiation while choosing to negotiate other AJCCs on an individual basis. All partners must agree to the budget and cost allocation methodology. They must also meet the standards of proportionate use and relative benefit and comply with federal cost principles.



The San José Silicon Valley Workforce Development Board WDB has a full network IFA and other system costs budget with all partners except the County of Santa Clara Social Services Agency, and an individual IFA and other system costs budget with the County of Santa Clara Social Services Agency.

Although federal guidance requires that the entire MOU be reviewed and updated a minimum of every three years, the IFA budgets must be reviewed annually and updated if there are substantial changes.

The IFA budgets include, but are not limited to, all non-personnel costs that are necessary for the physical operation of the AJCC such as: rent, utilities and maintenance, equipment, technology, and non-marketing common identifier expenses. Every AJCC infrastructure budget must have an “Access and Accommodation” line item for ensuring physical and programmatic access to the AJCC by individuals with disabilities.

The budgets must contain descriptions of the specific costs grouped under each line item. Local Boards may consolidate and/or break out line items as best fits with their individual area budgets and cost allocation methodology. Examples of costs that may fall under the above-mentioned line items include, but are not limited to, the following:

- Rental of the Facilities
- Utilities and Maintenance Costs
  - Electric
  - Gas
  - Water
  - Sewer connections
  - High-speed internet connectivity
  - Telephones (landline for the center, not cell phones)
  - Facility maintenance contracts
- Equipment Costs
  - Assessment-related products
  - Assistive technology for individuals with disabilities
  - Copiers
  - Fax machines
  - Computers
  - Other tangible equipment used to serve all center customers (not specific to an individual program partner)
- Technology to Facilitate Access to the AJCC Costs
  - Technology used for the center’s planning and outreach activities
  - Cost of creation and maintenance of a center website (not specific to an individual program partner) that provides outreach to customers by providing information on AJCC services and/or provides direct service access to AJCC services
  -

Please note, this does not include data systems or case management systems specific to individual program partners.

- Common Identifier Costs (Local option)
  - Creating new signage
  - Updating templates and materials
  - Updating electronic resources

Note: If a Local Board decides to include common identifier costs as part of the IFA, they cannot include costs associated with any sort of advertising campaign promoting the AJCC under the new common identifier (WIOA Joint Final Rule Preamble page 55904).

Determining Benefit Received by Partners

Local Boards must first determine whether an AJCC partner is receiving benefit from the AJCC or system. If benefit is being received, the AJCC partner’s proportionate share of infrastructure costs must be calculated in accordance with Uniform Guidance and based on a reasonable cost allocation methodology, whereby infrastructure costs are charged to each partner in proportion to their use of the AJCC(s). All costs must be allowable, reasonable, necessary, and allocable (WIOA Joint Final Rule Section 678.715).

Partners who are physically co-located in the AJCC(s) (full-time or part-time) are considered to receive a direct benefit that is allocable, therefore, they must contribute their proportionate share towards infrastructure costs. Partners who are not physically co-located in the AJCC may also be receiving benefit from the AJCC system. However, that benefit still has to be clearly allocable by way of reliable data and a cost methodology that demonstrates the partner’s usage of and benefit from the center and its services.

Currently, there isn’t a statewide data tracking system that can provide accurate and reliable data for allocating the benefit received by non-co-located partners, such as the number of referrals to and from the AJCC and/or usage of AJCC based services and usage of the comprehensive AJCCs. In order to remain in compliance with Uniform Guidance cost allocability rules, the requirement to contribute to infrastructure costs at this time only applies to those partners who are physically co-located in the job centers.

The state is in the process of implementing the requisite statewide data tracking system, and once such data are available, all non-co-located partners who are receiving benefit from the job centers will also be required to contribute their proportionate share towards infrastructure costs. Consequently, the Phase II MOU must include an assurance from all non-co-located partners that they agree to pay their proportionate share of infrastructure costs once sufficient data are available.

However, it is important to note that non-co-located partners are still required to contribute to other system costs based on their proportionate share of applicable career services as identified in the Phase I MOU, as well as any additional line items the Local Boards and AJCC partners agree to include in the other system costs budget. The table below outlines the above referenced requirements. Once again, this will change once a state-wide system for collecting the necessary data has been established.

	Must sign both budget agreements	Must contribute to infrastructure costs	Must contribute to other system costs, including applicable career services
Partner who is co-located	Yes	Yes	Yes
Partner who is non- co-located	Yes	No	Yes

Cost Allocation Methodology

After creating an IFA for each comprehensive AJCC, or optionally, for the local network of comprehensive AJCCs as a whole, and determining if benefit is received by each partner, the Local Board must select a cost allocation methodology to identify the proportionate share of infrastructure costs each partner will be expected to contribute. Any cost allocation methodology selected must adhere to the following:

- Be consistent with the federal laws authorizing each partner’s program (including any local administrative cost requirements).
- Comply with federal cost principles in the Uniform Guidance.
- Include only costs that are allowable, reasonable, necessary, and allocable to each program partner.
- Be based on the proportionate use and if benefit is received by each partner.

Examples of cost allocation methods that may be used include, but are not limited to, the following:

- The proportion of a partner program's occupancy percentage of the AJCC (square footage).
- The proportion of a partner program's customers compared to all customers served by the AJCC.
- The proportion of partner program's staff among all staff at the AJCC.
- The percentage of a partner program's use of equipment at the AJCC.

Although issued under the Workforce Investment Act, the DOL Financial Management Technical Assistance Guide (TAG) Parts I and II still serve as useful tools for an overview of appropriate cost allocation methodologies.

- DOL Financial TAG Part I: [http://www.doleta.gov/grants/pdf/TAG\\_PartI.pdf](http://www.doleta.gov/grants/pdf/TAG_PartI.pdf)
- DOL Financial TAG Part II: [http://www.doleta.gov/grants/pdf/TAG\\_PartII\\_July2011.pdf](http://www.doleta.gov/grants/pdf/TAG_PartII_July2011.pdf)

#### Cash, In-Kind, or Third-Party In-Kind Contributions

AJCC partners (or their respective state entity) may provide cash, non-cash, and third-party in-kind contributions to cover their proportionate share of infrastructure costs. If non-cash or in-kind contributions are used, they cannot include non-infrastructure costs (such as personnel), and they must be valued consistent with Uniform Guidance Section 200.306 to ensure they are fairly evaluated and meet the partner's proportionate share (WIOA Joint Final Rule Section 678.720). If third-party in-kind contributions are not restrictive and made to support the AJCC(s) as a whole (such as space), that contribution will not count toward a specific partner's proportionate share of infrastructure. Rather, the value of the non-restricted contribution will be applied to the overall infrastructure costs and thereby reduce the contribution required for all partners.

#### Determining the Source of Funds to Pay Infrastructure Costs

When determining which funds can be used to pay infrastructure costs, AJCC partners must remain in compliance with their authorizing federal statute as well as WIOA Joint Rule Section 678.720, which provides stipulations on the types of funds certain partners are allowed to use towards their proportionate share under the local funding mechanism. These limitations include the following:

- WIOA Title I – Infrastructure costs can be paid as program and/or administrative costs.
- WIOA Title II – Infrastructure costs can only be paid from funds available for local administrative expenses or from non-federal resources that are cash, in-kind, or third-party contributions.
- WIOA Title III – As the regulations did not specify a funding source for Title III, any available funds may be utilized for infrastructure costs.
- WIOA Title IV – Infrastructure costs are paid from administrative costs.
- Career and Technical Education – Infrastructure costs must be paid from funds available for local administrative of postsecondary level programs and activities to eligible recipients, or a consortium of eligible recipients, and may be paid from funds made available by the state or non-federal resources that are cash, in-kind, or third-party contributions.
- TANF/CalWORKs – Infrastructure costs are paid only from those funds used for the provision or administration of employment and training programs.

There are no set caps on the amount or percent of overall funding an AJCC partner is responsible for contributing to fund infrastructure costs under the local funding mechanism, except that contributions from administrative costs may not exceed the amount available for administrative costs under the authorizing statute of the partner program.

#### Reconciliation of AJCC Partner Contributions

The Local Board is responsible for ensuring that all of the AJCC infrastructure costs are paid according to the provisions of their signed Phase II MOUs. The estimated proportionate share of costs for each partner are based on budgeted expectations. Until the actual costs are known, and the usage and benefits are calculated, each partner's true proportionate share of cost will be unknown. Therefore, all AJCC partner contributions, regardless of the type, must be reconciled on a regular basis (e.g., monthly or quarterly), comparing expenses incurred to relative benefits received. The reconciliation process is necessary in order to ensure that the proportionate share each partner program is contributing remains consistent with the cost methodology, is up to date, and in compliance with the terms of the MOU. The Phase II MOU must also identify who will be responsible for this regular reconciliation.

#### Other One-Stop Delivery System Costs

In addition to jointly funding infrastructure costs, AJCC partners must use a portion of funds made available under their authorizing federal statute (or fairly evaluated in-kind contributions) to pay the additional costs relating to the operation of the One-Stop delivery system. These costs may be shared through cash, non-cash, or third-party in-kind contributions (WIOA Joint Rule Section 678.760).

The other system costs budget must include applicable career services, and may include any other shared services that are authorized for and commonly provided through the AJCC 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 operating costs may also include shared costs related to the Local Board's functions.

As with infrastructure costs, other system costs must be allocable according to the proportion of benefit received by each of the AJCC partner programs, consistent with the partner's authorizing federal statute and Uniform Guidance. The MOU Phase II must also include an agreed upon budget for these other costs along with the agreed upon cost sharing methodology.

Unlike the IFA, other system costs include personnel costs of operating a comprehensive AJCC. They can include shared personnel costs such as a center receptionist or staff who are cross trained in and deliver services for multiple partner programs. Everything in the other system costs budget must be agreed to by all partners locally.

#### Establishing Other System Costs Budgets

The agreed upon budget for other system costs must align with the Phase I MOU agreement that outlined shared customers and services. If it does not, then the Phase I MOU must be amended to justify the budgeted system costs and align with Phase II. Therefore, Local Boards and AJCC partners should start by reviewing their signed Phase I MOUs in order to determine what each partner previously agreed to.

The other system costs budget must be a consolidated budget that includes a line item for applicable career services. The signed Phase I MOU required identification of the career services that were applicable to each partner program. Accordingly, this budget must include each of the partner's costs for the service delivery of each applicable career service and a consolidated system budget for career services applicable to more than one partner.

The budget may also include shared services, which have been agreed upon by all partners, which are authorized for and may be commonly provided through the One-Stop system. Examples of these types of services include, but not limited to, the following:

- Initial intake, assessment of needs, appraisal of basic skills, identification of appropriate services to meet such needs, and referrals to other AJCC partners.

This may include costs such as technology and tools that increase integrated service delivery through the sharing of information and service delivery processes.

- Business services.

This may include costs related to a local or regional system business services team that has one or more partners on the team or has delegated a specific partner to provide business services on behalf of the system.

- AJCC partner staff cross training.

This may include any staff cross training on partner programs and eligibility identified in the Phase I MOU.

- One-Stop operator.

This may include the system role of the One-Stop operator (e.g., coordinating service providers across the One-Stop delivery system) when the role is not specific to the operation of the AJCC and/or specific partner programs, so long as the role was defined by the Local Board in the procurement process and agreed to by all AJCC partners in the MOU.

- Shared personnel (and other non-infrastructure costs) for co-located partners.

This may include center receptionists and/or center managers.

#### **ACTION**

Bring this directive to the attention of all appropriate staff and subrecipients.

#### **INQUIRIES**

If you require further information regarding this policy, please contact work2future Finance Manager at (408) 794-1146.