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EDMUND G. BROWN JR.  
GOVERNOR

DECEMBER 27, 2016

ALL COUNTY INFORMATION NOTICE NO. I-93-16

TO: ALL COUNTY WELFARE DIRECTORS  
ALL CALWORKS PROGRAM SPECIALISTS  
ALL COUNTY WELFARE-TO-WORK COORDINATORS  
ALL COUNTY REFUGEE COORDINATORS  
ALL CALFRESH COORDINATORS  
ALL TRIBAL TANF ADMINISTRATORS

SUBJECT: **WORKFORCE INNOVATION AND OPPORTUNITY ACT (WIOA) COST SHARING GUIDANCE FOR CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CALWORKS) PROGRAMS**

REFERENCES: ALL COUNTY LETTER (ACL) NO. [16-51](#); ALL COUNTY INFORMATION NOTICE [I-78-16](#); WORKFORCE SERVICES DIRECTIVE [16-09](#); [20 CODE OF FEDERAL REGULATIONS \(CFR\), SECTION 678](#) AND [2 CFR, SECTION 200.306](#); UNITED STATES PUBLIC LAW (P.L.) [113-128](#) (WIOA STATUTE)

The purpose of this letter is to provide County Welfare Departments (CWDs) with guidance regarding the WIOA cost sharing requirements for CalWORKs programs. The WIOA makes Temporary Assistance to Needy Families (TANF) programs mandatory partners with local one-stops, which are now called America's Job Centers of California<sup>SM</sup> (AJCCs). Cost sharing with AJCCs is one of the requirements of the mandatory partnership under the WIOA. The guidance in this letter expands on the cost sharing information provided in [ACL No. 16-51](#) under Role and Responsibility #2 and in [Workforce Services Directive 16-09](#), which was released by the California Workforce Development Board and the Employment Development Department.

**INTRODUCTION**

There are two categories of WIOA cost sharing requirements: AJCC infrastructure and other system costs. [Workforce Services Directive 16-09](#) provides guidance to local workforce development boards (local boards) regarding the cost sharing requirements based on the [final WIOA regulations](#) from the Department of Labor and the Department of

REASON FOR THIS TRANSMITTAL

- State Law Change
- Federal Law or Regulation Change
- Court Order
- Clarification Requested by One or More Counties
- Initiated by CDSS

Education. The final regulations also provide useful information for CWDs when working with their local boards on completing the WIOA Phase II memorandums of understanding (MOUs) for cost sharing.

[Workforce Services Directive 16-09](#) describes on pages four, five, and seven that the cost sharing requirement for funding AJCCs is only for “comprehensive” AJCCs. All local areas are required to have at least one comprehensive AJCC. To be considered comprehensive, AJCCs must provide access to all required partners and offer a broad range of services for all job seekers, **including CalWORKs recipients**. Comprehensive AJCCs are described in detail in the WIOA regulations at [20 CFR, section 678.305](#).

## **INFRASTRUCTURE COST SHARING**

The AJCC infrastructure cost sharing requirement includes the **non-personnel** expenses related to the operation of the AJCCs, including rent, utilities, maintenance, equipment, and technology to facilitate access to AJCCs. The AJCC infrastructure cost sharing requirement has two processes: the **local funding mechanism** and the **state funding mechanism**. As indicated in WIOA statute at P.L. [113-128](#), section 121(h)(1)(A)(ii), partners in the local area must be in **consensus** on infrastructure funding. [Workforce Services Directive 16-09](#) (page seven) affirms this information by stating that **all partners** in a local area must agree to the budget and cost allocation methodology for infrastructure funding.

If local boards do not reach agreement with **any** local partners—including CalWORKs programs—on cost sharing under the local funding mechanism, the state funding mechanism is implemented for **all** partners in the local area. The local funding mechanism provides significant flexibility and discretion when determining cost sharing. The state funding mechanism requires the state to allocate cost sharing amounts from local partners to AJCCs. All local partners are directed to achieve agreement with local boards to avoid the lengthy and complicated allocation process required by the state funding mechanism. Not achieving agreement among all partners may also result in greater costs for CalWORKs programs and other partners. **If a local area (local board and partners) reaches agreement on cost sharing after the state funding mechanism process has begun, the state process for that local area stops.** Additional guidance regarding the state funding mechanism is forthcoming.

As explained in [Workforce Services Directive 16-09](#), **at this time only colocated CalWORKs programs** have a cost sharing requirement for **AJCC infrastructure**. Non-colocated CalWORKs programs do not have a cost sharing requirement for AJCC infrastructure until statewide data is available indicating how non-colocated CalWORKs programs benefit from AJCCs’ services; there is no timeline yet for when this data will become available. **Both colocated and non-colocated** CalWORKs programs are required to contribute toward the **other system costs**, which are discussed below.

## OTHER SYSTEM COSTS

In addition to agreeing on AJCC infrastructure cost sharing, CWDs need to agree on cost sharing for other system costs. Expenses related to **personnel** count toward the other systems cost sharing requirement. There are two types of other system costs: **career services** and **other shared services**. Only **career services are required** for cost sharing under the WIOA; **other shared services are optional**. Career services are discussed on pages four and five of [ACL No. 16-51](#) (“Funds for career services”), with examples of the types of services that CalWORKs programs already provide. Examples of other shared services can be found on page 22 in attachment two of [Workforce Services Directive 16-09](#).

Both colocated and non-colocated CalWORKs programs are required to share costs for career services, which is accomplished by CalWORKs programs paying for services such as appraisals and subsidized employment for welfare-to-work (WTW) participants who are also being served by the AJCCs. CalWORKs programs may, at their own discretion, share costs for other shared services. **Unlike cost sharing for AJCC infrastructure, no state funding mechanism is implemented if local boards and partners do not come to an agreement for other system costs.**

## COLOCATION

Colocation means the CWD has at least one CalWORKs program staff member regularly providing eligibility and/or employment assistance at a comprehensive AJCC. If the AJCC is located at the CWD, and the CalWORKs program does not have colocated staff in the AJCC, the CalWORKs program is not colocated for purposes of the infrastructure cost sharing requirement. As indicated on page nine of [Workforce Services Directive 16-09](#), only partners who have staff physically present within the AJCC, (full-time, part-time, or intermittently) are colocated and have an infrastructure cost sharing requirement **at this time**. If the CWD pays the costs of the facility for the AJCC, these costs can be counted as a third party contribution in the future when non-colocated CalWORKs programs have an infrastructure cost sharing requirement.

## WIOA REGULATIONS

Following are key components of the federal regulations to assist CWDs with AJCC infrastructure cost sharing discussions with their local boards. The [final WIOA regulations](#), like other federal regulations, are in two parts: the formal regulations and a comment/response section, which interprets the regulations. The following information is excerpted from both the formal regulations and the comment/response section. The excerpts from the comment/response section are followed by page numbers to make it easier to locate the citations. **Please note that the federal regulations continue to use the term “one-stop” instead of AJCC.**

The WIOA regulations state in [20 CFR, section 678.420\(b\)\(2\)\(i\)](#) that AJCC partners are required to establish cost sharing methodologies that are based upon “a reasonable cost

allocation methodology by which infrastructure costs are charged to each partner based on proportionate use and relative benefit received.” Within that framework is significant flexibility and discretion that the CWDs may apply in their cost sharing discussions with the local boards to develop the WIOA Phase II MOUs.

**The CWDs are not required to use a single or specific set of criteria when determining proportionate use and relative benefit.** As stated in [20 CFR, section 678.700](#) (page 55903): “There are a variety of methods to allocate costs, for instance: based on the proportion of a partner program’s occupancy percentage of the one-stop center (square footage); the proportion of a partner program’s customers compared to all customers served by the one-stop; the proportion of partner program’s staff compared to all staff at the one-stop; or based on a partner program’s use of equipment or other items that support the local one-stop delivery system.” Additionally, [20 CFR, section 678.700](#) (page 55903) provides clarifying information for TANF programs: “The Departments [of Labor and Education] wish to clarify that there are numerous methods for allocating costs, of which a proportion of customers is only one.”

**“Proportionate benefit” is not defined in the WIOA and may be interpreted by the CWDs and local boards:** As stated in [20 CFR, section 678.715](#) (page 55907), “There is no specific Federal definition of proportionate share, proportionate benefit, or proportionate use, and none of these terms are defined in WIOA.”

**The local boards and CWDs have significant flexibility and discretion to develop cost methodologies and come to agreements that adhere to the WIOA regulations:** As stated in [20 CFR, section 678.735](#) (page 55913): “The partners should be contributing an amount proportionate to their use of the one-stop center. Determining this under the local mechanism is completely left up to the local partners and local board to work out in the MOU, as long as it follows the federal cost principles of the Uniform Guidance.” For information regarding Uniform Guidance, CWDs are recommended to review [2 CFR, section 200.306](#).

## **COST SHARING CONTRIBUTIONS**

Both AJCC infrastructure and other system costs may be met through cash, non-cash, and third-party in-kind contributions. As stated in [20 CFR, section 678.715\(a\)\(1\)](#): “The infrastructure costs are funded through cash and fairly evaluated non-cash and third-party in-kind partner contributions...” Other system costs are discussed in [20 CFR, section 678.760\(c\)](#): “Contributions to the additional costs related to operation of the one-stop delivery system may be cash, non-cash, or third-party in-kind contributions, consistent with how these are described in [20 CFR, section 678.720\(c\)](#).” Additionally, the WIOA regulations define “non-cash contributions” in [20 CFR, section 678.720\(c\)\(2\)](#): “Non-cash contributions are comprised of—(i) Expenditures incurred by one-stop partners on behalf of the one-stop center; and (ii) Non-cash contributions or goods or services contributed by a partner program and used by the one-stop center.” [Workforce Services Directive 16-09](#) includes examples of contributions on pages seven and eight.

## CONCLUSION

In colocated partnerships, CWDs meet the AJCC infrastructure cost sharing requirement through payment of the CWDs' share of rent, utilities, shared equipment, and other expenses related to colocation. For other system costs, both colocated and non-colocated CWDs meet the cost sharing requirement by providing services for WTW participants who are also receiving services through the AJCCs.

In order to meet the WIOA cost sharing requirements there **may** be no need for funds to exchange hands between CWDs and AJCCs. Examples of when costs are shared but funds may not be exchanged include the following:

- The CalWORKs program pays its share of the rent for the AJCC facility directly to the lessor.
- The CalWORKs program provides equipment (furniture, computers, etc.) for the AJCC that is used by both CalWORKs and AJCC staff.
- The CalWORKs program completes appraisals for CalWORKs clients and the appraisal information assists the AJCC with providing WIOA services.

Whether or not funds exchange hands, the structure for cost sharing and the amount of costs shared with the AJCC **must be documented in the MOU**. Following are the deadlines for local boards to develop Phase II MOUs:

- January 4, 2017:** Local boards submit progress reports to the California Workforce Development Board.
- March 1, 2017:** Local boards that do not anticipate reaching consensus on infrastructure alert the California Workforce Development Board.
- May 1, 2017:** The California Workforce Development Board notifies local boards of partner contributions under state funding mechanism (if needed).
- June 30, 2017:** Local Boards submit hard copies of completed Phase II MOUs to Regional Advisors.

If you have questions about this letter or the WIOA, contact your CalWORKs Employment Bureau county consultant at (916) 654-2137.

Sincerely,

***Original Document Signed By:***

DAMIEN LADD, Chief (Acting)  
CalWORKs Branch

c: CWDA