Employment Development Department
State of California
Workforce Services

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CALIFORNIA Workforce Development Board

WIOA PHASE II MEMORANDUMS OF UNDERSTANDING

GENERAL INSTRUCTIONS

The attached directive is being issued in draft to give the Workforce Development Community the opportunity to review and comment prior to final issuance.

Submit any comments by email or mail no later than **September 29, 2016**.

All comments received within the comment period will be considered before issuing the final directive. Commenters will not be responded to individually. Rather, a summary of comments will be released with the final directive.

Comments received after the specified due date will not be considered.

Email Morgan.Lardizabal@edd.ca.gov
Include "Draft Directive Comments" in the email subject line.

Mail Employment Development Department
Attn.: Policy Unit
P.O. Box 826880 / MIC 50
Sacramento, CA 94280-0001

WIOA PHASE II MEMORANDUMS OF UNDERSTANDING

EXECUTIVE SUMMARY

This policy provides the guidance and establishes the procedures regarding *Workforce Innovation and Opportunity Act* (WIOA) Phase II Memorandums of Understanding (MOU). This policy applies to all Local Workforce Development Boards (Local Board) and America's Job Centers of California SM (AJCC) required partners, and is effective immediately.

This policy contains some state-imposed requirements. All state-imposed requirements are indicated by ***bold, italic*** type.

Retain this directive until further notice.

REFERENCES

- WIOA (Public Law 113-128) Section 121
- Title 2 *Code of Federal Regulations* (CFR) Part 200: "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance)
- Title 34 CFR "WIOA, Joint Rule for Unified and Combined State Plans, Performance Accountability, and the One-Stop System Joint Provisions" (WIOA Joint Final Rule)
- Workforce Services Directive WSD15-12, Subject: *WIOA Phase I Memorandums of Understanding* (January 20, 2016)

BACKGROUND

In order to establish a high quality One-Stop delivery system and enhance collaboration amongst partner programs, WIOA requires Local Boards to develop MOUs with all AJCC required partners present in their Local Workforce Development Area (Local Area). The expectation is that these MOUs serve 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.

The EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities.

The state chose to separate the MOU development process into two distinct phases. Phase I addressed service coordination and collaboration amongst the partners and was intended to be completed by June 30, 2016. Phase II will address how to sustain the unified system described in Phase I through the use of resource sharing and joint infrastructure cost funding and must be in place by June 30, 2017.

Please note, Phase I MOU guidance issued in WSD15-12 previously indicated that the deadline for Phase II was December 31, 2017. Upon release of the WIOA Joint Final Rule, the deadline has been changed to June 30, 2017, in order to align with the final federal regulations. This guidance was developed using the WIOA Joint Final Rule and is subject to change based upon further guidance from the U.S. Departments of Labor and Education.

POLICY AND PROCEDURES

Definitions

For purposes of this directive, the following definitions apply:

America's Job Centers of California SM (AJCC) – The common identifier used within California for One-Stop centers and the One-Stop system.

Applicable Career Services – Services identified in WIOA Section 134(c)(2), that are delivered by the AJCC required partners as authorized under their programs. They consist of three categories: basic career services, individualized career services, and follow up services (WIOA Joint Final Rule Section 678.425).

Infrastructure Costs – Non-personnel costs that are necessary for the general operation of each comprehensive AJCC, including: rental of the facilities, utilities and maintenance, equipment (including assessment-related products and assistive technology for individuals with disabilities), technology to facilitate access to the AJCC (including technology used for the center's planning and outreach activities), and common identifier costs if decided on by the Local Board and AJCC partners (WIOA Joint Final Rule Section 678.700).

Network of Comprehensive AJCCs – A collection of comprehensive AJCCs located within a Local Area. As an alternative to developing separate budgets for each comprehensive AJCC, Local Areas with more than one comprehensive AJCC may instead develop a cross-center infrastructure budget that details the infrastructure costs aggregated across the network of comprehensive AJCCs and across co-located partners.

Other System Costs – Other costs that are agreed upon by the Local Board and all AJCC partners. The other system costs budget must include a line item for applicable career services. The budget may also include the cost of other shared services commonly provided by AJCC partners to any individual such as initial intake, assessment of needs, appraisal of basic skills, identification of appropriate services to meet needs, referrals to other AJCC partners, and business services. Shared operating costs may also include shared costs related to the Local

Board's functions. This could include costs associated with the AJCC operator, policy and oversight of AJCC partnerships and effectiveness, etc. (WIOA Joint Final Rule Section 678.760).

Proportionate Share – The share of each partner program's infrastructure costs based upon its proportionate use of the AJCC, if benefit is received from that use (WIOA Joint Final Rule Preamble page 439).

Colocated Partners – AJCC partners who have a physical presence within the center, either full time, part time, or intermittent.

Non-Colocated Partners – AJCC partners who do not have a physical presence within the center.

Cash Contributions – Cash funds used to cover a partner's proportionate share of the AJCC. Can be paid either directly from the partner or through an interagency transfer on behalf of the partner (WIOA Joint Final Rule Section 678.720).

Non-Cash Contributions – Expenditures made by one partner on behalf of the AJCC or contributions of goods or services contributed by a partner for the center's use. Contributions must be valued consistent with Uniform Guidance (WIOA Joint Final Rule Section 678.720).

Third Party In-Kind Contributions – Contributions by a non-AJCC partner to support the AJCC in general, not a specific partner; or contributions by a non-AJCC partner to an AJCC partner to support its proportionate share of the infrastructure costs. Unrestricted contributions that support the AJCC in general would lower the total amount of infrastructure costs prior to proportionate division whereas restricted contributions can be used by the intended partner(s) to lower their share of the infrastructure costs (WIOA Joint Final Rule Section 678.720).

Local Funding Mechanism – An infrastructure funding mechanism negotiated by the Local Boards with all AJCC partners for each comprehensive AJCC (WIOA Joint Final Rule Section 678.715).

State Funding Mechanism – An infrastructure funding mechanism established by the Governor and the Superintendent of Public Instruction (SPI) that is triggered if a Local Board is unable to secure completed Phase II MOUs from all AJCC required partners by the deadline (WIOA Joint Final Rule Section 678.730).

Phase II MOU Required Content

All AJCC partners who completed and signed Phase I MOUs must also complete and sign a Phase II MOU with the Local Board by June 30, 2017. Guidance outlining what information needs to be included in the Phase I MOU was provided in WSD15-12. The information that needs to be included in the Phase II MOU is outlined in the table below.

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Phase II MOU June 30, 2017	
Key Components	**Required Information**
Infrastructure Costs	• 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 compiled into one system budget. • 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. • 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. • 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.

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Other System Costs	• A budget outlining other system costs for each comprehensive AJCC in the Local Area with detailed descriptions of what specific costs are included in each line item. • The budget must include a line item for "applicable career services" as well as any other shared costs agreed upon by the AJCC partners. • 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. • 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. • 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.
Process and Development	• The period of time in which the infrastructure and other shared costs agreement is effective. • Identification of all AJCC partners, chief elected officials, and Local Boards participating in the infrastructure and other system costs funding arrangements. • Steps the Local Board, Chief Elected Official (CEO), and AJCC partners used to reach consensus and/or an assurance that the Local Area followed guidance for the state infrastructure funding mechanism.

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	• A description of the process to be used among partners to resolve issues during the MOU duration period when consensus cannot be reached. • 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. • ***An assurance from all non-colocated partners that they agree to pay their proportionate share of infrastructure costs as soon as sufficient data are available to make such a determination.*** • Signatures of authorized representative(s) of the Local Board, the CEO, and all AJCC partners who signed the Phase I MOU (Attachment 1).

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, 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.

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Establishing Annual Infrastructure Costs Budgets

The infrastructure cost sharing requirement only applies to the comprehensive AJCCs identified in Phase I and does not apply to affiliate AJCCs located within the Local Area. All comprehensive and affiliate AJCCs should have been identified in the Phase I MOU(s).

Due to the fact that infrastructure costs will vary by center, specific budgets must be developed for each comprehensive AJCC. Unless the Local Board chooses to negotiate infrastructure costs based on their network of comprehensive AJCCs, rather than center by center, in which case the budgets for all comprehensive AJCCs can be compiled into one system-wide budget. Whichever method is selected, all partners must still agree to the budget and cost allocation methodology. They must also continue to meet the standard of "proportionate use and relative benefit" and comply with federal cost principles.

Although federal guidance requires that the entire MOU be reviewed and updated a minimum of every three years, the infrastructure budgets must be reviewed and updated annually as budgets will likely change from year to year.

The annual infrastructure budgets include 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 also 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

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- 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 infrastructure budget, 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 433).

Determining Benefit Received by Partners

Local Boards must first determine whether an AJCC partner is receiving benefit from the AJCC. 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 colocated 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 colocated 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-colocated 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 colocated 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-colocated 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-colocated partners that they agree to pay their proportionate share of infrastructure costs as soon as sufficient data are available.***

However, it is important to note that non-colocated 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 colocated	Yes	Yes	Yes
Partner who is non-colocated	Yes	No	Yes

Cost Allocation Methodology

After creating an infrastructure budget 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 U.S. Department of Labor 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
- DOL Financial TAG Part II

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 made that 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 contribution will be applied to the overall infrastructure costs and thereby reduce the contribution required for all partners. When determining the use of non-cash and in-kind contributions, overall costs must be kept in mind as there must first be enough cash contributions to cover those.

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 consortia 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, 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,

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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 infrastructure cost sharing, other system costs are not limited to the non-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. There is no state funding mechanism for other system costs that will be triggered due to lack of agreement at the local level.

Establishing Annual 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 colocated partners.

  This may include center receptionists and/or center managers.

Phase II MOU Timeline

While developing the Phase II MOUs, Local Boards must remain aware of key deadlines included below:

- *January 4, 2017*
  Local Boards submit progress report/timeline to Regional Advisors.

- *March 1, 2017*
  Local Boards that do not anticipate reaching consensus on infrastructure costs alert State Board if state funding mechanism needs to be triggered and submit supporting documentation.

- *May 1, 2017*
  Governor and SPI notifies Local Boards of AJCC partner contributions under state funding mechanism (if triggered).

- *June 30, 2017*
  Local Boards submit hard copies of completed Phase II MOUs to Regional Advisors.

Local Infrastructure Funding Mechanism and State Infrastructure Funding Mechanism

Local Infrastructure Funding Mechanism

One of the hallmarks of WIOA is an increased emphasis on local control. By initiating negotiations via a local funding mechanism it allows for decision making to be kept at the local

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level. However, if a Local Board is unable complete Phase II MOUs with all of its AJCC partners, then the state funding mechanism will be triggered and the Governor and SPI must then determine the required contributions of each AJCC partner. The advantages of Local Boards establishing self-negotiated, successful Phase II MOUs under the local funding mechanism include the following:

- Local autonomy – Under the local funding mechanism, decisions remain at the local level which ensures the Phase II MOUs will be tailored to each Local Area's unique needs.

- Stronger regional partnerships – The more each partner can have a direct say in the local negotiations, the stronger the partnerships will be.

- No caps on partner contributions – Under the state funding mechanism, specific caps are set on the amount and percent of each partner's funds that may be contributed. However, under the local funding mechanism there are no caps.

- Flexibility on funds used – Title I programs are allowed to use program funds to pay their proportionate share of the infrastructure costs when negotiating under the local funding mechanism. If the state funding mechanism is triggered, Title I programs may be required to pay their proportionate share only out of administrative costs.

- AJCC certification. Only comprehensive AJCCs where all partners have agreed to share infrastructure costs in the Phase II MOU may be certified and eligible for funding under the state funding mechanism.

California's goal is to provide the support and guidance necessary to help all Local Areas reach agreement under the local mechanism rather than under the state funding mechanism. Local Boards are urged to seek guidance and support from the state throughout the negotiation process to help prevent the triggering of the state funding mechanism.

State Infrastructure Funding Mechanism

If a Local Board does not believe they will be able to come to an agreement regarding joint infrastructure costs with any of their AJCC partners by June 30, 2017, they must notify the State Board no later than March 1, 2017. Once the notification has been received, the Governor will initiate a process to determine each AJCC partner's contributions to infrastructure costs in the Local Area for that program year under the state funding mechanism.

As part of their formal notification, Local Boards will be required to submit information including, but not limited to, the following:

- Infrastructure cost budget details (If a budget has been approved and accepted by Local Board and all partners, the Governor and the SPI may accept this budget).

- Local Workforce Development Plan.
- The cost allocation method or methods proposed by the partners
- The amount of total partner funds included.
- The type of each partner funds (cash, non-cash, third-party in-kind).
- Any agreed upon or proposed MOU(s).
- Summary of the meetings held to discuss Phase II MOU (including dates, materials, and a list of participating partners).
- Identification of which partners have and have not agreed upon the budget and cost allocation methodology.
- A summary of technical assistance requested and received from the state.

The state will release supplementary guidance with further information on the state funding mechanism, the appeal process, and AJCC certification at a later date. ***In order for the AJCCs in a Local Area to be certified, the Phase II MOU must have been negotiated and agreed to by all partners at the local level.***

Mid-Point Update and Final Submission

Local Boards should begin meeting with all AJCC partners involved in the Phase I MOUs immediately in order to start developing their Phase II MOUs. Any questions or concerns that arise throughout the negotiation process should be submitted to their Regional Advisor immediately so that the state can provide technical assistance and support where needed.

Mid-Point Update

To ensure progress is being made towards the Phase II June 30, 2017, deadline, each Local Board must submit a progress report/timeline outlining all completed and upcoming Phase II MOU development activities to their Regional Advisor by January 4, 2017.

The purpose of the mid-point update is to help Local Boards chart out their MOU Phase II development process, as well as to notify the state of any outstanding technical assistance needs. Similar to the Phase I MOU mid-point update, the state has developed a Sample Timeline (Attachment 2) which Local Boards can use as a tool for developing their own schedule of activities.

Final Submission

Upon completion, the Phase II MOU(s) must be signed by an authorized representative of the Local Board, CEO, and all AJCC partners who signed the Phase I MOUs. An electronic copy must then be submitted to their Regional Advisor no later than 5:00 p.m. on June 30, 2017.

Some Local Boards may be unable to obtain signature(s) of accepted Phase II MOU(s) by this deadline (e.g. due to the scheduling of the respective board meetings). If so, the Local Board

may submit an unsigned copy of the MOU(s) with an explanation for the absent signature(s) and the date by which the signed original will be sent.

ACTION

Bring this directive to the attention of staff and other relevant parties including colocated AJCC partners.

INQUIRIES

If you have any questions, contact please contact your Regional Advisor.

/S/ JOSÉ LUIS MÁRQUEZ, Chief
Central Office Workforce Services Division

Attachments are available on the internet:

1. AJCC Required Partners Matrix
2. Phase II MOU Sample Timeline

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