

An Institutional Analysis of American Job Centers

Resource Sharing Practices Among AJCs

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Conducted on behalf of the U.S. Department of Labor, the Institutional Analysis of American Job Centers (AJCs) study team visited 40 comprehensive AJCs in 2016 to document key characteristics and features of AJCs. Data were collected when the workforce system, particularly at the local level, was still in the early stages of implementing the Workforce Innovation and Opportunity Act (WIOA). Thus, the study provides a useful picture of the AJC system during the early days of WIOA. The findings offer insights into the changes and potential challenges WIOA raises for the existing AJC service delivery system in its efforts to fully implement WIOA and achieve its vision of an integrated workforce system.

American Job Centers (AJCs) provide customers with a single access point for public workforce delivery services provided and funded by various partner programs. The Workforce Investment Act of 1998 (WIA) created this AJC service delivery system to provide customers with seamless services across the wide range of partner programs that provide these services. Under WIA, each designated local area included at least one comprehensive center to provide job-seeker services and access to other services delivered by required partner programs.¹ Enacted in 2014, the Workforce Innovation and Opportunity Act (WIOA) continues to fund services that job seekers and employers receive through the AJC service delivery system. WIA and WIOA both specify the expectations for resource sharing across partner programs at the local level to support the AJC system. Both Acts stipulate that all partner programs are expected to support the costs associated with operating AJCs, including infrastructure costs and the costs of providing services that are shared across AJC partners.

Highlights

- On average, about five partners per AJC shared resources in the form of cash contributions to support center operations. WIOA Adult and Dislocated Worker programs and Wagner-Peyser Employment Service were the most common contributors to resource sharing in the study AJCs.
- Local board staff, One-Stop Operators, and AJC partners in the study sites overwhelmingly viewed the need to fill resource sharing obligations in relation to whether the partner had an on-site presence at the AJC, contrary to WIOA requirements.
- Square footage utilized or number of staff located at the AJCs were the most common methods used to determine partner contribution amounts.

This paper describes how the 40 comprehensive AJCs selected to participate in the Institutional Analysis of AJCs shared resources. It opens by reviewing resource sharing requirements under WIA and WIOA, and then outlines the extent to which the study AJCs shared resources at the time of the study's data collection. For AJCs that entered into resource sharing agreements (RSAs), the paper analyzes resource sharing practices, including funding sources, participating partners, and the cost allocation methodologies used. The paper closes with potential challenges and promising practices for resource sharing to support AJC operations and service delivery under WIOA.



An Institutional Analysis of AJCs: Study background

The cornerstone of the public workforce system is the American Job Center (AJC) or one-stop local delivery system. Created by the Workforce Investment Act of 1998 (WIA) and reauthorized by the Workforce Innovation and Opportunity Act (WIOA) in 2014, AJCs bring together key workforce, education, and other partners to offer seamless services to individuals searching for jobs and hoping to build their technical and employability skills, and to employers looking for skilled workers to fill their job openings. Both WIA, and now WIOA, require certain programs and agencies to support and participate in AJC service delivery as well as allowing additional partners to participate (see Box 2). Although the AJC service delivery system operates under Federal law and rules, states and local boards, which are responsible for implementing the AJC system, are given considerable latitude to adapt the national vision for an integrated, customer-focused workforce system to the needs of their local areas.

The AJC service delivery system is composed of comprehensive and affiliate centers, as well as additional access points including virtual access points to reach a broad customer base. A comprehensive AJC is a physical location where job seekers and employers can access the programs, services, and activities of all required partner programs. For this study, the team selected 40 comprehensive AJCs located in 25 of the 48 continental states, using an approach that purposively selected centers to ensure that they varied in geographic location and urbanicity. The sample also included a mix of administrative structures represented by different types of One-Stop Operators. To systematically document the institutional features of AJCs and to identify key variations in the AJC service delivery system, organizational structure, and administration, Mathematica Policy Research and its partners—Social Policy Research Associates, The George Washington University, and Capital Research Corporation—conducted the Institutional Analysis of AJCs for the U.S. Department of Labor. Thus, study findings apply only to the 40 comprehensive study AJCs and cannot be generalized to the nation’s approximately 2,500 comprehensive and affiliate centers operating when the study AJC sample was selected in 2015.²

From July through December 2016, the study team conducted, on average, a three-day visit to each selected AJC to collect information on and identify key variations in the AJC service delivery system, organizational structure, and administration. On most visits, team members interviewed the local board administrators, Operator entity staff, the AJC manager, AJC partner managers, and frontline staff providing services to AJC job seekers and employers. In addition, AJC partners in 17 sites completed a brief survey between January and June 2017 to further explore AJC partnerships through a network analysis.

This paper's findings are based on data collected when the workforce system was still transitioning from operating under WIA requirements to WIOA. Thus, the study provides a comprehensive picture of the AJC system during the very early days of WIOA and provides insights into the changes and potential challenges WIOA raises for the AJC service delivery system. A summary of the study design and highlights of study findings is available. This paper is one of four resulting from the study.

Other papers in the Institutional Analysis of American Job Centers series include:

- Key Institutional Features of AJCs;
- One-Stop Operators of the AJC System; and
- AJC Service Delivery in Rural Areas.

These papers and the study summary are available at <https://wdr.doleta.gov/research/keyword.cfm>.

Understanding resource sharing requirements

To support the operations of AJCs, both WIA and WIOA require local areas to engage partner programs in resource sharing agreements, called Infrastructure Funding Agreements (IFAs) under WIOA. Under WIA, resource sharing agreements served as stand-alone documents, separate from memoranda of understanding (MOUs). However, with WIOA, the IFA must be incorporated into the MOU along with a one-stop operating budget. The guidance issued to the workforce system under the two Acts also differs in meaningful ways, most notably the requirements for all partner programs to make financial contributions toward infrastructure costs, including contributions from “virtual” partners, which occurred in some AJCs at the time of data collection. Under WIOA, partner programs may also negotiate contributions beyond infrastructure contributions, such as additional costs and shared services, including shared career services. Like WIA, WIOA applies Federal Cost Principles in the Office of Management and Budget Uniform Guidance when determining valuations for all in-kind contributions.³ This study’s data collection activities occurred before the WIOA deadline for establishing IFAs.

Establishing resource sharing under WIA. Under WIA, AJCs were to serve as the primary access point to employment and training services within local areas. To achieve that goal, WIA specified that all required partners help fund their fair share of the costs of operating the AJC service delivery system.⁴ Resource sharing was defined as “the methodology through which One-Stop partners will pay for, or fund, their equitable or fair share of the costs.”⁵

Resource sharing agreements between local board and partner programs specified resource sharing obligations and informed MOU development. Resource sharing agreements included costs shared among partners, such as infrastructure costs. MOUs then incorporated these funding arrangements. To support these arrangements, at the request of the Office of Management and Budget, DOL developed a uniform policy on acceptable methodologies for cost allocation and resource sharing with respect to funding the one-stop delivery system, published in the Federal Register.⁶

Although AJC partners were expected to share resources, local boards exercised discretion in selecting and applying the cost allocation methodology (or methodologies). As described in prior research, mandatory partners were expected to provide services through AJCs and to also share in the costs of operating them; however, because mandatory partners did not receive funding to support those costs, resource sharing as defined under WIA often did not occur.⁷ In general, local boards and partners overwhelmingly viewed the need to fill resource sharing obligations in relation to whether the partner had an on-site presence at the AJC.⁸ Therefore, in practice, sharing one-stop operating costs was commonly limited to a subset of partners co-located at the AJC.

Box 1. Key terms

- **Cost allocation:** measure of actual costs based on benefits received, using an established methodology that identifies cost pools and the basis for allocating costs, such as square footage occupied
- **Fair share:** contributions that are proportionate to benefit received from participating in the AJC service delivery system
- **Infrastructure costs:** non-personnel costs that are necessary for the general operation of the AJC, including rental of the facilities, utilities and maintenance, equipment, and technology to facilitate access to the AJC
- **Infrastructure funding agreement (IFA):** component of the one-stop operating budget that identifies infrastructure costs and partners, and provides information on the process used to allocate costs across partners
- **Operating budget:** financial plan agreed to by partners, the local board, and chief local elected officials and outlined in the memorandum of understanding (MOU) to operate the AJC; includes the IFA and additional costs
- **Relative benefit:** when costs are based on reasonable methods and proportionate to use of the AJC
- **Resource sharing (formal):** approaches used by AJC partners to support costs associated with operating an AJC as defined in a formal agreement
- **Resource sharing (informal):** approaches used by AJC partners to contribute to AJC operations but not outlined in a formal agreement

The latitude WIA provided to local areas resulted in varying types of resource sharing. Many partners shared resources by providing in-kind contributions, rather than by contributing financially to the operation of the physical center. An example of an in-kind contribution is assigning part-time staff to perform services at the AJC from which all partners benefited, such as staffing a common resource room within the AJC that all customers could access. This enabled partners to participate in the AJC system without contributing their financial resources. In contrast, financial costs for operating AJCs tended to be incurred by U.S. Department of Labor (DOL)-funded workforce programs—Adult and Dislocated Worker programs and Wagner-Peyser Employment Service (ES) in particular.

Sharing one-stop operating costs under WIOA. WIOA strengthens expectations for sharing one-stop operating costs among WIOA core programs. The AJC service delivery system includes six core programs (Title I Adult, Dislocated Worker, and Youth programs; Title II Adult Basic Education and Literacy programs; Title III Wagner-Peyser Employment Service program; and Title IV Vocational Rehabilitation program) as well as 13 other required partner programs (see Box 2).⁹ Beyond these core and required partner programs, local areas may involve other non-required partner programs as well. WIOA infrastructure funding guidance, developed and issued jointly by DOL, the U.S. Department of Education (ED), and the U.S. Department of Health and Human Services (HHS), emphasizes the importance of *all* partner programs, not just DOL-funded workforce partner programs, contributing to AJC infrastructure costs based on “proportionate use of the system and relative benefit received.”¹⁰ Following the release of the guidance, DOL and ED, as the agencies responsible for WIOA Titles I–IV, worked together to develop and issue a frequently-asked-questions document to address questions raised by partner programs.¹¹

WIOA outlines the three types of costs associated with operating the AJC service delivery system:

- **Infrastructure costs:** non-personnel costs necessary to operate the AJCs, such as costs related to renting, maintaining, and operating the facility (for example, technology and equipment costs)
- **Additional one-stop operating costs:** costs associated with operating the AJC such as the salary for a shared center greeter
- **Shared career service costs:** costs related to intake, orientation, and assessment¹²

Although the goals of sharing in one-stop operating costs are consistent with WIA, WIOA takes these requirements a step further by specifying that each entity operating a program or activity in an AJC must contribute to the infrastructure costs—based on proportionate use and relative benefit—to help maintain the AJC system.¹³ These expectations are intended to increase partner program ownership in the AJC service delivery system by having the full range of partner programs, over and above DOL partner programs, share in one-stop

Box 2. WIOA partner programs

Core Programs

- Title I: Adult, Dislocated Worker, and Youth
- Title II: Adult Basic Education and Literacy (ABE)
- Title III: Wagner-Peyser Employment Service (ES)
- Title IV: Vocational Rehabilitation (VR)

Required Partners

- *Department of Labor:* Job Corps, YouthBuild, Indian and Native American programs*, National Farmworker Jobs Program, Senior Community Services Employment Program (SCSEP), Trade Adjustment Assistance (TAA), Unemployment Insurance (UI)**, Jobs for Veterans State Grants (JVSG), and Reentry Employment Opportunities
- *Department of Education:* Carl D. Perkins Career and Technical Education programs
- *Department of Housing and Urban Development:* Employment and training programs
- *Department of Health and Human Services:* Community Services Block Grant employment and training programs and Temporary Assistance for Needy Families (TANF; newly added required partner under WIOA)

* Native American programs are required partners but do not have to provide cash contributions.

** Formally known as Unemployment Compensation (UC)

operating costs. WIOA also emphasizes that these resource sharing requirements apply to “virtual partners”—required partners who do not have a physical presence in the AJC.

WIOA specifies that partner program contributions can take three forms: (1) cash contributions; (2) in-kind contributions, such as donated resources (for example, office furniture); and (3) third-party contributions. Third-party contributions refer to resources that are not associated with a partner program but that support overall one-stop operations. These can also include contributions from an outside entity to support a specific partner or program; for example, donated adaptive equipment a VR program can use.¹⁴

The process for determining partner contributions also changed slightly. MOU negotiations with partners related to service delivery must take place separately from negotiations related to one-stop operating budgets and IFAs. Local boards first establish one-stop operating budgets and then negotiate IFAs with partners. The IFA then becomes part of the MOUs outlining service delivery roles. Given this change in approach, DOL released a toolkit with sample MOUs and IFAs to guide negotiations between local boards, chief local elected officials, and WIOA partners. As of November 2017, the toolkit had been downloaded more than 8,000 times, demonstrating the need for technical assistance support for establishing MOUs and IFAs with partner programs to successfully meet the deadline for establishing IFAs (January 1, 2018).¹⁵

Additionally, WIOA includes an enforcement mechanism to ensure that local partner programs share resources. Inability to finalize or negotiate IFAs triggers a state funding mechanism in which the governor, chief local elected officials, local boards, and the state board determine required partner contributions to the AJC system.¹⁶ If the state funding mechanism is triggered, contributions would follow statutory caps, likely resulting in lower contributions from partner programs.

Resource sharing practices in the study AJCs

The remainder of this paper discusses resource sharing approaches in the study AJCs. Due to the timeline for implementing resource sharing under WIOA, study AJCs at the time of data collection through site visits (July–December 2016) were still typically operating under WIA’s resource sharing parameters. AJC managers and local board directors were actively planning or considering how to implement WIOA’s resource sharing requirements in program year 2017. Because the study’s data collection occurred during the transition to WIOA requirements, this brief includes both informal resource sharing arrangements and those codified through written agreements, such as resource sharing agreements or MOUs.

Among study AJCs, 32 of the 40 AJCs formally or informally shared resources at the time of data collection at the site visits. Of the 32 resource sharing AJCs, 27 shared resources following the terms outlined in formal agreements such as leases, MOUs, or resource sharing agreements that specified financial contributions to local areas’ AJC service delivery systems. Five study AJCs are located in single-state workforce investment areas, and these followed resource sharing arrangements established at the state, rather than local or AJC, levels.

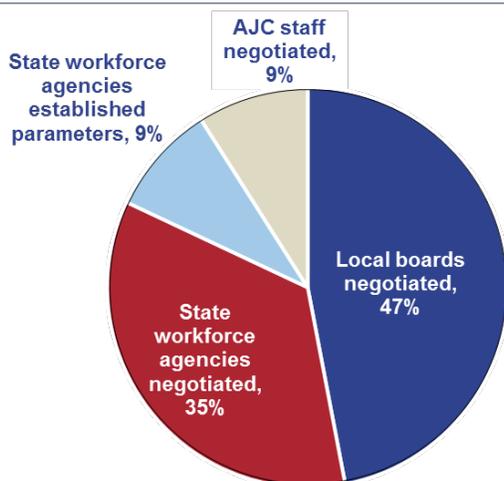
Across the 32 AJCs with resource sharing in place, the process and entities involved in negotiating and executing resource sharing varied. This section describes how these 32 AJCs established resource sharing, which partner programs participated, methodologies used to allocate costs, and the extent to which the parties involved deemed their contributions as fair relative to the perceived benefits. To better understand how the study AJCs operationalized resource sharing, this section also draws on analyses of resource sharing agreements, MOUs, and other formal agreements that 20 AJCs provided.

Negotiating and establishing resource sharing with AJC partners

Negotiating resource sharing agreements among the 32 study AJCs was typically the responsibility of local boards and, in states with single workforce areas, the state workforce agencies. Given this dynamic, resource sharing arrangements with partner programs were typically negotiated for the entire local area (which could contain one or more comprehensive AJCs) or state, rather than on an AJC-by-AJC basis.¹⁷

Local board staff, in particular, executive directors and fiscal managers, were typically responsible for negotiating resource sharing. These negotiations followed one of the following four approaches (Figure 1):

Figure 1. Negotiation approaches among resource sharing AJCs



Source: Institutional Analysis of American Job Centers qualitative data collection, 2016

- **Local boards were responsible for negotiations.** This occurred in 15 of the 32 AJCs that shared resources. Local board staff, in coordination with AJC managers, could easily identify funding needs and work to identify additional partner programs with whom to co-locate and share resources or grants to help cover funding shortfalls.
- **State workforce agencies played a large role in negotiating resource sharing arrangements.** In 11 study AJCs, 5 of which are located in statewide local workforce areas, state workforce agencies played a major role in the negotiation process, including coordinating with partner agencies on behalf of local areas. Respondents noted that too much state involvement could be problematic, as the approach to sharing resources was more apt to follow a one-size-fits-all approach rather than meeting specific local needs.
- **State workforce agencies established negotiation parameters.** In three AJCs, state workforce agencies established a methodology for negotiating resource sharing and local boards then negotiated partner program contributions. This approach helped local boards navigate the process, while allowing them to align resource sharing arrangements with local circumstances.
- **AJC staff engaged in negotiations.** In three study AJCs, AJC Operators or AJC managers negotiated resource sharing arrangements specific to the AJC. One of these AJCs is in a local area with two comprehensive centers, and the AJC managers for each establish the cost allocation methodology and the resulting partner program contributions. Respondents from these AJCs appreciated that negotiations could be tailored to local circumstances and allowed AJC managers to feel more empowered in facilitating relationships with partners.

Box 3. Negotiating resource sharing with non-required partners

One AJC in the study included non-required partners that also shared their resources. The local board for this AJC proactively recruited additional partners to ensure that the AJC had sufficient funding from year to year. This AJC established resource sharing agreements with a child care program and a private training partner. The local board director noted that partners tended to come and go from the AJC; thus, by proactively identifying new partners, the AJC was able to minimize cost increases to partners that retained a full- or part-time presence.

Allocating resource sharing contributions

As part of the process for negotiating resource sharing, local boards established methods for allocating costs and collecting contributions for AJC partner programs. The 32 AJCs with resource sharing agreements collected partner program contributions using monthly or quarterly payments, akin to a rent payment. Although the process for obtaining these funds from partner programs was fairly consistent, determining payment amounts varied. Cost allocation uses at least one or more of the following criteria: allocation bases (common costs allocated by indirect or approximate measure of benefit); inputs (for example, staff time, square footage, equipment, supplies); or outputs (for example, participant outcomes, performance measures).

Among study AJCs and their local boards that were able to provide cost allocation documentation, AJC costs were most frequently allocated using cost inputs, such as square footage or counts of full-time equivalent staff in the AJCs. Fourteen AJCs used a cost input methodology; seven determined allocations based on full-time equivalent staff in the AJCs, and seven used square footage occupied by programs. Staff from these sites stressed that using inputs to determine costs provided two key advantages. First, new partner programs easily adopted and adjusted to the methodology as they came on board and existing partners left. Second, inputs served as a transparent methodology, directly linking back to the scope of a partner's presence within the center.

A less common and more complex approach that five AJCs adopted involved multiple methods to allocate costs. Their approaches included the following:

- **Different methodologies for different partners.** Three AJCs allocated funds differently based on the partner. Two of the three exclusively collected facility costs from one partner based on square footage. In one of these AJCs, other partner programs contributed to facility, supply, and resource costs based on full-time equivalent staff. At the other AJC, the other partner programs shared costs based on the number of each program's full-time equivalent staff located within the AJC. At the third AJC, the state pooled and allocated the majority of costs across on-site partner programs. However, one partner paid for facility costs and equipment based on square footage, rather than through the cost-pooling approach.
- **Different methodologies for different costs.** In addition to using different methodologies for different partners, one AJC used different inputs to allocate different types of costs. At this AJC, infrastructure costs, including rent and utilities, were based on the square footage each partner used, and costs such as supplies and copier fees were based on each partner's number of staff (for all partners but UI see above). This approach enabled the AJC to use the actual number of people using supplies to allocate costs rather than by using the amount of space occupied.
- **Additional fees.** One AJC split infrastructure costs between all co-located partner programs using square footage and charged partners an 'equal access' fee, a uniform charge to cover administrative costs and 10 percent of the AJC manager's salary. Local board staff reported that this approach stabilized funding and prevented shortfalls stemming from cuts to partners' resources or staffing. Another AJC applied a 4 percent management fee to each partner program's rent payment. The AJC calculated this fee using the square footage of the center's occupied space.
- **Informal resource sharing practices.** AJC managers from several AJCs also described a variety of informal resource sharing practices. For example, one AJC only formally shared facility costs among state-run programs, county-run programs, and the local community college on the basis of square footage, but the majority of its sharing was informal, through in-kind contributions. For example, when jointly hosting events, one partner program would pay for marketing costs on behalf all partners while another partner might provide refreshments.

Under WIOA, AJC partners can share in four categories of costs: infrastructure (for example, facility rent, utilities, maintenance, equipment, and technology); personnel additional costs (that is, salaries/wages and benefits); non-personnel additional costs (for example, vendors/contractors, supplies, additional one-stop operating costs); and shared career services costs (for example, center greeters, resource rooms). Thirteen of the 20 AJCs that documented their costs at this detailed level shared infrastructure costs, such as rent, telephones, and computers. Additional shared costs included assessments and resource room services (“career services”) and public relations/marketing. None of the AJCs’ documentation described sharing vendor or contractor costs, but seven percent shared non-personnel (supply) costs.

Twelve of these 20 AJCs also informally shared resources. Eleven provided some resources to partner programs free of charge, and 7 received services or goods without incurring a charge. Informal arrangements included the following:

- **Providing space free of charge to encourage co-location.** Some AJCs did not charge every partner with an on-site presence for premise costs. For example, one AJC did not charge any partners that are on-site one day a week or fewer. Four AJCs provided several partners space for free, though one only did so as a trial, with the expectation that the partner would share costs if it continued to operate out of the AJC. An additional AJC also took a trial approach. Each year, the AJC permitted staff from one or two partners to spend one day per week in the AJC without contributing to resource sharing. After a month, partners would then formally sign onto the resource sharing agreement if they wanted to continue co-locating on a part-time basis.
- **Receiving shared services from staff for free.** Six AJCs were able to reduce costs by employing a SCSEP participant as a greeter. These staff are older adults who are enrolled in the SCSEP program, which funds their employment in the AJCs. At one AJC, an economic development specialist provided in kind on-site business and job-seeker services.

Partner contributions and perspectives on establishing fair share contributions

Both WIA and WIOA specify that partners should contribute their fair share to AJC operations, based on their use of the system and relative benefit received. Contributions include both financial contributions and in-kind contributions to the AJC. In addition to reviewing AJC study sites’ resource sharing agreements, site visitors asked local board directors, AJC managers, and partner managers to provide their views and insights on the extent to which the existing resource sharing arrangements were in fact “fair” relative to the benefit received.

Contributions from Adult and Dislocated Worker programs and ES. Despite the AJC system’s focus on engaging a multitude of partners to provide a seamless system of workforce services, the infrastructure costs to maintain the AJC’s system in 20 study sites primarily relied on funding from DOL’s Adult and Dislocated Worker programs and ES. The Adult and Dislocated Worker programs contributed to AJC operational costs in all 20 AJCs included in this analysis, and ES in all but one of these AJCs. In contrast, the two other core programs under WIOA—VR and ABE—provided financial support much less frequently among these same 20 AJCs. VR only contributed to operational costs in 10 of these AJCs and ABE in 9 of them.

However, these contributions were not always equivalent to resource sharing as described in this brief. Administrative structures vary across states and local areas; therefore, the Adult and Dislocated Worker programs and ES might be administered in the same agency or separate agencies. When administered by a single agency, the funding could already be co-mingled so resources would not be shared locally. When administered by separate agencies, two unique agencies would contribute to resource sharing. Four of the sampled 20 AJCs

received core Title program contributions from a single agency. In two of these four, a single state agency combined and leveraged Adult and Dislocated Worker program, ES, and ABE funds, as well as funds from other funding streams like JVSG, to cover AJC infrastructure and shared services costs. In the other two, a local agency pooled only Adult and Dislocated Worker and ES funds. Across the 20 AJCs, the document review showed an average of 2.8 unique agencies contributing to resource sharing using funding streams from WIOA's core programs.

Contributions from required partners. Among the 20 AJCs included in the document review analysis, the majority received contributions from at least one WIOA required partner, with most additional contributions coming from DOL-funded programs. Common contributions among DOL-funded programs included UI Reemployment Services and Eligibility Assessment (RESEA) (16 AJCs), TAA (13 AJCs), and JVSG (12 AJCs) funds; SCSEP contributed to 14 of these 20 AJCs, often in the form of older adults to work as AJC greeters. Beyond DOL programs, TANF (funded by HHS), a newly required partner under WIOA, already shared resources in 12 of the 20 study AJCs, and the Supplemental Nutrition Assistance Program (funded by the Food and Nutrition Service) contributed to 9 of the 20 AJCs.

Perceptions of fairness of partner contributions. Across the AJCs that held formal resource sharing arrangements, local board directors' and AJC managers' perceptions regarding the fairness of partner contributions typically differed from those of partner managers. Most local board directors and AJC managers (26 of 32) believed partners contributed their fair share. However, partner managers in these AJCs were less likely to agree with that assessment. Partner managers from about one-quarter of resource sharing AJCs believed their program contributed too much relative to benefit received. VR and ABE managers most frequently believed their programs contributed more than their fair share to center operations, given the benefit they received. VR managers noted that their staff were co-located at AJCs part time but primarily served customers through dedicated VR offices. These managers felt that dedicated VR offices better served their customers and saw little to no benefit from co-locating and contributing to AJC operations.

Overall, views regarding the relative fairness of contributions across partners were shaped by their understanding of the extent to which partner contributions helped offset the costs associated with operating the AJC and its infrastructure. A small portion of local board directors and AJC managers (six study AJCs) felt that some or all partners, particularly ABE, VR, and UI were not contributing enough resources to support center operations. When discussing VR and ABE, they indicated that these core WIOA program partners should contribute more to center operations, rather than relying on the Adult and Dislocated Worker Programs and ES to shoulder these expenses. UI contributed resources in 5 of the 20 AJCs included in the document review, typically through paying for dedicated phones for customers with UI claims questions to use. However, local board directors and AJC managers sometimes viewed these contributions as insufficient and reported that they typically did not "make a dent" in the costs of operating the center. They noted that although the UI claims application and benefits services had moved out of the AJCs and to online or off-site call centers, many customers still come to AJCs to inquire about UI. Once there, they might then use other AJC center services, such as resource rooms that offer largely self-service employment information and assistance. As a result, local board directors and AJC managers expressed that UI should contribute more to AJC operating costs, as their services increase customer flow into AJCs.

In about one-third of the AJCs, local board directors, AJC managers, and partner managers perceived that partner contributions to resource sharing were fair. As noted above, local board directors and AJC managers from 26 of the 32 resource sharing AJCs felt that partners did contribute their fair share to center operations, and in 10 of these AJCs, partner managers agreed with this assessment (Figure 2). Local board directors and AJC managers for these 10 centers tended to view *any* contribution from non-DOL programs as a positive and valued contribution. They focused more on using resource sharing to facilitate collaboration among partners and tended to be less concerned with the amount of the contribution, as long as partners demonstrated their commitment to the AJC service delivery system.

Figure 2. Perceptions of fairness among resource sharing AJCs



Source: Institutional Analysis of American Job Centers qualitative data collection, 2016

Reasons for lack of resource sharing in eight study AJCs

Although most AJCs shared resources to some extent, eight study AJCs did not have resource sharing arrangements in place at the time of site visits in late 2016. Local board directors and AJC managers from these AJCs offered four reasons for the lack of resource sharing:

- Resource constraints.** Local board directors from two AJCs noted that resource constraints among partner programs prevented them from sharing resources. In one of these AJCs, staff from the Adult and Dislocated Worker programs were housed in a different center, and the lease had not yet expired. Consequently, co-location and, by extension, resource sharing, was not possible. The other AJC had previously shared resources with co-located partner programs; however, reduced funding prevented these partners from continuing to co-locate. As a result, these AJC partners were no longer able to share resources.
- Space constraints.** AJC managers from two AJCs noted that the lack of vacant physical space within their centers prevented additional partner programs from co-locating. In both centers, Adult and Dislocated Worker program and ES Service staff provided services at the AJC, but the centers did not have enough space for other partners, such as VR or ABE, to co-locate. Co-location was a mistakenly assumed prerequisite condition for sharing resources (either through a financial or in-kind contribution); therefore, space constraints effectively ruled out the possibility for sharing resources.
- Sufficient resources already available.** An AJC manager from one AJC that did not share resources noted that the administrative entity—the entity responsible for administering WIOA funds—for the AJC paid all facility-related costs. Consequently, the AJC had sufficient resources to operate without partner contributions and did not pursue arrangements for sharing resources. This AJC primarily offered services provided through the Adult and Dislocated Worker programs and the TANF employment programs, but not ES.
- Awaiting WIOA guidance.** Local board directors representing three AJCs indicated they were negotiating resource sharing arrangements among partners but were waiting to obtain additional WIOA-related guidance before finalizing negotiations. In these AJCs, partners had already begun conversations about sharing resources and were prepared to begin doing so under WIOA after resolving their outstanding concerns.

In the absence of resource sharing, the One-Stop Operator, the organizational entity or consortium of entities that oversees and coordinates AJC service delivery, typically assumed sole responsibility for paying AJC infrastructure-related costs, as well as costs associated with shared services.¹⁸ In all but one of these centers, the Operator employed and funded the management staff person who oversaw the AJC's day-to-day operations. Similarly, in four of the eight AJCs, the Adult and Dislocated Work programs employed and funded a staff person who greeted all customers entering the AJC. Of the remaining centers, one center did not employ a greeter; another used a SCSEP participant; and the third center used volunteers to serve as the center greeter. Given these arrangements, shared services were also more limited in these centers.

Looking forward

At the time of the site visits, DOL had just begun to provide guidance on WIOA infrastructure funding requirements, including hosting a webinar on infrastructure funding in September 2016. Given this timing, local board directors and AJC managers across the 40 study AJCs were eagerly waiting to receive additional guidance from DOL and state workforce agencies about the key resource sharing changes under WIOA. DOL, HHS, and ED issued a Training and Employment Guidance Letter (17-16) in January 2017, a month after data collection for the study concluded, that further outlined infrastructure funding requirements and addressed frequently asked questions.¹⁹ Challenges and successes related to resource sharing, as identified by respondents in this study, provide some important considerations for states, local boards, and AJCs as they move forward implementing WIOA.

WIOA retains the vision for resource sharing established under WIA and strengthens expectations and requirements for its implementation. Local boards, and by extension AJCs, may need to change their approach to resource sharing to meet requirements for WIOA infrastructure funding. Local board directors and AJC managers who participated in the study said that under WIA they understood and implemented financial and resource sharing contributions in the context of co-location, and formal and informal resource sharing arrangements typically occurred only among co-located or partially co-located partners. However, under WIOA, local areas will need to develop methods to structure resource sharing with their "virtual" required partners that do not have a physical presence in the center. As identified during site visits, some "virtual partners" provided contributions, such as a dedicated phone line for UI claims, but local board and AJC managers found these contributions insufficient, given the customer flow stemming from UI. Additionally, the process for establishing IFAs requires local boards to work with partners to determine and agree upon how to value any non-cash contributions. As seen in the study AJCs, local boards and partners often shared resources informally and did not establish valuations for in-kind contributions.

Challenges. Site visit respondents across the 40 study AJCs highlighted four key challenges related to sharing resources that have important implications for implementation under WIOA:

- **Partner resistance.** Local board directors and AJC managers from ten AJCs found it challenging to encourage new partners to enter resource sharing arrangements or negotiate financial contributions from existing resource sharing partners. For these AJCs, they noted that the AJC system has been perceived primarily as a system focused on DOL workforce partners, rather than other program or community partners. Additionally, many required partner programs were not co-located at the AJC at the time of the site visits. This presents a challenge for resource sharing under WIOA because of the commonly held view that AJCs primarily provide DOL-funded services. They also expressed concerns about fairness under WIOA because they are unsure how to collect contributions from partner programs that are not currently co-located in AJCs.

- **Resource constraints.** AJC managers from eight AJCs noted that any resource sharing would be cost prohibitive for partner programs due to resource and funding constraints. One AJC manager noted that partner programs can often access free space in other locations, so there is no incentive to co-locate and incur additional costs. Additionally, two AJC managers highlighted program funding cuts as an impediment to sharing resources because partner programs are working to maintain services with reduced funding rather than providing financial support for AJCs.
- **Physical space constraints.** Six AJC managers indicated that the AJC facility inhibited infrastructure cost sharing. Limited vacant space within the AJC impeded resource sharing in three of these centers. Because space was not available, new partner programs could not come in to help offset infrastructure costs. In the other three sites, AJCs had space available to accommodate additional partner programs, but its large size and high rent discouraged potential co-location.
- **Limited state guidance.** Local board directors from ten AJCs reported challenges related to sharing resources under WIOA due to a lack of guidance from their states. In particular, local board respondents and AJC managers expressed concerns over negotiating resource sharing with new partners, especially partner programs that were not co-located, to comply with WIOA without state guidance.

Successes. Despite these challenges, many AJCs and local boards identified successful strategies for facilitating and increasing resource sharing under WIOA.

- **Establishing a culture of resource sharing.** AJC managers from seven AJCs that shared resources extensively noted, getting all partners involved, even if contributions were minimal, made partners feel as though they shared ownership in the AJC, leaving them more invested in its success in serving customers. These AJCs tended to include co-located staff from partner programs on at least a part-time basis, and AJC managers in these AJCs often convened partner meetings to solicit input on center operations and policies. These respondents reported that any contribution from partners is beneficial.
- **Receiving state support and assistance.** Although WIOA focuses on sharing resources at the local level, local board directors from four AJCs, not located in statewide local workforce areas, highlighted the important role of state assistance and guidance in facilitating and supporting resource sharing. Some noted that when their state workforce agency facilitates partner negotiations, the local boards and AJCs can focus on service delivery and collaboration rather than funding. Others highlighted that state tools and guidance help facilitate conversations on resource sharing with partners.
- **Ensuring sufficient funding is available.** As described earlier, local boards for two AJCs adopted approaches to ensure that the AJCs always had sufficient funds available to cover operating costs. One local board director offered partners a period of free rent to encourage their participation; this director also charges each partner a management fee on top of rent payments. The other local board uses its equal-access fee to help cover operating costs and protect against potential funding shortfalls due to changing program budgets.

The challenges and successes identified by respondents from the study AJCs might not be representative of the AJC system, but they highlight important considerations for practitioners tasked with implementing WIOA's infrastructure funding requirements. Moving forward, key stakeholders will need to consider how to build partner investment in the AJC system while ensuring that partners see a clear and proportionate benefit to their participation in the AJC system.

Endnotes

- ¹ U.S. Department of Labor, Employment and Training Administration. "Resource Sharing for Workforce Investment Act One-Stop Centers: Methodologies for Paying or Funding Each Partner Program's Fair Share of Allocable One-Stop Costs." May 31, 2001. Available at <https://www.gpo.gov/fdsys/pkg/FR-2001-05-31/pdf/01-13426.pdf>.
- ² As of December 2017, DOL recognizes 2,409 AJCs, which includes 1,529 comprehensive AJCs. A current listing may be found at <https://www.careeronestop.org/LocalHelp/service-locator.aspx>.
- ³ U.S. Office of Management and Budget. "Part 200—Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards." Available at https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl.
- ⁴ U.S. Department of Labor, Employment and Training Administration. "One-Stop Comprehensive Financial Management Technical Assistance Guide." July 2002. Available at https://www.doleta.gov/grants/pdf/TAG_PartI.pdf.
- ⁵ Ibid.
- ⁶ Resource Sharing for Workforce Investment Act One-Stop Centers: Methodologies for Paying or Funding Each Partner Program's Fair Share of Allocable One-Stop Costs; Notice, published in the Federal Register on May 31, 2001 (66 FR 29638).
- ⁷ U.S. Government Accountability Office, Workforce Development: Community Colleges and One-Stop Centers Collaborate to Meet 21st Century Workforce Needs, GAO-08-547, May 1, 2008. Available at <http://www.gao.gov/new.items/d08547.pdf>.
- ⁸ On-site presence refers to any partner program providing services within the AJC on an ad hoc, part-time, or full-time basis.
- ⁹ U.S. Department of Labor, Employment and Training Administration. "Attachment II – Coordination with Partner Programs." n.d. Available at https://wdr.doleta.gov/directives/attach/TEGL/TEGL_16-16_Attachment-II_Acc.pdf.
- ¹⁰ Uvin, J.E., U.S. Department of Education, Office of Career, Technical, and Adult Education. "Infrastructure Funding of the One-Stop Delivery System." Memorandum to State Directors of Adult Education, January 18, 2017. Available at <https://www2.ed.gov/about/offices/list/ovae/pi/AdultEd/octae-program-memo-17-3.pdf>.
- ¹¹ U.S. Department of Labor, and U.S. Department of Education. "Workforce Innovation and Opportunity Act (WIOA) One-Stop Infrastructure Costs – FAQs." December 27, 2016. Available at <https://www.doleta.gov/wioa/docs/FAQs-Infrastructure-Funding-Guidance-Dec-27-2016.pdf>.
- ¹² U.S. Department of Labor, Employment and Training Administration. "Advisory: Training and Employment Guidance Letter, WIOA No. 17-16." January 18, 2017. Available at https://wdr.doleta.gov/directives/attach/TEGL/TEGL_17-16.pdf.
- ¹³ U.S. Department of Labor, and U.S. Department of Education. "WIOA One-Stop Infrastructure Funding Part I." Webinar. September 21, 2016. Available at https://www.workforcegps.org/~media/Files/Webinars/2016/September/20160921%20WIOA%20Wed/WIOA_OneStop_Infrastructure_Funding_Part_I_20160921.pptx.
- ¹⁴ Workforce Innovation and Opportunity Act (WIOA) One-Stop Infrastructure Costs – FAQs; issued by DOL on December 27, 2016.
- ¹⁵ The toolkit includes actual portions of local MOUs and Infrastructure Funding Agreements (IFAs) developed prior to its release. The toolkit is intended to serve as a reference guide to develop MOUs pursuant to the requirements of section 121 of WIOA, its implementing regulations at 20 CFR part 678 and 34 CFR parts 361 and 463, and the relevant guidance. The toolkit does not replace the local negotiations that should occur or supplant any State laws that apply in any particular State. States and local areas are not required to develop an MOU that uses the same format of the sample MOU. However, any MOU developed must meet the requirements of section 121 of WIOA and its implementing regulations. Similarly, the hypothetical cost allocation analyses contained in the toolkit are provided for illustrative purposes only. The toolkit is available at https://ion.workforcegps.org/resources/2017/03/23/13/30/Sample_MOU_Infrastructure_Costs_Toolkit?p=1.
- ¹⁶ U.S. Department of Labor, and U.S. Department of Education. "WIOA One-Stop Infrastructure Funding Part I." Webinar. September 21, 2016. Available at https://www.workforcegps.org/~media/Files/Webinars/2016/September/20160921%20WIOA%20Wed/WIOA_OneStop_Infrastructure_Funding_Part_I_20160921.pptx.
- ¹⁷ Under WIA, local boards were responsible for approving all resource sharing agreements. Similarly, under WIOA, local boards are responsible for negotiating the AJC operating budgets and IFAs.
- ¹⁸ Across the eight AJCs in this study, the type of Operator varied, with two centers operated by state workforce agencies; two operated by private for-profit organizations; two operated by the local board; one operated by local government; and one operated by a consortium. In the two centers operated by private for-profit organizations, funding passed through the local board to the Operator.
- ¹⁹ U.S. Department of Labor, Employment and Training Administration. "Advisory: Training and Employment Guidance Letter, WIOA No. 17-16." January 18, 2017. Available at https://wdr.doleta.gov/directives/attach/TEGL/TEGL_17-16_Acc.pdf.

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