

## **Cooperative Work Agreement (CWA) Frequently Asked Questions**

### **1. What is budget authority?**

A legal authorization to encumber and spend a specified amount of funds for specific purposes within a given time frame. Budget authority is also known as appropriation.

### **2. Why do projects need budget authority?**

Local agencies cannot be reimbursed for their costs if there is no budget authority available.

### **3. What is the given time frame for budget authority?**

The current time frame is six years for encumbrance and liquidation for both federal and state funds.

### **4. Does budget authority lapse?**

Yes. The appropriation year and reversion date are shown on the Finance Letter under the "Accounting Information" section. The reversion date indicates when the funds lapse. For example, the appropriation year is displayed as a State fiscal year, i.e. 14/15. The start of the six-year period is July 1, 2014 and the end is June 30, 2020, which is the reversion date.

### **5. When should local agencies apply for CWA time extension?**

If local agencies cannot expend and submit invoices on the lapsing balances for their projects by April 1<sup>st</sup>, Local Assistance highly recommends that the local agency applies for CWA time extension which begins in December. Please note that **only a one-time extension** can be applied for each obligation or allocation on a project.

### **6. What are the consequences if CWA time extensions are not applied?**

Local Program Accounting will disencumber the funds on the projects around the last week of May or the first week of June. Any invoices that come in afterward cannot be paid.

### **7. What criteria will be used for approving/denying CWA time extension requests?**

The Department of Finance (DOF) will evaluate the "Reasons for Delay" and "Impediments" columns on the CWA spreadsheet. It is the local agency's responsibility to convince the DOF that there is a critical need to approve the CWA request.

**8. Once DOF approves the CWA time extensions, how will the local agencies be notified and are there formal signed agreements that they will be receiving?**

HQ will notify the local agencies of the DOF's approval/denial decisions by emailing the CWA approved lists to affected local agencies and posting the approvals to Caltrans CWA website: <https://dot.ca.gov/programs/local-assistance/projects/cooperative-work-agreement-cwa>.

There will be no formal agreements provided. However, the new expiration date and approved amount will be added to the bottom of the Finance Letter under the "Accounting Information" section.

**9. Can local agencies apply for another time extension after the initial CWA time extension expires?**

No. Local agencies need to liquidate all the remaining funds on their projects before the expiration date.

**10. In what situation do Timely Use of Funds projects need to request a CWA time extension?**

Projects under the State Transportation Improvement Program (STIP), Active Transportation Program (ATP), and all Senate Bill 1 (SB 1) Programs (LPP, TCEP, and SCCP) are subject to Timely Use of Funds (TUF) provisions.

- These programs (ATP, STIP, SB 1 ...etc.) have TUF deadlines stated clearly in the corresponding CTC guidelines including the invoicing deadline for project development and construction completion. Local Agencies must invoice Caltrans no later than 180 days after the expenditure deadline for project development or no later than 180 days after contract acceptance. Also, these requirements are stated clearly in the executed project-specific [Program Supplement Agreement \(PSA\)](#).
- In adherence with the above guidelines, Caltrans HQ Local Assistance recommends CWAs for projects if the TUF deadline occurs after the budget authority for the funds expire (known as the reversion date). A CWA extends the budget authority by two years but not the TUF deadlines. **The TUF deadline supersedes the CWA deadline.**
  - ❖ Example: A project's budget authority lapses on June 30, 2024, and the TUF deadline is August 30, 2024.
  - ❖ Without applying and receiving approval for a CWA, the funds will be required by law to be disencumbered before June 30, 2024.
  - ❖ Local Agencies cannot be reimbursed for their costs if there is no budget authority available.
  - ❖ With an approved CWA, the budget authority is extended to allow for invoicing by the TUF deadline of August 30, 2024.