

# ATTACHMENT I

## **FY 2007 Integrated Budget Instructions**

**(DWD/DCS-Administered Funds)**

The majority of programs administered through the Division of Career Services (DCS) are identified as required partner programs in the Workforce Investment Act of 1998 or are designated as affiliated partners by the Commonwealth. With the exception of Wagner-Peyser, the funds available from these program streams are designated for specific labor exchange or customer service functions such as services to Veterans, Unemployment Insurance recipients and Dislocated Workers. *Required partners under WIA must contribute a fair share of the operating costs of the One-Stop delivery system proportionate to the use of the system by individuals attributable to the partner's program (§662.270 WIA Interim Final Rule).*

**We have approached this year's plan with our major emphasis upon both process improvements and maximizing the use of available resources as detailed below:**

### **Process improvements**

- **Improved use of technology**
- **Streamline Integrated budget form**
- **Baseline Grants for Integrated Budget (See attachment)**
- **Common definitions for fiscal categories**
- **Creating an Integrated Budget Input worksheet for State-retained costs**
- **Emphasis on resource sharing concepts following January, 2006 training**

### **Utilize/Maximize resources**

- **Continue with 80/20 split for Wagner Peyser funding**
- **100% carry-in of unexpended FY06 Wagner Peyser funds**
- **Maintain current level of UI Walk-in support**
- **Governor's budget increase seeking \$6,000,000 for One-Stop Career Centers**
- **MOSES Steering Committee recommendations re: local MOSES share**

This Integrated Budget section provides the local Workforce Investment Board (LWIB) and DCS negotiator(s) with guidelines for the use of DCS-administered funds during FY 2006. All funding must be expended in accordance with requirements of the source program and in a manner consistent with these guidelines. All allocations are subject to change based on decisions made at either the state and/or federal level. Should changes occur, opportunity will be provided to amend projected spending plans.

Local negotiators for DCS should bear in mind that the operation of each One-Stop Career Center constitutes a partnership between DCS and the LWIB. Whether in a collaborative or competitive model, the negotiators have a responsibility to ensure that resources available from DCS are utilized based upon resource-sharing concepts and a fair and responsible allocation methodology. This methodology must maximize all resources available to the Center from all partners, reduce duplication, and improve the

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efficiency and quality of employment and training services available to both individuals and employers.

The Annual Integrated budget submitted as part of the MOU between DCS and the LWIB will delineate the planned expenditures for each category (Personnel, Premises and Non-Personnel Support) attributable to each funding stream and become part of the integrated agreement to be submitted by the LWIBs in their local plans.

For purposes of this document, the FY 2007 Annual Integrated Budget for DCS-provided funds must include funds available through FY 2007, including, for example, WIA Title I, Wagner-Peyser 90% and 10%, Veterans Services, Unemployment Insurance for direct customer services and the One-Stop State appropriation. At a later point funds may be added to this budget for additional programs (e.g. the EAS program).

**CARRY-IN NOTE:** Where carry-in is authorized (**Wagner Peyser and WIA Title I**), LWIBs should ensure the accuracy of carry-in data, reconcile any plans that do not equal allocations, and identify steps to maximize the use of available funds while eliminating any possible overspending.

## 1. WAGNER-PEYSER

Wagner-Peyser funds form the basis for the universal availability of labor exchange services within the One-Stop Career Center (OSCC) system. Each of the sixteen LWIBs will receive an allocation of Wagner-Peyser 90% and 10% funds.

The funds allocated to the regions total 80% of the combined amount of Wagner-Peyser (90% & 10%) funds allotted to the Commonwealth by the US Department of Labor for FY 2007.

The allocation methodology for Wagner-Peyser 90% and 10% funds is based upon two factors:

- Number of unemployed individuals in the Local Workforce Investment Area during calendar year 2000 (1/3 weight).
- Number of individuals in the area's labor force (2/3 weight).

Upon notification from USDOL, local Wagner-Peyser allocations to be used to prepare your area's FY 2007 Annual Integrated Plan budget will be posted to this MassWorkforce Issuance.

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## 2. WAGNER-PEYSER CARRY-IN

**As agreed, carry-in of unexpended FY06 Wagner Peyser funds into FY 2007 is authorized at the discretion of the LWIB area.** These funds will be reconciled through the closeout process as agreed at the Fiscal Officer meetings.

## 3. VETERANS SERVICES

Services for Veterans are provided through the Disabled Veterans Outreach Program (DVOP) and Local Veterans Employment Representatives (LVER) and are generally required to be available in each region. These services must be provided by DCS personnel who meet the criteria for these positions.

In FY 2007 the monetary resources for the provision of staffing for Veterans services will be centrally managed by DCS. The general approach is that LWIBs should not include staffing dollars for Veterans services within their LWIB plans or budgets. DCS will support the provision of these services. However, any WIB of either a collaborative or competitive area that pays the NPS costs for Veterans staff may recover those costs from DCS. **Specifically, LWIBs which choose to provide NPS for Veterans staff, may request \$ 652 per FTE to cover these costs.**

As in FY 2006, premises costs related to Veterans services are available as a charge to FY 2007 Veterans Employment and Training Administration funding.

**NOTE:** All NPS costs attributable to Veterans staff must be reflected on the WIB's FY 2007 Annual Integrated Budget form in order that DCS distinguish the NPS amount to be paid by DCS from the amount to be supported locally.

**The United States Department of Labor –Veterans Employment and Training Administration funding levels for FY 2007 are not currently available to the states.**

## 4. UNEMPLOYMENT INSURANCE

Unemployment Insurance (UI) walk-in services are strongly encouraged in all OSCCs. DUA personnel *must* provide the UI walk-in services in all OSCCs. **For FY 2007, FTE levels, statewide, are expected to be level-funded. Local area allocations will be determined subsequent to a review of caseloads.**

In FY 2007 the monetary resources for the provision of staffing for UI services will be centrally managed by DCS (under agreement with DUA). LWIBs should not include staffing dollars for UI services within their LWIB plans or budgets. DCS will provide funds to support the provision of these services.

However, any WIB of either a collaborative or competitive area that pays the NPS costs for DUA/UI staff may recover these costs from DCS. **Specifically, LWIBs which**

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**choose to provide NPS for DUA/UI staff, may request \$652 per FTE to cover these costs.**

DCS will provide resources to support premises costs for DUA/UI staff using the same methodology applicable to those costs for Wagner-Peyser funds as negotiated between the LWIB and the DCS local negotiator.

**NOTE:** All NPS costs attributable to UI staff must be reflected on the WIB FY 2007 Annual Integrated Budget Form in order that DCS distinguish the NPS amount to be paid by DCS from the amount to be supported locally. Premises costs attributable to UI staff should be reflected under the appropriate UI column.

### 5. STATE ONE-STOP FUNDS

The Governor's FY 2007 budget, House I, includes \$6,000,000 for the OSCC initiative. In FY 2006, these funds were distributed in three sets:

- \$2,750,000 available for the three competitive workforce investment areas. This allocation was distributed based upon a three-part formula:
  - ✓ the number of disadvantaged adults in the workforce investment area,
  - ✓ the number of employers located in the area, and
  - ✓ the area's unemployment rate.
- \$1,000,000 allocated to the remaining thirteen areas. This provided \$76,923 to each area.
- \$250,000 allocated to all areas with each Career Center receiving \$7,500 and areas with only one Career Center receiving \$10,000.

For FY 2007 planning purposes WIBs may choose to budget at 06 levels and allocation adjustments will be made as soon as final allocations are known. Although, special restrictions are not placed on these funds, they *must* be used to support Career Center operations in compliance with the LWIB's Annual Workforce Development Business Plan.

### 6. NATIONAL EMERGENCY GRANTS

National Emergency Grant (NEG) funds should be included, as applicable, in the Integrated Budget. A single column is provided on the Integrated Budget form to summarize the NEG awards. For FY 2007, the summary of NEG funds included should be commensurate with the planned level of expenditures for the period July 1, 2006 through June 30, 2007 as documented in the project approved Implementation Schedules. A modification to the Integrated Budget must be submitted upon receipt of new awards, including supplemental funds received during the fiscal year.

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## 7. WORKFORCE TRAINING FUNDS

\$95,000 in Workforce Training Funds will be made available to each local area. These funds must be budgeted based upon \$75,000 for WIB activities and \$20,000 for Youth Council Activities. The FY 2007 Integrated Budget includes separate columns for the budgeting of WTF funds in accordance with this split.

LWIBs must provide a narrative explanation that clearly identifies the purpose for which these funds will be utilized in FY 2007. While these funds are made available with a level of flexibility as to their use, the explanation should demonstrate a direct correlation to activities that are consistent with federal and state priorities for the workforce investment system.

## 8. COST CATEGORIES AND CALCULATIONS

LWIBs must provide a narrative explanation of all non-staff costs (operational and capital) as part of the budget section of the LWIB Annual Integrated Budget/DCS Memorandum of Understanding (MOU). In order to assure consistency and expedited review, LWIBs are encouraged to utilize the recommended budget narrative categories, detailing the items contained in each category and fully explaining the calculations used to establish each budget estimate.

**IMPORTANT NOTE:** the ability to expedite the approval of your FY 2007 plan and the issuance of your FY 2007 contracts depends upon the completeness of supplied costs and any necessary accompanying explanations (cost basis and allocation basis identified).

### A. PERSONNEL COSTS

The development and inclusion of staff costs related to DWD/DCS funding sources/programs will be managed by the DCS Field Operations Unit. These include current staff and related staff costs including raises, benefits and associated costs and allocation to specific funding sources.

DCS Field Operations staff will work with LWIB planning staff and appropriate DCS program managers in the development and inclusion of these costs through the use of an appropriate staff planning tool.

DCS Regional and Associate Directors and Field Managers will continue to be paid from central office funds during FY 2007.

For FY 2007, if local areas plan to add direct service staff above current levels, funds to support additional staff must be budgeted within the constraints of available funding (with methodology discussed and detailed in the budget narrative).

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## **B. PREMISES COSTS (for all Centers) (Attachments M and N)**

*Funds are included in the FY2007 allocations to pay the costs of premises. These costs include:*

- Rent for leased facilities (or, in a case where the career center is in a facility owned and managed by DCS/DUA, operating costs).
- Security Systems (including equipment, installation and security system maintenance and monitoring).
- Utilities (gas, oil, electricity, water, and sewage) if not included in the rent.
- Building repairs and maintenance (only in a case where the career center is in a facility owned and managed by DCS/DUA).
- Building maintenance (janitorial, pest control, trash, signage, etc.) if not included in the rent.
- Landscaping and snow removal (only in a case where the career center is in a facility owned and managed by DCS/DUA).
- Construction and/or modular furniture amortization.

### **DCS/DUA owned or leased buildings:**

For those locations owned or leased by DCS/DUA, the estimated total FY2007 annual premises operating cost to be used in the preparation of your budget is delineated in **Attachment M**. In addition to the costs delineated in **Attachment M**, there may be premises-related capital expenditures. These premises-related capital expenditures are delineated in **Attachment N**. The combination of these figures -- i.e. the total premises cost -- will be allocated amongst all partners. Funds to be provided through DCS/DUA will be retained and paid centrally. Funds from sources other than those administered through DCS/DUA must be transferred to DCS/DUA on a monthly basis to ensure lease obligations are met.

### **Non-DCS/DUA owned or leased buildings:**

For premises costs for buildings which are non-DCS/DUA owned or leased, DCS/DUA will provide proportional support for its staff as allocated locally. The total estimated premises costs must be detailed in a format consistent with the attachments provided for DCS/DUA owned/leased properties.

### **Premises-related capital expenditures:**

Facilities related “capital projects” (e.g. renovation work, including installations, removals, movers, cabling, build-outs, large scale replacements of furnishings, layout redesign, etc.) should be planned and budgeted in the appropriate categories. If the building is owned or leased by DCS/DUA, the DCS/DUA Facilities Management Department must be contacted.

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Specific FY 2007 premises-related capital expenses are to be included in the LWIB FY 2007 Annual Integrated Budget. Costs associated with DCS/DUA lease expirations during FY 2007 and assumptions associated with the future location of the office are delineated in **Attachment N**.

LWIB costs for any other premises-related projects anticipated by the LWIB and not included in **Attachment N** must be included in the LWIB plan and budget.

## **Tenants of Commonwealth-Owned Properties**

Please be advised that local areas will be required to work with the Facilities Management Department to identify local/State funding necessary to support emergency expenditures in Commonwealth-owned buildings to keep them in tenantable condition. The Commonwealth does not have an available fund to replace key building components, but will work with local areas housed in Commonwealth-owned buildings to avoid building closures due to unexpected major equipment failure.

## **Allocating premises costs:**

The cost of premises must be allocated among all partners and tenants in the OSCC consistent with standard cost allocation methodologies, cost principles, Federal guidelines and the Workforce Investment Act. **Note:** for purposes of cost allocation, the portion of premises attributable to DVOP and LVER personnel and customers is to be allocated against Wagner-Peyser 90% funds.

LWIBs must utilize a cost allocation methodology that is compliant with Federal regulations. Therefore, the cost allocation methodology chosen must meet the requirements of the appropriate OMB circulars and GAAP principles. **A detailed description of the allocation methodology used and the frequency of verification and modification of the methodology need not be provided with the FY 2007 Business Plan, but auditable documentation must be locally maintained and available for compliance monitoring reviews.**

As in the past, DCS will provide assistance to all LWIBs and their partners in developing a cost allocation plan pertinent to their local area.

## **Other considerations related to premises:**

- The Local Workforce Investment Boards (LWIB) are expected to comply with all applicable laws and regulations when securing leased premises or when undertaking premises' renovations.
- When a lease is to be renewed or renegotiated, local Career Center DCS management and Regional Field Managers will assume an active role in the procurement, specifications, decision-making and site selection.

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## **C. NON-PERSONNEL COSTS**

**This section is applicable to collaborative areas only. LWIBs of non-collaborative areas should provide a budget narrative as needed for the use of these funds:**

DCS has eliminated the previously utilized non-personnel categories entitled Employee Support and Center Support. These costs will be direct-charged on the worksheet which feeds the retained funds portion of the Integrated Budget. Costs supplied locally may be derived from the cost base delineated on that worksheet.

### **Copiers and Fax Machines (Attachments Q and R)**

Currently, DCS provides copiers and fax machines to certain OSCCs. The copiers and faxes are owned or leased by DCS and the costs associated with leasing and maintaining these units are found in **Attachments Q and R**.

The attachments indicate the amounts to be retained by DCS during FY 2007 (beginning July 1, 2006). The lease costs reflect the amounts required for the period July 1, 2006 through June 30, 2007.

The Annual Workforce Development Business Plan budget should indicate the amounts to be supported by non-DCS sources and include the appropriate amounts to be retained by DCS to continue to pay these lease and maintenance costs. DCS costs associated with these purchases should be charged against the area's allocation.

### **Telephone Services: (Attachment O)**

During FY 2006, DCS provided quarterly reports for local and long distance telephone costs.

**Attachment O** provides annualized FY 2006 totals as well as projected totals for FY 2007 (based on the annualized FY 2006 figures). The annualized figure should be used as the FY 2007 planning estimate. LWIBs should include the estimated amounts as funds to be retained by DCS for payment of telephone service costs.

### **Data Circuit Costs:**

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DCS pays the costs associated with data circuits utilized at certain locations. **Attachment P** indicates the monthly and annual costs by location summarized by Local area. LWIBs should use these costs as their FY 2007 planning estimate for data circuits and should include the amounts as funds to be retained by DCS for payment of data circuit costs.

Costs listed on the attachment include the following categories:

The **monthly core expense** is the total fixed telephone company central office *connection cost averaged across all lines and charged per line* that Verizon charges us to connect to the “frame relay cloud” of circuits within the Verizon network. This expense may be thought of in the same way as the expense a local business or residential user pays (each month) as a fixed billing cost for their service that is independent of usage (note that it does not vary from circuit to circuit except that a DSL line is only \$24.40 per month). The system, then, must also pay the local line cost (the first column) to move the data *to and from* that Verizon central office access point (which is the edge of Verizon core data network).

The **average monthly access cost** is the *estimated* (by type and number of connections to/from each street address) local *share* of the total core circuit *usage within* the Verizon owned and operated “cloud of frame relay circuits”. Said differently, it is akin to a “core mileage charge” for each connection of a local circuit to some other local circuit across the state. It varies because the amount of data that can flow through the core to/from each street address is determined largely by the number and type of circuits to/ from each street address from Verizon’s network (so it is not exclusively dependent on what happens inside the Verizon core).

### **D. RESOURCE ROOM ISP SUPPORT**

The State recognizes the need to decrease system IT costs and to allow the effective functioning of the MOSES system as well as the need to support a study of system volumes and architecture. The concept of taking local resource rooms off the detma.org network and securing local DSL access has been proposed as an alternative strategy in order to reduce the large volume of traffic, make the network more secure and provide additional bandwidth for Career Center activities. Given the need to address this and other issues, DWD/DCS will continue to study available options as potential strategies with the assistance of the MOSES Steering Committee, including addressing some of the current “slow response” issues. For the moment, data line upgrades will be considered carefully while cost and equipment impacts are studied.

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## **E. MOSES SUPPORT (Access Fee)**

Due to the costs associated with the continuing development, maintenance and software licenses related to the MOSES system, it has been determined that the MOSES Access Fee of \$540 per active ID will be replaced with a methodology that identifies and assesses local shares based upon a fair and equitable formula.

Options are being considered by the MOSES Steering Committee which will address this issue through separate recommendation.

## **9. FINALIZING THE INTEGRATED BUDGET**

Following the items explained in the narratives above will enable local planners to complete the attached DCS budget worksheets. LWIBs are strongly encouraged to submit a Budget Narrative (utilizing the suggested Budget Narrative Categories) for all budgeted items including those funds to be utilized for LWIB support and activities.

The FY 2007 WIB Annual Integrated Budget is a new budget document. However, many of the attachments are the same or similar to those used in FY 2006 and are intended to capture the planned expenditures for programs funded through DCS and administered by the LWIB and/or through WIA-required partners via cash revenue to support the operation of the One-Stop Career Center:

### ***Completing the Integrated Budget Form Entries***

#### **WIB NAME / BUDGET MOD# / PREP BY / SIGNATURE / SUBMISSION DATE**

*Please enter the name of the WIB, check "Initial" as the mod category for the plan submission, then enter the name of the preparer, sign and enter the date of the plan submission.*

The FY 2007 Annual Integrated Budget will automatically total all entries.

**NOTE:** It is very important to submit a Budget Narrative that fully explains any revenue sources and costs listed in the FY 2007 Annual Integrated Budget that are not readily identifiable. Categories are provided for your use and a detailed budget narrative will expedite budget approvals.

### **REVENUE CATEGORIES**

The Revenue section of the FY 2007 Annual Workforce Development Business Plan Budget requires the identification of both New FY 2007 funds and, where applicable any

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WIA Title I or Wagner Peyser funds carried in from FY 2006. *As previously indicated, FY 2006 Wagner Peyser funds are authorized for carry-in to FY 2007.*

**NOTE:** LWIBs should ensure the accuracy of carry-in data for any authorized carry-in sources (WIA Title 1, Wagner Peyser), reconcile any plans that do not equal allocations, and identify steps to maximize the use of available funds while eliminating any possible overspending.

Please use additional columns and pages to enter actual or anticipated revenue from major DCS/Non-DCS sources, combined as appropriate. This will facilitate the review of the plan through the identification of costs to other sources that will be part of the cost allocation methodology. Please identify these revenue sources in the budget narrative.

### EXPENDITURE CATEGORIES

**NOTE:** For clarification purposes, anticipated costs are to be entered under “State-Paid-Retained” or the appropriate local section. DWD/DCS will retain funding for all expenses to be paid by DWD/DCS from all revenue sources administered by DWD/DCS. **DWD/DCS will not bill local areas for funds that originate with DWD/DCS.** Categories are designed to facilitate the review of plans against applicable attachments.

**NOTE:** FTE totals should be consistent with totals reflected in the signed MOUs.

### STATE PAID-RETAINED

Costs indicated in this section will be supplied through the completion of the “Backup worksheet” tab in the Integrated Budget Excel document. Categories on the worksheet are designed to match the needs of the DWD/DCS Finance Department.

A separate input, retained-funds worksheet section is supplied for NEG's.

All Sections of the Integrated Budget will utilize the same array of fiscal categories and the items included are contained as comments to each category on the document. Drag your cursor over the category and the included items will be displayed. These items are also supplied below.

## COMMON DEFINITIONS

### **CATEGORY – Personnel**

Staff and Staff-related (salary, fringe, merit increases, overtime, State Indirect, Chargebacks)

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## **CATEGORY – Premises**

Cost of leases, related insurance, moving expenses, capital improvements, snow removal, repairs, landscaping, maintenance, security systems,

## **CATEGORY – Training (ITAs)**

Costs of ITA training contracts for WIA, Title I participants

## **CATEGORY – Training (other)**

All other vendor / job seeker training costs

## **CATEGORY – Office & Related**

Supplies, Equipment purchase, rental & repair, cleaning, telephone, postage, printing, memberships, meetings

## **CATEGORY – Supportive Services**

Participant Supportive Services

## **CATEGORY – IT**

Costs relating to hardware, software, networks, IT Consultants and IT maintenance, MOSES Fee

## **CATEGORY – Other**

Costs that do not fit into above categories such as Indirect cost, overhead, travel, audit, special projects, staff training, conferences, scholarships, etc

PLEASE BUDGET WITHIN YOUR INDICATED AND ANTICIPATED REVENUES – AVOID DEFICIT BUDGETING.

## **BUDGET NARRATIVE**

Local Areas are required to submit a Budget Narrative for all funds listed in the FY 2007 Annual Integrated Budget. The budget narrative should include those funds to be utilized for those retained at the State, Fiscal Agent, Career Center and LWIB support and activities.

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The narrative must fully explain all revenue sources and expenses listed in the FY 2007 Annual Integrated Budget as well as the **basis for cost allocation** and the calculations used to establish each budget estimate.

Local Areas are reminded that sufficient detail in the budget narrative will expedite the FY 2007 Integrated budget review and approval process.

Costs must include, but are not limited to the following:

- **Salary and Fringe:** list combined salary and fringe totals for all staff  
**Note: Please ensure that the FTE row is completed for each funding stream which supports staff.**
- **Premises:** include all applicable locations
- **Travel & Transportation:** anticipated costs for travel and transportation for staff. Please indicate locally approved mileage rate.
- **Equipment Rental & Maintenance**
- **Equipment Purchase** (Individual items over \$5k)
- **Expendable Supplies**
- **Telephone**
- **Postage**
- **Dues & Subscriptions**
- **Printing & Reproduction**
- **Conferences & Meetings**
- **Data Circuits**
- **Other, as applicable:** please itemize.