ATTACHMENT J

FY 2008 Integrated Budget Instructions

(DLWD/DCS-Administered Funds)

Most of the 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).*

The following items identify commitments and/or changes for FY08 regarding the submission of fiscal planning documents and tools:

- Streamlined Integrated Budget form
- Ability to add columns to the Integrated Budget Form
- Eliminating the Integrated Budget Input worksheet
- Requirement to submit an Integrated Budget Narrative (no template requirement)
- Continue with 80/20 split for Wagner Peyser funding
- 100% carry-out of unexpended FY07 Wagner Peyser funds
- Transfer of responsibility for specific NPS procurements to local areas
- Reduced level of DUA/UI Walk-in support
- Governor's budget seeks $6,000,000 for One-Stop Career Centers
- MOSES Steering Committee recommendations re local MOSES share
- A separate workgroup will address issues relating to Federal inquiries concerning the proper identification of administrative and training costs

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 2008. 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 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 2008 Annual Integrated Budget for DCS-provided funds must include funds available through FY 2008, 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. DTA, Navigator programs).

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. State estimates will be supplied through DCS Operations Field Managers.

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 preliminary allotment of Wagner-Peyser funds to the Commonwealth announced by the US Department of Labor on April 6, 2006 is $14,647,014. **For the past several years 80% of the Wagner-Peyser funds allotted to the State have been allocated to the field through formula. This percentage will be in effect for FY 2008.**

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 **2006** (1/3 weight).
- Number of individuals in the area's labor force (2/3 weight).

Preliminary local Wagner-Peyser allocations that are to be used to prepare your area's FY 2008 Annual Integrated Plan budget may be found in **Attachment O.**

2. WAGNER-PEYSER CARRY-IN

As agreed, carry-in of unexpended FY07 Wagner Peyser funds into FY08 is authorized at the discretion of the LWIB area. An estimate of Wagner Peyser carry-out 90% and 10% funds will be supplied through the DCS Operations Field Managers and will be reconciled through the annual closeout process.

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 2008 the monetary resources for the provision of staffing for Veterans services will be centrally managed by DCS. WIBs should budget and will recover NPS costs according to their prior practice as modified by the 08 NPS cost changes explained in the NPS section of this communication.

As in FY2007, premises costs related to Veterans services are available as a charge to FY2008 Veterans Employment and Training Administration funding.

The United States Department of Labor –Veterans Employment and Training Administration funding levels for FY 2008 are not currently available to the states.

4. UNEMPLOYMENT INSURANCE

Unemployment Insurance (UI) walk-in services are strongly encouraged in all Career Centers. DUA personnel *must* provide the UI walk-in services in all Career Centers. As with FY07, information regarding the allocation of reduced FY08 DUA FTE levels will be released through the DCS Field Operations Unit.

In FY 2008 the monetary resources for the provision of STAFFING for UI services will be centrally managed by DCS (under agreement with DUA). DCS will provide funds to support the provision of these services.

However, as described in the revised NPS section of this communication, designated NPS costs related to these DUA/UI FTEs will be procured locally and should be budgeted as such in the FY2008 Integrated Budget.

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: Budgeting for NPS items transferred to local control should conform to and be managed according to local budgeting input processes and costing procedures. State budget/historical information will be provided for reference through the DCS Field Managers. Premises costs attributable to UI staff should be reflected under the appropriate UI column.

5. STATE ONE-STOP FUNDS

The Governor's FY 2008 budget, House I, includes $6,000,000 for the OSCC initiative.

For FY 2008 planning purposes WIBs should budget at 07 levels ($4M) 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 change for FY2008 is that these awards should be listed in separate columns. Information should be commensurate with the planned level of expenditures for the period July 1, 2007 through June 30, 2008 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.

7. WORKFORCE TRAINING FUNDS

$95,000 in Workforce Training Funds will be made available to each local area for FY2008. These funds must be allocated as follows: $75,000 for WIB activities and $20,000 for Youth Council Activities. The FY 2008 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 2008. 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

While a template will not be mandated, LWIBs must provide a BUDGET 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**)**. This will assure consistency and prevent delays in the plan review process. 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 2008 plan and the issuance of your FY 2008 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 2008.

For FY 2008, 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).

B. PREMISES COSTS (Attachments T and U)

Funds are included in the FY2008 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 FY2008 annual premises operating cost to be used in the preparation of your budget is delineated in **Attachment T**. In addition to the costs delineated in **Attachment T,** there may be premises-related capital expenditures. These premises-related capital expenditures are delineated in **Attachment U**. 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.

ATTACHMENT J

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.

Specific FY2008 premises-related capital expenses are to be included in the LWIB 2008 Annual Integrated Budget. Costs associated with DCS/DUA lease expirations during FY2008 and assumptions associated with the future location of the office are delineated in **Attachment U**.

LWIB costs for any other premises-related projects anticipated by the LWIB and not included in **Attachment U** 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. .

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 2008 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.

C. NON-PERSONNEL COSTS

IMPORTANT CHANGE-DCS has transferred procurement & management responsibility for specific NPS categories to local WIB areas for the FY08 period.

The areas identified for transfer are to be budgeted locally as of the indicated dates (Enter below the line on IB) :

- Office Supplies (Paper, Writing materials,etc) (July 1, 2007)
- Office Furniture (July 1, 2007)
- Memberships (July 1, 2007)
- Postage (July 1, 2007)
- Postage Meter Rentals (July 1, 2007)
- Copiers (As of April 1, 2008- Current leases end March 31, 2008)
- Fax machines & Maintenance (July 1, 2007)
- Bottled Water (July 1, 2007)
- Personal Computers (July 1, 2007)

These NPS costs will continue to be managed by the State (Above the line on IB):

- Data Circuits (**Attachment V** to be supplied)
- Telephone Lines (**Attachment W** to be supplied)
- Premises Leases & Maintenance (**Attachment U** to be supplied)
- Copiers (July 1, 2007 through March 31, 2008)

Costs supplied locally must be budgeted consistent with local budgeting processes and procedures and local procurement rules. State budget/historical information is available for reference purposes and will be supplied with assumptions through the DCS Field Managers.

Copiers and Fax Machines

Currently, DCS provides copiers and fax machines to certain Career Centers. The copiers are leased and faxes owned by DCS and the costs associated with leasing and maintaining these units are contained in budget/historical information to be supplied through the DCS Field Managers.

For copiers, the information to be supplied through the DCS Field Managers indicates the actual amounts that must be budgeted for retention by DCS to support lease costs beginning July 1, 2007 through March 31, 2008 at which time the DCS leases terminate.

The estimated cost to be supported by a local copier lease from April 1, 2008 through June 30, 2008 is also included. Replacements via lease or purchase must be procured according to local procurement policies.

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.

Postage

USDOL utilized Training and Employment Guidance Letter 04-06 to notify states of Plans to Phase out Penalty Mail Costs for "Employment Security" Programs and to inform state workforce agencies (SWAs) of the Employment and Training Administration's (ETA's) intention to eliminate its authority to pay the U.S. Postal Service (USPS) directly for "employment security" postage costs beginning Fiscal Year (FY) 2008. These plans include Phasing out ETA payments to the United States Postal Service (USPS) for state agency penalty mail and postal management costs.

Therefore, beginning in FY 2008, all states must assume responsibility for paying their own postage costs as well as any postal management services currently provided to states through the Unemployment Insurance (UI) Supplemental Budget Request (SBR) process.

It is appropriate that postage costs be budgeted locally and it is the state's intention to seek the transfer of postage meter rentals to local areas as well for the period beginning July 1, 2007. Cost information will be supplied through DCS Field Managers and details will be forthcoming.

Telephone Services

During FY 2006, DCS provided quarterly reports for local and long distance telephone costs. Attachments to be supplied will provide actual FY 2007 totals as well as projected totals for FY 2008 (based on annualized FY 2007 figures). The annualized figure should be used as the FY 2008 planning estimate. LWIBs should include the estimated amounts as funds to be retained by DCS for payment of telephone service costs.

Data Circuit Costs:

DCS pays the costs associated with data circuits utilized at certain locations. **Attachment V** indicates the monthly and annual costs by location summarized by Local area. LWIBs should use these costs as their FY 2008 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. MOSES SUPPORT (Local Share)

Due to the costs associated with the continuing development, maintenance and software licenses related to the MOSES system, in FY07, the MOSES Access Fee was replaced with a methodology that identified and assessed local shares based upon a fair and equitable revenue-based formula.

The MOSES Steering Committee has considered this issue for FY08 and has developed a similar recommendation for Executive approval for FY08. A decision will be rendered quickly.

9. FINALIZING THE INTEGRATED BUDGET

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

The FY 2008 WIB Annual Integrated Budget is a new budget document that is supported by attachments and related budget/historical information. Many of the attachments and information supplied or to be supplied are the same or similar to those used in FY 2007. They 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 2008 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 2008 Annual Integrated Budget that are not readily identifiable. Categories are provided for your use and a detailed budget narrative will prevent review delays and expedite budget approvals.

REVENUE CATEGORIES
The Revenue section of the FY 2008 Annual Workforce Development Business Plan Budget requires the identification of both New FY 2008 funds and, where applicable any WIA Title I or Wagner Peyser funds carried in from FY 2007. Please enter the amount of new funding as indicated in **Attachments N and O.** ***As previously indicated, FY 2007 Wagner Peyser funds are authorized for carry-in to FY 2008.***

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. State carry-in estimates for Wagner-Peyser funds will be supplied through DCS Field Managers.
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 retained by DCS excluding the amounts as indicated on the Integrated Budget Excel document.

ATTACHMENT J

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)

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.