ATTACHMENT L

Massachusetts
Fiscal Year 2017 Local Annual WIOA Plan

Integrated Budget Instructions

A majority of the WIA programs administered through the Department of Career Services (DCS) had been identified as required partner programs or designated as affiliated partners by the Commonwealth. With the exception of Wagner-Peyser, the funds available from these program streams have been designated for specific labor exchange or customer service functions such as services to Veterans, Unemployment Insurance recipients and Dislocated Workers.

Now WIOA §361.700 adds a stronger mandate to ensure that Partners contribute to support infrastructure costs. Bearing in mind the impact of applicable WIOA and related COFAR principles, the basic premise is that *"Each entity that carries out a program or activities in a local one-stop center, described in §§361.400 through 361.410, must use a portion of the funds available for the program and activities to maintain the one-stop delivery system, including payment of the infrastructure of the one-stop center"*. As described in §361.710, *"Infrastructure costs are funded either through the local funding mechanism described in §361.715 or through the state funding mechanism described in §361.730"*. Please continue, as supported by state mandates, to utilize the COFAR concepts and the new WIOA Partner cost support mandate (delayed to July 2017) to guide your local area in executing local partner infrastructure support MOUs.

The following items identify commitments, changes or enhancements for FY 2017 regarding the submission of fiscal planning documents and tools:

1. Requirement to submit a Budget Narrative (line item explanations)

2. State budget/allocations for One-Stop Career Centers will not be final until the Legislature approves the budget and a revised distribution methodology receives Association(s) and state approval.

3. State budget/allocations for WFB WTF funds will be $95,000 per WFB area

4. 80/20% split between regional and state level Wagner-Peyser 90 % funding will be continued for FY16

5. 62/38% split between regional and state level will be in force for FY16 for Wagner Peyser 10% funding.

6. Carry-in of any unexpended FY16 Wagner Peyser (90/10) and WIOA Title I funds will be locally identified for planning purposes and planned as separate columns on the Integrated Budget.

7. DCS Salary Sheets will be separately issued by EOLWD Finance and reviewed and

processed based upon local input.

8. MOSES fee reflects FY16 allocation methodology updated for FY17 allocations.

9. FY17 Integrated Budget approvals will be issued following negotiations with each area based on the receipt of accurate projections and segregation of applicable retained costs.

10. A separate line, labeled "WFB," has been continued on the Integrated Budget template to identify WFB expenses.

11. AS&T is included under Fringe at a 12% rate

12. A separate list will be provided reflecting current Citrix licenses, profiles and cost rates.

A. Budget Narrative

- A budget narrative template is again provided on TAB 3 of the Integrated Budget template. This format is intended to provide brief explanations that will clarify exactly what is included in each line item.

- Utilizing this format, the line item explanations should be provided for all funds listed in the FY2017 Annual Integrated Budget.

- The template will ensure uniformity and expedite the FY2017 Annual Integrated Budget review and approval process.

IMPORTANT:

Accuracy and completeness of your FY 2017 plan, including necessary line item and cost basis explanations will expedite the review and approval process. If Resource Sharing is permitted by the COFAR and is utilized, sufficient detail from the Resource sharing plan should be included.

The FY17 Contracts will be awarded as funds become available subject to any locally-directed adjustments for retained costs; initial contracts will not be held back pending approval of the Integrated Budget. Clarification and negotiations may be required before Integrated Budget approval will be issued. DCS/EOLWD Finance fiscal staff will work with local fiscal staff toward information clarification and resolution of any issues beginning with plan submission and continuing as long as necessary to complete the budget approval process for all areas.

B. Integrated Budget – Fund Sources

The Integrated Budget instruction provides the local Workforce Investment Board (LOCAL BOARD) guidelines for the use of DCS-administered funds during FY 2017. All funding must be expended in accordance with the 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 Local Board. Whether in a collaborative or competitive model, the negotiators have a responsibility to ensure that resources available from DCS are utilized based upon cost-sharing concepts and a fair and responsible allocation methodology. This methodology must maximize all resources available to the Center from all partners, avoid 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 LOCAL BOARD will delineate the planned expenditures for each category (Personnel, Training, Support Services, Premises and Non-Personnel Support) attributable to each funding stream and become part of the integrated agreement to be submitted by the LOCAL BOARDs in their local plans.

Carry-in Note (FY16 – FY17):

Where carry-in is authorized and exists (Wagner-Peyser and WIA), LOCAL BOARDs should ensure the accuracy of locally-projected carry-in data, reconcile any plans that do not equal allocations, and identify steps to maximize the use of available funds while avoiding any possible overspending.

a. **WIOA Title I –** Please use your own estimates

b. **Wagner-Peyser** - Please use your own estimates. Reconciliation will occur through the FY16 closeout process and funds will be made available in October/November.

Specific Funding

1. Wagner-Peyser

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

For the past several years 80% of the Wagner-Peyser funds allotted to the State have been allocated to the field via formula. The same percentage will be in effect for FY 2017 for 90% funding. Sixty-two percent (62%) of the 10% WP funds allotted to the State have been allocated to the field via formula.

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 2013 (1/3 weight) and Number of individuals in the area's labor force during calendar 2013 (2/3 weight)

Wagner-Peyser and Title 1 allocations to be used to prepare the local FY 2017 Annual Integrated Budget were disseminated via email on April 19, 2016 (Updated DW on 5/11/16).

2. Wagner-Peyser Carry In

As agreed, where carry-in of unexpended FY16 Wagner Peyser funds exists, they may be carried into FY16 as authorized by and at the discretion of the LOCAL BOARD area. Per Policy Issuance #100

DCS 01-101 (3/16/16), funds not expended within a two year period must be recovered by the Commonwealth and redistributed or expended by the state.

The Wagner-Peyser carry-in 90% and 10% funds estimate must be supplied by the Fiscal Officers.

3. Veterans Services

Services for Veterans are provided through the Disabled Veterans Outreach Program (DVOP) as assigned to each region. These services must be provided by DCS personnel who meet the criteria for these positions.

In FY2017, the monetary resources for the provision of staffing for Veterans services will be centrally managed by DCS. The dollar amount for the FTEs in each area will be shared with the local area via DCS staffing sheets. WIBs should budget and will recover NPS costs according to an acceptable cost allocation methodology as put forth by the local area and negotiated with DCS.

Premises costs related to Veterans services are available as a charge to FY2017 Veterans Employment and Training Administration funding. Premises costs will be carefully reviewed to ensure that the budgeted figure is within acceptable limits.

4. WIA Title I

Please ensure that the fiscal plan corresponds with the program plan, i.e. number of participants, training enrollments, etc. Please utilize planning tools and provide an explanation in Budget Narrative Tab 3 as to how funds are budgeted in each line item for Adult, Dislocated Worker and Youth.

5. Unemployment Insurance

The allocation of FY17 DUA-supported FTEs for walk-in services will be at reduced levels while additional non-personnel/overhead support continues at increased levels. Funds will be supplied for a full year subject to continued availability of DUA funds.

The Integrated Budget continues to require 3 columns to distinguish requested DUA funding (Walk-in, Hearings and Other). Costs entered in these columns must be explained in the Budget Narrative Tab of the IB and supported by the appropriate cost allocation basis on the same tab. All budgeted UI costs will be reviewed by DUA as part of the IB Review.

In FY 2017, the monetary resources for the provision of Staffing for UI services will be centrally managed by DCS (under agreement with DUA). The dollar amount for the FTEs in each area will be shared with the local area via separate DCS staffing sheets. WIBs should budget and will recover NPS costs slightly increased over FY15 and made available separately and this should be reflected in the cost allocation basis column of the budget narrative submitted in the plan by the local area.

6. State One-Stop Funds

Due to the delays in the legislative process, the exact dollar amount available for this purpose has not yet been finalized and will be supplied as soon as available.

Although special restrictions are not placed on these funds, it is important that awarded funds are used for Career Center operations in compliance with the LOCAL BOARD's Local Annual WIA Plan.

Please note: The FY2017 local plan narrative requires an explanation of the use of state One-Stop Career Center funds in your local area with particular regard to jobseeker and employer services. These explanations will form the basis of language used to support the request for future continuation of these funds.

7. WFB Grant

The availability of funding for each LOCAL BOARD has been clarified for FY 2016. These funds will be allocated at the same level as FY16. The FY 2017 Integrated Budget includes a separate column for the budgeting of WIB funds.

When these funds are awarded, LOCAL BOARDs will be required to provide a narrative explanation that clearly identifies the purpose for which these funds will be utilized in FY 2017. 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.

7. RES/EA - Draft allocations issued – Integrated budget column supplied

Integrated Budget – Cost Categories

1. Personnel Costs

The DCS Field Salary sheets have been issued separately to local Operations managers and Fiscal Officers and should be returned to Finance through DCS.

2. Premises Costs

Funds are included in the FY 2017 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).
- Renovation and/or modular furniture.

DCS/DUA owned or leased buildings:

For those locations owned or leased by DCS/DUA, the estimated total FY2017 annual premises operating cost to be used in the preparation of your budget is delineated in the lease attachment. In addition to the costs delineated in the attachment there may be premises-related capital expenditures. 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.

Allocating premises costs:

The cost of premises must be allocated among all partners and tenants in the OSCC consistent with COFAR cost principles, Federal guidelines and WIOA.

LOCAL BOARDs must also utilize a cost allocation methodology that is compliant with Federal COFAR regulations.

As in the past, DCS will provide assistance to all LOCAL BOARDs and their partners in complying with COFAR principles.

3. Non-Personnel Costs

The practice that began in FY08, in which DCS transferred procurement and management responsibility for specific NPS categories to local WIB areas, will continue for the FY17 period.

The areas that have already been transferred and are to be budgeted locally:

- Office Supplies (Paper, Writing materials, etc)
- Office Furniture
- Memberships
- Postage
- Postage Meter Rentals
- Copiers
- Fax machines & Maintenance

- Bottled Water
- Personal Computers

<u>The Following NPS costs will continue to be managed and retained by the State (above the line on IB)</u>:

- Premises Leases & Maintenance (Attachment V)
- Telephone Lines (Attachment U)
- Citrix transition (will be issued under separate Issuance)
- MOSES Fee (Attachment X)

Costs supplied locally must be budgeted consistent with local budgeting processes and procedures and local procurement rules.

Telephone Services:

The annualized figure should be used as the FY 2017 planning estimate. LOCAL BOARDs should include the estimated amounts as funds to be retained by DCS for payment of telephone service costs.

<u>Citrix Costs</u>:

To be supplied under separate cover.

4. <u>MOSES Support (Local Share)</u>

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. During the intervening years, the Executive Office has provided statewide funds to keep the MOSES Support Charge to local areas at a minimum.

The cost allocation methodology used to determine the FY17 MOSES Support Charge for each area is unchanged from that used since FY07. However, due to cuts in state level operational funding, the total local MOSES Support was raised to $723,693 in FY12 This amount represented the CPI Inflation Adjustment to the MOSES charge in FY06 ($632,475 assessed in 2005 dollars) and this amount will continue to be used for FY 2017.

5. Budget rates for specific items

The following rates will be in effect for plan submission and budgeting:

- AS&T – 12%
- Indirect cost – 3.67%
- Payroll tax – 1.67%
- Fringe – 33.5%

D. Line Items

- Please note the line on the Integrated Budget for FY17 labeled “WFB.” Please enter WFB expenses attributable to WFB functions that are separate from fiscal agent functions. This is a “non-add” item.