

WIOA Fiscal Management

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WIOA Implementing Change Training Event – October 2015

Importance of Reporting Accruals and Obligations



1. Tracking WIOA spending limits

2. Obligations, Accruals

3. Maximizing WIOA Resources

4. WIOA Client Tracking Module

New WIOA Spending Thresholds

**Spend at least 75%
of Youth funds on
Out-of-School**

**Spend at least 20%
of Youth funds on
Work Experience**

**Transfer up to
100% of Adult
funds to DW (and
vice versa)**

**No more than 10%
spent on Pay-for-
Performance
Contracts**

Spend at Least 75% of Youth Funds on Out-of-School

WIOA

Section
129(a)(4)

Completed

7/1/2015

System Changes

Existing Project Codes differentiate In School from Out-of-School spending. In-School and Out-School Sub-Project codes were eliminated.

Note

For PY15, areas must spend 50% of funds (or 10 percentage points more than PY14) on Out-of-School Youth.

Spend at Least 20% of Youth Funds on Work Experience

WIOA

Section
129(c)(4)

Completed

7/1/2015

System Changes

Added Project Codes in CFIS for In-School Work Experience direct costs (JFSFWXI5) and RMS (JFSFFW951) and Out-of-School Work Experience direct (JFSFWXO5) and RMS (JFSFFW952).

Note

Includes summer employment and jobs throughout the year, pre-apprenticeship, internships, job shadowing, and OJT. The staff costs to develop and manage these opportunities also count.

Transfer up to 100% of Adult Funds to DW (and *vice versa*)

WIOA

Section
133(b)(4)

Completed

7/1/15

System Changes

Areas will continue to transfer funds by reporting expenses using the existing “Adult Under DW” or “DW Under Adult” Project Codes.

Note

The draft policy requires areas to request ODJFS permission to transfer above 50% of funds between Adult and DW.

No More than 10% of Funds Spent on Pay-for-Performance Contracts

WIOA

Sections
129(c)(1)(D)
and 134(d)(1)
(A)(iii)

Plan Date

7/1/2016

System Changes

Proposed: Create new Project Codes for Pay-for-Performance contract expenses and obligations under Adult, DW, and Youth formula funding.

Note

Pay-for-Performance contracts reimburse a fixed amount to the service provider based on achievement of specified levels of performance on the WIOA performance measures.

Pay for Performance Contracts

What

- Contracts with payment based on outcomes
- Up to 10% of formula funds

Why

- More innovation & flexibility for areas
- Financial rewards for excellent providers
- Improved outcomes for participants

How

- Establish performance benchmarks
- No payment until benchmarks are met
- Pay bonuses for excellence

Requirements for Pay-for-Performance Contracts

For Adult or DW training or Youth program element(s)

Fixed amount paid for achieving performance on WIOA measures

Outcomes validated using high-quality, reliable data

Outcomes & customer satisfaction reported to DOL

Bonus may be paid if used to expand employer's capacity for excellence

Extended fund availability (beyond 2 years) to evaluate performance outcomes

More WIOA Spending Rules Adult & DW Training Services

Type of training	WIA Rule	WIOA Rule	WIOA Section
OJT	Up to 50% of wages (waiver up to 90%)	Up to 50% of wages (75% if OK with board)	134(c)(3)(H)(i)
IWT	Waiver to spend up to 20% of DW	Up to 20% Adult & DW funds	WIOA 134(d)(4)
Transitional Jobs	N/A	Up to 10% of WIOA Funds	WIOA 134(d)(5)

No More than 20% of Adult & DW Funds on Incumbent Worker Training

WIOA

Section
134(d)(4)
(A)(i)

Completed

7/1/15

System Changes

Areas should report IWT costs using the specified Project Group Codes in CFIS: “**FWC**” for DW Incumbent Worker; “**FWU**” for Adult Incumbent Worker.

Note

Employers must contribute to cost of IWT which must now be reported each quarter. New fiscal coding will be needed to track employer contributions.

No More than 10% of Adult and DW Funds Spent on Transitional Jobs

WIOA

Section
134(d)(5)

Plan Date

7/1/16

System Changes

Proposed: New CFIS module (WIOA Client Level Tracking) will track spending by participant and service. When launched, the new module will enable calculation of spending on Transitional Jobs.

Note

Transitional jobs are subsidized, time-limited work experiences provided to individuals with barriers needing to build work history.

Other Fiscal Changes in WIOA

90% Hold Harmless added to DW formula

Areas must receive at least 90% of their prior two year share

Already adopted into Ohio formula starting in PY15

WIOA 133(b)(2)(B)(iii)

Rapid Response may transfer to Statewide funds

Unobligated balance can shift to statewide funds after a year

Will enable more flexibility and innovation

WIOA 134(a)(2)(A)(ii)

State One-Stop Infrastructure Funding

State process to fund OMJ Centers if partners cannot agree on MOU

Policy has been drafted

WIOA 121(h)

State Infrastructure Funding

- Implemented if MOU negotiations fail
- Covers facility costs like rent & utilities
- Does not cover staff costs (*i.e.*, One-Stop Mgmt pool)
- State will establish a formula
- Required partners must contribute up to their cap defined in WIOA 121(h)(2)(D)(ii):
 - 3% of funds for WIA & Wagner-Peyser
 - 1.5% for other partners (Voc Rehab phased in)

Ohio's Draft State Infrastructure Policy

-
- 1 Identify costs in most recent negotiated MOU
 - 2 Subtract staff & non-required partners, add up to 3%
 - 3 State partners review share, notify if cap is exceeded
 - 4 Area allocations computed from partner contributions
 - 5 Area partners agree on other costs & provisions in MOU

WIOA Spending Rules that Stayed the Same as WIA

Factor/Measure	WIA & WIOA	WIOA Section
Limit on local admin costs	Up to 10%	128(b)(4)
Hold Harmless in Youth & Adult funding formulas	90%	128(b)(2)(ii)
Availability of WIOA funds at local level	2 program years	189(g)(2)(A)
State option to reallocate WIOA funds after first year	Area must obligate 80%	128(c)(2); 133(c)(2)

WIOA Formula Funding State Reallocation Authority

WIOA Adult, DW, and Youth funds may be reallocated among areas after fiscal year ends [*see WIOA 128(c) and 133(c).*]

- Amount to be reallocated: Area's unobligated balance of prior year funds in excess of 20 percent of its allocation.
- Eligible Area: An area may receive reallocated funds if at least 80 percent of its prior year allocation was obligated.
- Redistribution formula: Ratio of each Eligible Area's allocation in prior year to the sum of all Eligible Areas' allocations in prior year.

Importance of Reporting Accruals and Obligations

1. Provides most accurate picture of financial status

2. Mandated by DOL in 2 CFR part 2900.14

3. Used by Congress and ODJFS for funding decisions

4. Underreporting can cause loss of funds

Definition of Obligation

- See definition in Uniform Guidance at 2 CFR 200.71
- Orders placed for property and services, contracts and subawards made
- Legally binding
- Payment is required during the same or future period



An Obligation is...

- A legal commitment to pay
- Generated when services are rendered
- Generated before services are rendered where a binding agreement exists
- “Definite and certain”

Examples of Obligations



- Contract
- Sub-recipient Agreement



- Purchase Order



- Cash Payment

Commitments vs. Obligations

Commitment (or Encumbrance)	Obligation
Anticipated cost or funds held for anticipated costs	Definite and certain -- binding agreement or service in process
Budget items that may happen	Legal liability to pay
Examples: Utilities for the year, staff salaries in future periods, plans to hold a business event	Examples: Contract, PO, current salaries earned by staff, supplies ordered & received
For ITA → total training plan over multiple semesters/years	For ITA → amount for enrollment in current semester

Which of These are Obligations:

Item	Obligation?
Projected staff salaries through the end of this fiscal year?	
Future rent payments for the OMJ Center?	
Projected training costs for long-term ITAs promised to trainees in services?	
Budget for a \$9,000 job fair the board wants to hold next spring?	

Definition of Accrued Expenditure

- 2 CFR 200.34(c)
- Cash disbursed in exchange for goods or services
- Indirect expense incurred
- Net change in amounts owed for:
 - Goods and other property received
 - Services performed by employees, contractors, subrecipients, and other payees, and
 - Programs for which no current services or performance are required such as annuities, insurance claims, or benefit payments



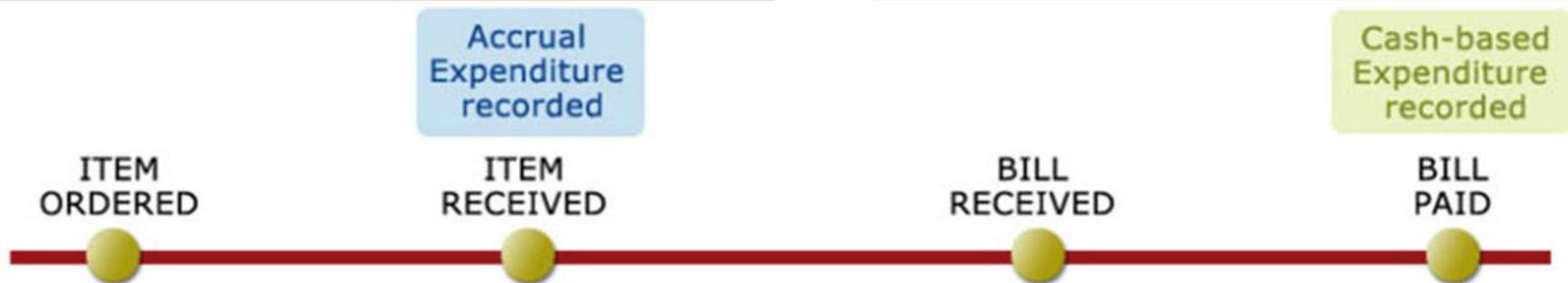
Accrual vs Cash Accounting Systems

Accrual Based

- Transactions recognized in the accounting period in which they occur
- Expense is recognized either when cash disbursed or goods & services received

Cash Based

- Transactions recognized when cash changes hands
- Expense is recognized in period in which cash payment occurs



Which of These are Accrued Expenditures?

Item	Accrual?
Contracted was written for services but they have not been performed	
Order of paper was received but not the invoice	
Sub-recipient served job seekers but has not sent a required customer satisfaction report	
For a performance-based contract, the benchmarks were not achieved	

Baby Sitter Example:

Step 1). Budget is planned

You ask your neighbor to babysit on Saturday night so you can go to the casino. She lets you know she charges \$10 per hour and asks you to let her know for sure what time to be there.

COMMITMENT?

OBLIGATION?

ACCRUAL?

DISBURSEMENT?

Baby Sitter Example:

Step 2). Service begins

On Saturday evening, sitter arrives on time and you let her know you'll be gone for about three hours. You leave her in charge of your child and depart for the casino.

COMMITMENT?

OBLIGATION?

ACCRUAL?

DISBURSEMENT?

Baby Sitter Example:

Step 3). Service is completed

You return home after being away four hours and find everything is OK. However, you lost all your cash at Blackjack and cannot pay the sitter until you can make it to the bank.

COMMITMENT?

OBLIGATION?

ACCRUAL?

DISBURSEMENT?

Obligations for Staff Salaries

Obligation

(Simultaneous Reporting)

Accrued Expense

- At the time salaries are earned
- When services are rendered
- Include retirement contributions & other benefits

- At the time salaries are earned
- When services are rendered
- Include retirement contributions and other benefits

Obligations of Individual Training Accounts (ITA)

Approval of ITA is a commitment only.

When does an ITA become obligated?

- At time participant enrolls in training (current quarter or semester)
- At time payment is due and payable (if invoiced up-front)
- When a financial agreement is executed with the training provider and the cost is specified

Accruing Costs of Individual Training Accounts (ITA)

Costs must be accrued when services are provided. When do the costs of an ITA become accrued expenses?

- In entirety, if invoiced upfront
- Incrementally as the training is delivered
- In entirety, when the school's add/drop date has passed and the entire tuition will be owed

How would you report these costs?

1. You awarded a contract for \$50,000.
2. \$40,000 remains unspent for which no goods or services have been provided.
3. The contractor traveled but has not submitted for reimbursement.

A – Accrued Expenditure

B – Unliquidated Obligation

C – Obligation

D – Disbursement

E – None of the above

How would you report this cost?

4. You order, pick up, and pay for supplies all in the same day.

A – Accrued Expenditure

B – Unliquidated Obligation

C – Obligation

D – Disbursement

E – None of the above

How would you classify these costs?

5. Estimated funds budgeted to cover next quarter's staff costs?

6. Estimate prepared by technician to fix copy machine?

7. Invoice from technician for repairs made to copy machine?

A – Accrued Expenditure

B – Unliquidated Obligation

C – Obligation

D – Disbursement

E – None of the above

Maximizing WIOA Resources

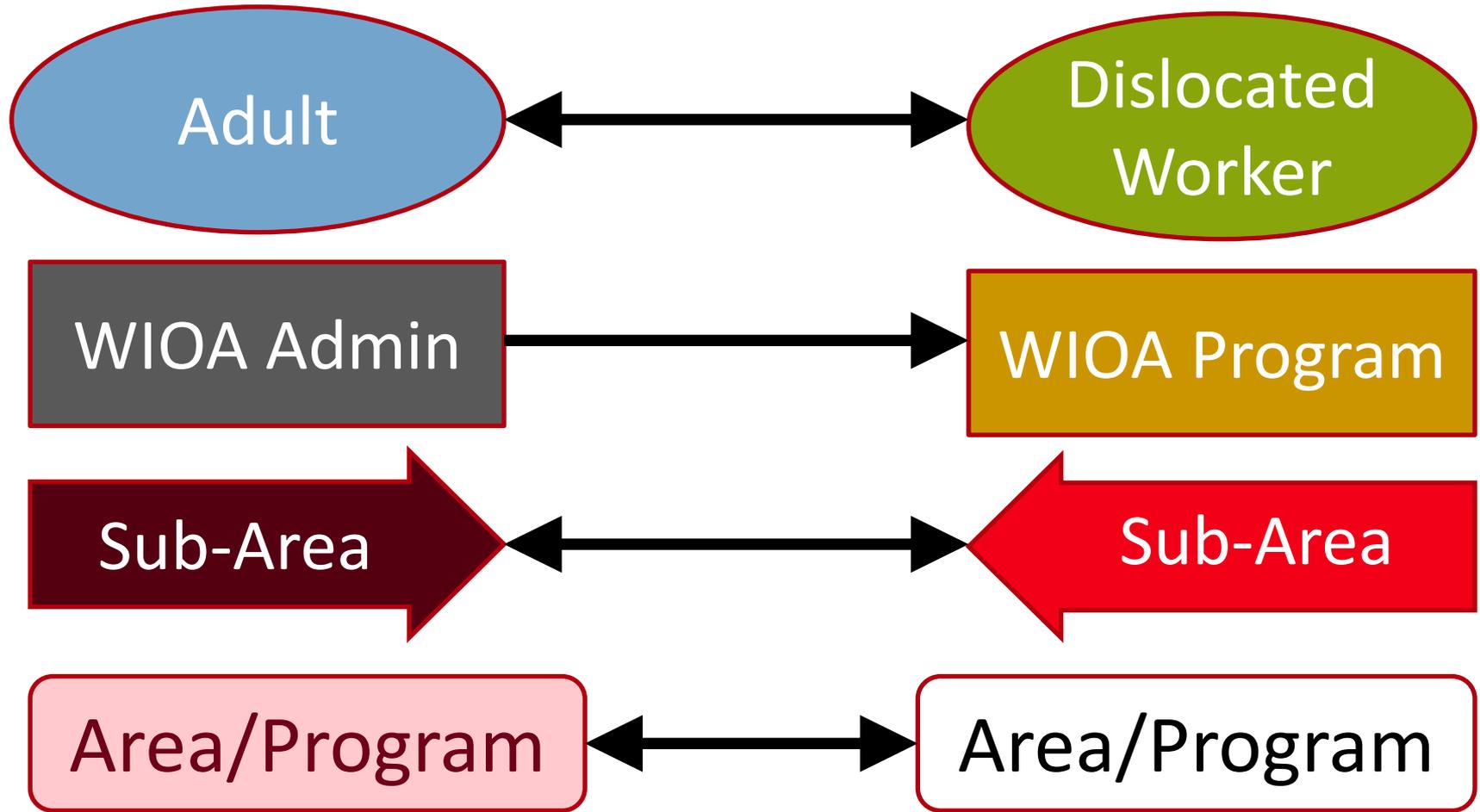
Accurate Reporting

Expend & Obligate at least 80% of “first year” WIOA allocations by the end of the first year

Report accurately and completely:

- Obligations
- Accrued Expenditures

Maximizing WIOA Resources Fund Transfers



Maximizing WIOA Resources

Leveraging Funds

Source	Details	How to Leverage
OWIP	Ending on 6/30/16, local incentives for placing OWF recipients	Incentives earned may be spent on other activities & populations
TANF	CCMEP will integrate TANF & WIOA Youth beginning on 7/1/16	TANF may fund services for TANF-eligible Youth (esp. In School Youth)
Partners	New WIOA local plans will better integrate partner services	Eliminate duplication, share data, coordinate service delivery

Maximizing WIOA Resources

Regional Coordination

WIOA 106(c) requires local areas to develop a regional plan in addition to their area plan:

Regional Strategies

- Cooperative service agreements
- Regional sector initiatives

Administrative Cost Arrangements

- Pooling of funds for the region
- Centralization of common tasks
- Economies of scale

Service Coordination

- Centralized supportive services
- Coordinated transportation

Maximizing WIOA Resources Technology

Program/Source	Details	How to Leverage
Develop Technology Strategies	WIOA 101(d)(7) requires local board to develop strategies to maximize accessibility & effectiveness using technology	Facilitate access to services; integrate partner intake & case mgmt systems; share assessment & other data; facilitate access in remote areas; think beyond “bricks & mortar” sites
CFIS WIOA Client Tracking Module	New CFIS module will track participants and their direct costs of services	May eliminate need for areas to purchase their own tracking systems

Maximizing WIOA Resources

Regional Industry Sector Strategies

Several recent discretionary grants support Industry Sector Partnerships in areas that were ready to implement

*Industry Workforce
Alliances (3 areas)*

*Sector Partnership
NEG (6 areas)*

*Workforce Innovation
Fund (2 areas)*

Wise local areas have built sector partnerships or are prepared to quickly launch sector initiatives

Identify your region's key industries

Form employer consortia – identify talent needs

Coordinate with Education & Econ Development

CFIS WIOA Client Tracking Module Business Case

WIOA rules and spending limits require more detailed tracking of service level costs

CCMEP seeks to integrate TANF and WIOA services and align funding under a county lead agency

Many areas have needed to purchase or build client tracking systems for universal customers

CFIS WIOA Client Tracking Module System Solutions

Client-level tracking
of costs by
participant

Automated
calculation of
accruals and
obligations

Sharing of data
between OWCMS
and CFIS

Tracking local
spending thresholds
as mandated in
WIOA

Area budget controls
on spending and per
participant benefit
limits

Customizable OMJ
Center traffic and
career services
tracking

CFIS WIOA Client Tracking Module

Additional Features Considered

- *Pre-registration for workshops and management of attendance*
- *Automation of OMJ Center MOU budget, partner invoicing, and budget-to-actual reconciliation*
- *Tracking Trade program obligations, invoices, and participant costs*

CFIS WIOA Client Tracking Module Timeline

Dates	Activities
Aug 31, 2015	Project kick-off meeting
Sept 2015	Joint application development sessions (state & local)
Oct 2015	Finalize functional specifications
Oct 2015 – Feb 2016	Development and testing
Feb 2016	User Acceptance Testing
March – April 2016	System training
May – June 2016	Installation and deployment
July 1, 2016	Go Live

DOL “SMART” Training (See EtaSmartTraining.org)

Strategies for
Monitoring
Accountability
Risk-mitigation
Transparency



Questions?

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