

ADA Compliant Transcript  
WIOA: Implementing Change  
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Title Slide  
WIOA Fiscal Management  
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Slide 2

1. Importance of Reporting Accruals and Obligations
2. Tracking WIOA spending limits
3. Obligations, Accruals
4. Maximizing WIOA Resources
5. WIOA Client Tracking Module

Slide 3

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% of Funds Spent on Pay-for-Performance Contracts

Slide 4

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

- WIOA
  - Section 129(a)(4)
- System Changes
  - Existing Project Codes differentiate In School from Out-of-School spending. In-School and Out-School Sub-Project codes were eliminated.
- Completed
  - 7/1/2015
- Note
  - For PY15, areas must spend 50% of funds (or 10 percentage points more than PY14) on Out-of-School Youth.

Slide 5

Spend at Least 20% of Youth Funds on Work Experience

- WIOA
  - Section 129(c)(4)
- System Changes
  - Added Project Codes in CFIS for In-School Work Experience direct costs (JFSFWX15) and RMS (JFSFFW951) and Out-of-School Work Experience direct (JFSFWXO5) and RMS (JFSFFW952).
- Completed

- 7/1/2015
- 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.

#### Slide 6

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

- WIOA
  - Section 133(b)(4)
- System Changes
  - Areas will continue to transfer funds by reporting expenses using the existing “Adult Under DW” or “DW Under Adult” Project Codes.
- Completed
  - 7/1/15
- Note
  - The draft policy requires areas to request ODJFS permission to transfer above 50% of funds between Adult and DW.

#### Slide 7

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

- WIOA
  - Sections 129(c)(1)(D) and 134(d)(1) (A)(iii)
- System Changes
  - Proposed: Create new Project Codes for Pay-for-Performance contract expenses and obligations under Adult, DW, and Youth formula funding.
- Plan Date
  - 7/1/2016
- 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.

#### Slide 8

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

## Slide 9

### 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

## Slide 10

### More WIOA Spending Rules Adult & DW Training Services

#### Chart that compares spending rules under WIA vs. WIOA

- 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)

## Slide 11

- No More than 20% of Adult & DW Funds on Incumbent Worker Training WIOA
  - Section 134(d)(4) (A)(i)
- 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.
- Completed
  - 7/1/15
- 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.

## Slide 12

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

- WIOA
  - Section 134(d)(5)
- 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.
- Plan Date
  - 7/1/16
- Note
  - Transitional jobs are subsidized, time-limited work experiences provided to individuals with barriers needing to build work history.

## Slide 13

### Other Fiscal Changes in WIOA

#### 3-columns depicting other significant fiscal changes under 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)

## Slide 14

### 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)

## Slide 15

### Ohio's Draft State Infrastructure Policy

- Identify costs in most recent negotiated MOU
- Subtract staff & non-required partners, add up to 3%
- State partners review share, notify if cap is exceeded

- Area allocations computed from partner contributions
- Area partners agree on other costs & provisions in MOU

#### Slide 16

#### WIOA Spending Rules that Stayed the Same as WIA

Chart showing comparison of spending rules

#### Factor/Measure

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

#### Slide 17

#### 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.

#### Slide 18

#### 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

#### Slide 19

#### Definition of Obligation

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

## Slide 20

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”

## Slide 21

Examples of Obligations

- Contract
- Sub-recipient Agreement
- Purchase Order
- Cash Payment

## Slide 22

Commitments vs. Obligations

Commitment (or encumbrance)

- Anticipated cost or funds held for anticipated costs
- Budget items that may happen
- Examples: Utilities for the year, staff salaries in future periods, plans to hold a business event
- For ITA ( total training plan over multiple semesters/years)

Obligation

- Definite and certain -- binding agreement or service in process
- Legal liability to pay
- Examples: Contract, PO, current salaries earned by staff, supplies ordered & received
- For ITA ( amount for enrollment in current semester)

## Slide 23

Which of These are Obligations:

- 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?

## Slide 24

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, sub-recipients, and other payees, and
- Programs for which no current services or performance are required such as annuities, insurance claims, or benefit payments

#### Slide 25

##### 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

Graphic image depicts the accounting steps from item ordered to bill paid

#### Slide 26

##### Which of These are Accrued Expenditures?

- Contract 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

#### Slide 27

##### 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.

Is there commitment?

Is there an obligation?

Is there accrual?

Is there disbursement?

#### Slide 28

##### 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.

Is there commitment?

Is there an obligation?

Is there accrual?

Is there disbursement?

## Slide 29

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.

Is there commitment?

Is there an obligation?

Is there accrual?

Is there disbursement?

## Slide 30

Obligations for Staff Salaries

Simultaneous reporting of

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

## Slide 31

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

## Slide 32

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

## Slide 33

How would you report these costs? (as Accrued Expenditure, Unliquidated Obligation, Obligation, disbursement, or none of the above)

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.

#### Slide 34

How would you report these costs? (as Accrued Expenditure, Unliquidated Obligation, Obligation, disbursement, or none of the above)

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

#### Slide 35

How would you classify these costs? (as Accrued Expenditure, Unliquidated Obligation, Obligation, disbursement, or none of the above)

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?

#### Slide 36

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

#### Slide 37

Maximizing WIOA Resources

Fund Transfers

Graphic drawing of ways funds may transfer, such as from WIOA administrative to WIOA program, or from area/program to area/program

#### Slide 38

Maximizing WIOA Resources

Leveraging Funds (a table)

Source: OWIP

Details: Ending on 6/30/16, local incentives for placing OWF recipients

How to leverage: Incentives earned may be spent on other activities & populations

Source: TANF

Details: CCMEP will integrate TANF & WIOA Youth beginning on 7/1/16

How to leverage: TANF may fund services for TANF-eligible Youth (esp. In School Youth)

Source: Partners

Details: New WIOA local plans will better integrate partner services

How to leverage: Eliminate duplication, share data, coordinate service delivery

Slide 39

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

Slide 40

Maximizing WIOA Resources

Technology (a table)

Source: Develop Technology Strategies

Details: WIOA 101(d)(7) requires local board to develop strategies to maximize accessibility & effectiveness using technology

How to leverage: Facilitate access to services; integrate partner intake & case mgmt systems; share assessment & other data; facilitate access in remote areas; think beyond “bricks & mortar” sites

Source: CFIS WIOA Client Tracking Module

Details: New CFIS module will track participants and their direct costs of services

How to leverage: May eliminate need for areas to purchase their own tracking systems

Slide 41

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

Slide 42

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

Slide 43

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

Slide 44

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

Slide 45

CFIS WIOA Client Tracking Module Timeline (a table)

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

Slide 46

DOL “SMART” Training

(See [EtaSmartTraining.org](http://EtaSmartTraining.org))

Strategies for

Monitoring

Accountability

Risk-mitigation

Transparency

Slide 47

Questions?

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