

NOTICE OF ADVANCE RELEASE

This advance release of “SUPPLEMENTAL GUIDANCE TO THE GOVERNOR’S GUIDELINES TO STATE AND LOCAL PROGRAM PARTNERS NEGOTIATION COSTS AND SERVICES UNDER THE WORKFORCE INVESTMENT ACT OF 2014” is being made available to State and local partners pending final approval for formal issuance. Because no significant changes are anticipated before final issuance, local workforce innovation boards and local required partners are strongly encouraged to initiate all activities required to fulfill the requirements specified in the Supplemental Guidance in recognition of the limited time available for negotiation of shared costs and other matters for PY 2018 WIOA programs, and for performing required shared cost reconciliations for PY 2017 programs.

**GOVERNOR’S GUIDELINES TO STATE AND LOCAL PROGRAM PARTNERS
NEGOTIATING COSTS AND SERVICES UNDER THE WORKFORCE INNOVATION
AND OPPORTUNITY ACT OF 2014 (WIOA)**

**SUPPLEMENTAL GUIDANCE FOR PROGRAM YEAR 2018 (STATE FY 2019)
AND ADDITIONAL GUIDANCE FOR RECONCILIATION OF BUDGETED TO
ACTUAL SHARED COSTS FOR PY 2017 (STATE FY 2018)**

BACKGROUND	<p>The Governor’s Guidelines to State and local WIOA program partners for negotiating cost sharing, service access, service delivery and other matters was originally issued in December 2015. The Governor’s Guidelines have since been revised twice, with the latest revision (“Governor’s Guidelines – Revision 2”) issued in December 2016.</p> <p>Supplemental guidance to the Governor’s Guidelines was subsequently issued to guide MOU and annual budget negotiations specific to Program Year 2017 (State Fiscal Year 2018).</p> <p>Supplemental guidance to the Governor’s Guidelines is needed again now to guide annual budget negotiations specific to Program Year 2018 (State Fiscal Year 2019). This supplemental guidance reflects additional Federal guidance applicable to PY18 (SFY19):</p> <ol style="list-style-type: none">1. <i>TEGL 17-16 – Infrastructure Funding in the One-Stop Delivery System</i> https://wdr.doleta.gov/directives/corr_doc.cfm?docn=4968 <p>Effective for PY17 (SFY18), this guidance establishes that the one-stop operating budget must be periodically reconciled against actual costs incurred and adjusted accordingly. It also extends infrastructure cost requirements to affiliate centers. Illinois deferred the effective date of this extension of infrastructure cost requirements to affiliates until July 1, 2018.</p>
-------------------	--

	<p>2. <i>TEGL 15-16 – Competitive Selection of One-Stop Operators</i> https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=8116</p> <p>This guidance outlines the competitive procurement requirements of one-stop operators effective July 1, 2017 and has implications for the one-stop operating budget to be used by required partners in Illinois for PY18 (SFY19).</p> <p>In addition to implications of the above Federal Guidance, technical changes to the Governor’s Guidelines – Revision 2 are needed for PY18 (SFY19). Specifically, technical changes to the MOU Template and to the one-stop operating budget spreadsheet will support annual negotiation of local infrastructure and shared delivery system costs to take effect July 1, 2018.</p>
<p>PURPOSE</p>	<p>The primary purposes of this Supplemental Guidance are to:</p> <ol style="list-style-type: none"> 1. Clarify the timelines and requirements for annual budget negotiations of shared costs of local one-stop delivery systems for PY18 (SFY19) starting July 1, 2018; 2. Affirm that infrastructure funding and cost sharing requirements apply to affiliate and specialized service locations in PY18; 3. Issue technical changes to the Governor’s Guidelines – Revision 2 to improve the one-stop operating budget spreadsheet and Section 12 narrative of the MOU template regarding “Costs and Cost Sharing of Services.” 4. Provide fillable versions of new forms and revised templates for annual budget negotiations and outcomes of budget negotiations. 5. Provide new PY17 guidance related to requirements for reconciling budgeted shared costs to actual shared costs at least semi-annually; as well as new guidance regarding circumstances that require a formal budget amendment.
<p>SUPPLEMENTAL GUIDANCE FOR PY 2018 (STATE FISCAL YEAR 2019) PROGRAMS</p>	<ol style="list-style-type: none"> 1. The general timeline and process for infrastructure cost negotiations of comprehensive one-stop centers and of affiliate or specialized centers follows the process described in the Governor’s Guidelines – Revision 2. A general timeline is included as Attachment 1 on page 7 of this supplemental guidance. In brief: <ol style="list-style-type: none"> a. The same general principles and process provided in Sections 1 through 4 of the Governor’s Guidelines – Revision 2 to negotiate infrastructure and shared local service delivery system costs apply to annual budget negotiations for PY18. b. New with this supplemental guidance is an “Outcome Report of Annual Budget Negotiations for PY18,” which is required to be submitted with a draft one-stop operating budget spreadsheet by April 15, 2018. c. Consistent with Governor’s Guidelines – Revision 2, any required partners not reaching agreement in annual budget

negotiations for PY18 will be subject to a 30-day remediation period to try to avoid impasse by July 1, 2018.

2. **Infrastructure cost requirements expand to affiliate and specialized service locations for PY18.** If a local workforce board designates a service location as an affiliate or a specialized center, then required partners who choose to make their programs and services available in that affiliate or specialized center must contribute a proportionate share of the infrastructure costs for that center. Requirements to periodically reconcile budgeted to actual shared costs also applies to affiliate and specialized service locations.
 - a. The State of Illinois is in the process of developing policy regarding affiliates and specialized centers. The requirements of this Supplemental Guidance for PY18 to expand infrastructure cost-sharing requirements to affiliates will be changed as needed due to issuance of any new or additional Federal or State policy or guidance about affiliate and specialized service locations.
3. **A new line item has been inserted into the one-stop operating budget spreadsheet to identify the cost of the one-stop operator for PY18.**
 - a. If required partners have selected either a single entity or a consortium to perform one-stop operator functions, and required partners agree to share in the cost of the one-stop operator, then the cost of the competitively procured one-stop operator should be entered in the designated cell of the Shared Delivery System Costs.
 - b. Each partner's contribution to the function of the one-stop operator should be identified in the designated row for "contribution toward one-stop operator."
 - i. The contribution should also be explained in the "Notes" section of the one-stop operating budget spreadsheet and in the MOU narrative, Section 12.
4. **The one-stop operating budget spreadsheet (previously referred to in the Governor's Guidelines as the Standard Budget Spreadsheet) is revised to reflect the expansion of infrastructure cost sharing requirements to affiliate and specialized centers in PY18, as well as to:**
 - a. Add instructions in the spreadsheet for completing each tab;
 - b. Enable more customizable line items in the budget;
 - c. Enable required partners to identify which partner is expending each cost;
 - d. Delineate which shared delivery system costs are specific to a service location versus applicable to the entire local workforce system;

	<ul style="list-style-type: none"> e. Provide guidance about how to enter one-stop operator costs when partners agree to a consortium model or when partners agree not to share one-stop operator costs; and f. Other technical changes for clarity. <p>5. A revised Section 12 of the MOU Template requires new content in the MOU narrative related to the one-stop operating budget. Examples follow:</p> <ul style="list-style-type: none"> a. The MOU narrative must explain non-cash contributions, third-party in-kind contributions and in-kind staffing contributions to align with the one-stop operating spreadsheet. b. New guidance affirms the .25 FTE minimum requirement for required partners’ FTE commitments in comprehensive one-stop centers and any affiliate or specialized center designated by the local workforce board in which required partners have agreed to provide services. c. The MOU Template includes a new required form, the “Outcome Report of Annual Budget Negotiations for PY18.” d. The annual one-stop operating budget must be amended into the MOU with all required partners’ signatures using the standard form provided with this Supplemental Guidance.
<p>PY18 TECHNICAL CHANGES TO THE GOVERNOR’S GUIDELINES – REVISION 2</p>	<p>The Governor’s Guidelines – Revision 2 issued in December 2016 are revised with the following technical changes:</p> <ul style="list-style-type: none"> 1. Section 1 of the MOU Template for “Parties to the MOU” is revised to specifically affirm that each required partner should list the entity (i.e., partner agency) administering the required partner program. 2. Section 4 of the MOU Template for “MOU Development” is revised to include a statement that all required partners agree to the content of the MOU and to the annual budget.
<p>SUPPLEMENTAL GUIDANCE FOR PY 2017 (STATE FISCAL YEAR 2018) PROGRAMS REGARDING RECONCILIATION OF ACTUAL COSTS TO BUDGET AND REQUIRED BUDGET AMENDMENTS</p>	<p>1. This Supplemental Guidance also provides additional direction and guidance for the requirement to reconcile budgeted to actual costs and to adjust each required partner’s contribution toward shared infrastructure costs and shared service delivery system costs. Reconciliation of budgeted to actual costs is effective for PY 17. Federal guidance requires that the “one-stop operating budget must be periodically reconciled against actual costs incurred and adjusted accordingly” to ensure the budget reflects a cost allocation methodology that demonstrates how infrastructure costs and shared service delivery system costs are charged to each partner in proportion to the partner’s use of the one-stop center and relative to the benefit received (TEGL 17-16, page 3). Following is additional guidance for reconciliation:</p>

	<p>a. Reconciliation must occur at least semi-annually.</p> <p>i. Local workforce boards may opt to reconcile budgeted to actual costs more frequently than semi-annually.</p> <p>b. Reconciliation of budgeted to actual shared costs is based on actual costs incurred compared with budgeted amounts of each line item.</p> <p>i. Required partners who underpaid (i.e., actual costs exceeded their budgeted amounts) must pay the difference to the designated entity, generally within 60 calendar days of the end of the reconciliation period. Required partners who overpaid (i.e., actual costs were less than their budgeted amounts) will receive a credit for the next period of reconciliation.</p> <p>ii. A report of any required partner who does not pay an amount due by the due date established following reconciliation will be made to the individual designated by the Governor (Michael Baker, Commerce, wioaplans-mous@illinoisworknet.com). The WIOA Interagency Work Group will consider any justification for non-payment or amounts due and identify next steps to assure payment is made.</p> <p>c. For purposes of reconciliation, the original FTE commitments made at the effective date of the MOU remain the basis for adjusting a required partner's proportionate share during the reconciliation process.</p> <p>i. Rationale: If a required partner's FTE commitment in a comprehensive one-stop center or affiliate center were to change in that location, then this change would automatically affect all other partners' proportionate shares of costs for that center.</p> <p>ii. A change in the FTE commitment at any point of the term of the MOU requires an amendment to the MOU to which all required partners must agree.</p> <p>d. A reconciliation of budgeted to actual shared costs does not require an amendment to the MOU in most cases (see item 3.e below).</p> <p>i. Rationale: Some variance in budgeted to actual costs of line items (e.g., signage) is anticipated and generally will not significantly change each required partner's proportionate share.</p> <p>e. An amendment to the MOU is required when a specific line item in the annual one-stop operating budget increases by 15% of the budgeted amount and is more than 10% of the total budget.</p>
--	--

	<ul style="list-style-type: none"> i. Rationale: Variances of 15% or more in a specific line item that accounts for at least 10% of the total one-stop operating budget will affect required partners’ cost commitment and could potentially require obtaining additional approval from state agency partners. Therefore, each required partner’s approval is needed through the MOU amendment process specified in the local MOU. ii. The total amount of the original agreed-upon budget cannot be exceeded without agreement of all partners and a formal budget amendment according to procedures established in the local MOU. <p>f. Required partners may consider setting aside up to 5% of the local one-stop operating budget in a pooled fund that partners could draw upon if actual costs exceeded budgeted costs and additional amounts were owed as the result of the reconciliation process.</p> <p>g. The Local Workforce Innovation Board (LWIB) is ultimately responsible for ensuring reconciliation of budgeted to actual shared costs occurs at least semi-annually.</p> <p>h. The local board designates the individual or entity that will actually lead and perform the reconciliation. For example, the LWIB may designate the leaseholder or one-stop operator to perform the reconciliation and to facilitate necessary transactions between partners.</p>
EFFECTIVE DATE	This supplemental guidance is effective as the date of issuance. This guidance will be updated and revised as needed if additional Federal guidance is issued.
ACTION REQUIRED	<p>Consistent with Governor’s Guidelines – Revision 2, Sections 2-3, the chair of each local workforce board is responsible for designating a private sector member of the board, or other impartial individual, to assume lead responsibility for negotiation of infrastructure and shared local one-stop delivery system costs among required partners.</p> <p>The following information should be submitted to Michael Baker, Commerce, at wioaplans-mous@illinoisworknet.com by January 31, 2018. The name and contact information for:</p> <ul style="list-style-type: none"> 1) The individual designated by the board to negotiate the one-stop operating budget, and 2) The individual responsible for reconciliation.

CONTACT INFORMATION	Any questions about this Supplemental Guidance should be directed to the WIOA Interagency Work Group or the primary contact for each required program partner.
ATTACHMENTS	<p><i>Attached to this supplemental guidance are:</i></p> <ol style="list-style-type: none"> 1. Timeline for Annual Budget Negotiations for PY18 2. Revised Section 12 of the MOU Template Narrative 3. Outcome Report of Annual Budget Negotiations for PY18 <p><i>Separately attached to this supplemental guidance:</i></p> <ol style="list-style-type: none"> 1. One-stop operating budget – Revised for PY18 2. Reconciliation Spreadsheet Template for use for PY17 <p>This Supplemental Guidance for PY18, as well as the stand-alone, fillable versions of the “Outcome Report of Annual Budget Negotiations for PY18,” the “One-stop Operating Budget” spreadsheet and the “Reconciliation Spreadsheet Template,” will be made available for download on the WIOA Implementation portal here under “Governor’s Guidelines:”</p> <p>https://www.illinoisworknet.com/WIOA/Resources/Pages/Public-Documents.aspx.</p>

ATTACHMENT 1

TIMELINE FOR ANNUAL BUDGET NEGOTIATIONS FOR PY18

Following is a general timeline for annual negotiations of one-stop operating costs of comprehensive one-stop centers and of affiliate or specialized centers in the local delivery system.

ANNUAL TIMEFRAME	ACTIVITY
JANUARY 1, 2018	<ul style="list-style-type: none"> ○ Initiation of local negotiation of shared infrastructure and delivery system costs for comprehensive one-stop centers and affiliate or specialized centers
APRIL 15, 2018	<ul style="list-style-type: none"> ○ Local budget negotiations end ○ Local board chairs and chief elected officials report outcome from local budget negotiations to the Governor using the standard form (with a copy sent to all required partners) <i>(Attachment 3 to this supplemental guidance is a facsimile of the report to be submitted; a fillable version will be available for download on the WIOA Implementation portal.)</i> ○ Local boards provide a draft local one-stop delivery system budget (using the revised one-stop operating budget spreadsheet) with the “Outcome Report”
MAY 1, 2018	<ul style="list-style-type: none"> ○ For local workforce innovation areas (LWIAs) not reaching agreement on infrastructure costs, a 30-day remediation period—during which State-level Intervention Teams will be activated—begins as needed.
MAY 31, 2018	<ul style="list-style-type: none"> ○ LWIAs at an impasse on infrastructure costs of comprehensive one-stop centers or of affiliate or specialized centers are referred to the Governor’s Office
JUNE 15, 2018	<ul style="list-style-type: none"> ○ The Governor makes the final determination of each required partner’s proportionate share of infrastructure costs of the comprehensive one-stop center(s) and/or the affiliate or specialized centers within the local area using the State Funding Mechanism¹
JULY 1, 2018	<ul style="list-style-type: none"> ○ A signed, amended MOU must be submitted to the individual designated by the Governor to attest that all required partners agree to its contents and their commitments made within the PY18 one-stop operating budget

¹ A required partner has 21 days from the Governor’s determination to appeal.

ATTACHMENT 2

REVISED SECTION 12 OF THE MOU TEMPLATE NARRATIVE

12. COSTS AND COST SHARING OF SERVICES (Sec. 121(c)(2)(ii) (§678.755 and §678.760) (Governor’s Guidelines, Section 1, Items 1(c), 10-19; Section 2, Section 3)

Using the One-stop operating budget (fillable spreadsheet)

1. Complete the FTE Calculations tab of the one-stop operating budget spreadsheet for each service location (including comprehensive one-stop center(s), affiliates or specialized centers) designated by the local workforce board and at which required partners agree to provide services.
 - a. For partners whose staff will be cross-trained to provide services of another partner’s program:
 - i. Identify the FTE commitments being made to provide services on behalf of another required partner at the comprehensive one-stop center or affiliate or specialized center.
 - ii. Enter that FTE commitment into the “FTE Calculations” tab specific to that service location.
 - b. For partners whose services are being provided by another partner’s cross-trained staff:
 - i. Identify an FTE commitment that corresponds with the required partner providing the services on your behalf.
 - ii. Enter that FTE commitment into the “FTE Calculations” tab specific to that service location.
2. Complete a “Cost Allocation” tab for each service location. Note that infrastructure costs will be completed for each service location, including comprehensive one-stop centers and any affiliated or specialized center designated by the local workforce board. Shared local service delivery costs will be completed specific to each service location and for the entire local system encompassing all service locations in the local area.
 - a. For each service location, identify the agreed-upon amount that each required partner will contribute toward infrastructure costs to operate that service location. (Infrastructure costs must be negotiated on an annual basis.)
 - b. For the entire local service delivery system, specify the agreed-upon amount of the shared local system costs that each required partner will contribute to that specific service location. (Shared local system costs must be negotiated on an annual basis.)
 - c. In the Shared Delivery System Costs section of the spreadsheet, identify the cost of the one-stop operator in the designated line item.
 - i. If required partners have selected either a single entity or a consortium to perform one-stop operator functions, and required partners agree to share in the cost of the one-stop operator, then the cost of the competitively procured one-stop operator should be entered in the designated cell of the Shared Delivery System Costs in Column B.
 - ii. Each partner’s contribution toward to the function of the one-stop operator should be explained in the “Notes” section of the one-stop operating budget spreadsheet and in the MOU narrative below.
3. Approve the agreed-upon, annual one-stop operating budget through the MOU amendment procedures described in this MOU, Section 13, including signatures.

ATTACHMENT 2

In the space below and following the Governor's Guidelines – Revision 2 and Supplemental Guidance for PY18, provide the following narrative:

4. Affirm in the narrative that required partners negotiated infrastructure and shared local service delivery system costs specific to the applicable program year for both comprehensive one-stop centers and any affiliate or specialized centers designated by the local workforce board.
5. Clearly identify in the narrative the time period for which the One-stop operating budget is effective; e.g., July 1, 2018 through June 30, 2019.
6. Specify in the narrative whether the budget submitted represents and interim or final budget agreement.
7. Describe in the narrative the agreed-upon method that each partner will contribute as a proportionate share of costs to support the services and operations of the local service delivery system.
8. Pending additional State or Federal policy or guidance about affiliate centers, affirm in the narrative that each required partner meets the minimum FTE commitment of .25 FTEs in each comprehensive one-stop center and each designated affiliate site.
 - a. If a required partner commits to less than .25 FTEs in any service location, then provide a rationale in the narrative and state the agreed-upon FTE commitment, which will be reviewed at the State level on a case-by-case basis.
9. Describe in the narrative whether and which staff will be cross-trained to provide services on behalf of another required partner.
 - a. For each required partner providing cross-trained staff to deliver services on behalf of another partner, confirm how the contributing partner's infrastructure cost allocations will be reduced in correlation with the number of FTEs that will be cross-trained to provide another partner's programs.
10. Describe in the narrative the purpose and source of any non-cash contributions, third-party in-kind contributions and in-kind staffing contributions to align with the one-stop operating spreadsheet.
11. Affirm in the narrative that the local workforce board will ensure that a designated entity will reconcile budgeted to actual shared costs in the One-stop operating budget at least semi-annually.
 - a. Specify the entity designated by the local workforce board responsible for conducting the reconciliation, and
 - b. Specify how frequently the reconciliation of budgeted to actual costs will occur.
12. Complete an "Outcome Report for Annual Budget Negotiations for PY18," and submit the completed form with a draft One-stop operating budget to the individual designated by the Governor by April 15, 2018.
13. Submit a signed amended MOU with final One-stop operating budget by June 30, 2018.

ATTACHMENT 3

OUTCOME REPORT OF ANNUAL BUDGET NEGOTIATIONS FOR PY 2018 (SFY 2019)

Local Workforce Innovation Area: _____

- Notice is provided to the Governor as required by 20 CFR 678.725 that required partners in this local area have reached agreement on an annual one-stop operating budget, including how infrastructure costs will be funded for each service location for the year beginning July 1, 2018.

OR

- Notice is provided to the Governor as required by 20 CFR 678.725 that, despite every effort, required partners in this local area did not reach agreement on an annual one-stop operating budget for the period beginning July 1, 2018.

Select which reason for disagreement applies.

Failure to agree for reasons *other* than infrastructure costs

- Listed below are the program partners that did not agree and a summary of the main reasons for their inability to agree.

Program Partner Name	Reasons
1.	
2.	

Failure to agree on the Infrastructure Funding Agreement for a service location

- The inability to reach agreement is because one or more partners do not agree with the Infrastructure Funding Agreement specific to a service location for the program year beginning July 1, 2018. Listed below are the program partners that did not agree to the budget for shared infrastructure costs, the applicable service location, and a summary of the reasons for their inability to agree.

Program Partner Name	Reasons
1.	
2.	

ATTACHMENT 3

Failure to agree on how infrastructure costs in the agreed-upon budget are allocated among partners

- The inability to reach agreement is because one or more partners do not agree with the infrastructure costs being allocated to them for a particular service location for the program year beginning July 1, 2018. Listed below are the program partners that did not agree to their allocation of infrastructure costs, the applicable service location, and a summary of the reasons for their inability to agree.

Program Partner Name	Reasons
1.	
2.	
3.	

Signatures:

Chair, Local Workforce Innovation Board

Chief Elected Official

Chief Elected Official

Chief Elected Official

Chief Elected Official

A completed and signed copy of this OUTCOME REPORT FOR ANNUAL BUDGET NEGOTIATIONS FOR PY18 and a draft one-stop operating budget must be submitted by April 15, 2018 to:

Michael Baker
Manager – Strategic Planning & Innovation
Office of Employment & Training
Illinois Department of Commerce and Economic Opportunity
wioaplans-mous@illinoisworknet.com
O: 217-558-6423