



New Jersey State Employment and Training Commission

Dennis M. Bone, *Chairman*

Chris Christie, *Governor*

POLICY RESOLUTION: SETC #2016-03

SUBJECT: New Jersey Local Workforce Development Area (LWDA) Programs Budget and Local Workforce Development Board (WDB) Budget and Staffing Requirements

LWDA Programs Budget – Background

Local Workforce Development Boards (WDBs) have specific oversight roles and responsibilities, including budgeting, which are outlined in WIOA Section 107. As part of the board's responsibility for strategic planning, the board must ensure that the Local Workforce Development Area (LWDA) program budget reflects the goals and priorities of the regional and local workforce plans.

LWDA Programs Budget - Process and Requirements

1. Workforce funding allocations are provided by the NJ Department of Labor and Workforce Development (NJLWD) through Notices of Obligation (NOOs) to the Local Workforce Development Areas (LWDAs) for each new Program Year (PY), beginning July 1, 2016 (PY 2016).
2. The Local Workforce Development Board (WDB) staff will provide the local board with a draft LWDA Programs Budget showing all workforce funding streams, including the WorkFirst New Jersey (WFNJ) program, any external workforce grants received, and other sources of funding for the local area. The budget must also include the anticipated Level of Service (number of customers to be served) under each program in the local area. A template budget will be provided by the SETC.
3. The LWDA Programs Budget must reflect the amount set aside for local board staffing requirements. Local boards should review and approve the LWDA Programs budget and the WDB Staff Budget at the same time.
4. The local board will review and approve the LWDA Programs Budget and the WDB Staff Budget in an open and public process. This process must include:
 - a. Initial budget review by a WDB-led budget committee, or an existing WDB committee;
 - b. Budget presentation and recommendations made by this committee to the full WDB at one of its quarterly meetings;
 - c. Approval by the full WDB within 90 days of receipt of the NOOs by the LWDA.
5. The WDB must then provide the approved LWDA Programs Budget and the WDB Staff Budget to the SETC and NJLWD within ten (10) days of approval.
6. If the budget(s) are modified at any time during the year, the modified budget must be approved by the local board in the same manner as outlined above, and the modified budget must be provided to the SETC and NJLWD within ten (10) days of approval.
7. Failure to provide these budgets to the SETC and NJLWD may negatively impact the provision of workforce funds to the local area.

WDB Budget and Staffing Requirements

The Workforce Innovation and Opportunity Act (WIOA) stipulates specific functions and responsibilities of the local workforce boards under P.L. 112-128 Section 107(d). Requirements fall within three primary categories: Strategic Functions; System Capacity Building; and Systems Alignment and Effective Operations. To provide the best opportunity for local area success, the State Employment and Training Commission (SETC) and the New Jersey Department of Labor and Workforce Development (NJLWD) are requiring a fiscal set-aside for Workforce Development Board (WDB) staff.

At a minimum, the staff must include a full-time WDB Director, two full-time professional policy staff, and a full-time support person to execute the WDB functions that fall within the three primary categories identified above. The staff must also operate the required councils and committees as outlined within WIOA and required by the SETC. Job descriptions that clearly identify functions to be performed by each WDB staff must be developed.

Staff Functions and Cost Classification

Staff functions are what influences the cost classifications of personnel. Costs are Administrative or Program and can be Direct or Indirect. The Code of Federal Regulations (CFR) defines Administrative Costs as a portion of necessary and reasonable costs that are not related to direct provision of workforce services. These are further defined around financial management, procurement and purchasing, personnel and property management, payroll, audit and general legal services, oversight and monitoring of administrative activities, developing information systems and procedures related to administrative functions. Administrative costs are limited to a percentage of the total award (program or grant). The CFR also defines direct and indirect costs, and indicates they can be either Administrative or Program. Direct Costs are costs identified with a specific grant or program and can be readily identified with a particular cost objective, and are program specific. Indirect Costs are costs shared among multiple programs or categories and are not readily identifiable with a particular cost objective but are rather shared across objectives. Indirect cost rates are a percentage of a specific direct cost base and are negotiated. Local areas negotiate independently to establish their indirect cost rate. If the local area has already negotiated an indirect cost rate with a Federal agency, that rate remains in effect until they renegotiate a new rate. For example, NJLWD has an indirect cost rate of 2.87% set with USDOL, which remains in effect through June 30, 2016. The local area fiscal agent should have the specific knowledge pertaining to the indirect cost rate for the local area.

WDB Budget - Process

Workforce funding allocations are provided by the NJ Department of Labor and Workforce Development through Notices of Obligation (NOOs) to each Local Workforce Development Area (LWDA). Local areas are then required to develop a budget (template to be provided by the SETC) that reflects all workforce funding streams, including WorkFirst New Jersey, all external workforce grants, and any additional sources of funding for the local area.

The LWDA Programs Budget, beginning with PY16, must clearly delineate a sufficient set-aside for the WDB staff. The local board will be required to develop job descriptions that define staff functions to ensure the local area can properly classify functions with cost categories of administrative, program, direct or indirect. The WDB Staff Budget and Job Descriptions must be approved by the local board and submitted to the SETC and LWD within 100 days of receiving the NOO, along with the LWDA Programs Budget, as outlined above. The contract between LWD and the local fiscal agent should include the budget that reflects the amount set aside for local board staffing.

RESOLUTION:

The State Employment and Training Commission hereby resolves that the Local Workforce Development Area Programs Budget and the Workforce Development Board Budget, including the required staffing costs, must be reviewed and approved by the Local Workforce Development Board, through an open and public process, within 90 days of the receipt of the Notice of Obligations by the LWDA, and provided to the SETC and NJLWD within 10 days of that approval. This policy takes effect for the Program Year 2016 budgets, starting July 1, 2016.

Commission Approved: January 19, 2016