

Central Iowa Workforce Development Board (CIWDB) Resources

Analysis of Ticket to Work Funding

April 2017

Introduction

Currently, Region 11 is the only Local Workforce Development Board in Iowa with a full time board position. Iowa Workforce Development has consistently encouraged this board model but hasn't been able to provide funding. Additionally, the flow of Iowa Workforce Innovation and Opportunity Act (WIOA) funds doesn't allow the local board to use administrative funds for its operations in the same manner as other states. The funding for the CIWDB is achieved with a portion of the Region 11 administrative funds and Ticket to Work (TTW) earned incentives. The level of WIOA funding for Region 11 has decreased 18% over the last four fiscal years. With a transition in administration, the future level of Federal WIOA funding is uncertain and expected to decrease.

This paper provides the history of Region 11's participation in the TTW program and the Disability Employment Initiative (DEI) grant. In addition, an explanation of the incentives earned and expended as well five-year projections are outlined. The recommendations of the paper focus on the effective use of funds and setting TTW priorities that will benefit individuals with barriers and disabilities in Region 11.

History

Region 11 began participating with the Ticket to Work (TTW) program through the Social Security Administration starting in 2008. The program is for individuals with disabilities that are on SSI and SSDI. When Employment Networks help a person enrolled in the TTW program find and keep employment, it earns incentive funds. The longer an individual stays employed, the more incentives the Employment Network earns. The first Region 11 incentives were earned and received in 2009 through the Iowa Workforce Development Employment Network. The State of Iowa applied for and received a Round 3 Disability Employment Initiative (DEI) grant in 2012 from the Department of Labor Employment Training Administration with Region 11 as one of the pilot areas. In 2013, a dedicated staff person, called a Disability Resource Coordinator (DRC), was hired through the DEI grant for Region 11. In addition to hiring a DRC, Region 11 became an Employment Network in 2014. By having a staff person dedicated to individuals with disabilities in our region, the number of people placed in employment and earning incentives significantly increased. Having a Region 11 Employment Network allows the earned incentives to come directly to the region on a quarterly basis rather than going through the state, paying an administrative fee, and receiving an annual payment.

Fiscal Year	Ticket to Work Incentives Earned	Percentage Change
2009	\$ 7,130	-
2010	\$ 12,115	70%
2011	\$ 11,998	-1%
2012	\$ 46,170	285%
2013	\$ 55,671	21%
2014	\$ 56,736	2%
2015	\$ 114,550	102%
2016	\$ 118,631	4%
2017 YTD	\$ 143,091	21%
	Avg % Change	63%

As defined by the Social Security Administration, the incentives earned do not have limitations on the ways they can be spent. It is encouraged to spend the funds on expenses that support individuals with disabilities. A focus established for Region 11 is to use the funds to pay for the DRC position when the DEI grant expires. The annual estimate to pay wages and expenses for a DRC position is \$90,000. Iowa received a Round 6 DEI grant, which has extended the grant funds for the DRC position through March 31, 2019. Barring receipt of another DEI grant, Region 11 targets using TTW funds to pay for the DRC position starting April 1, 2019. The current balance of TTW unobligated earned incentives for Region 11 is \$372,168.

Projection of Earned Incentives

It is challenging to project the amount of TTW incentives earned. The funding is based on individuals with disabilities getting hired and maintaining employment, which can be significantly impacted by health issues. Additionally, there is not consistency in timing for revenue as receipt of payment lags anywhere from nine to 18 months after incentives are earned. Based on nine years of continued yet varied growth, a projected annual increase of 5% is a reasonable, if not conservative, growth rate. Other growth and loss projections are included for comparison. The projections are based off the current FY17 YTD total of \$143,091.

Projection	FY18	FY19	FY20	FY21	FY22
5%	\$150,246	\$157,758	\$165,646	\$173,929	\$182,625

Projection	FY18	FY19	FY20	FY21	FY22
10%	\$157,400	\$173,140	\$190,454	\$209,500	\$230,450

Projection	FY18	FY19	FY20	FY21	FY22
-5%	\$139,936	\$129,140	\$122,683	\$116,549	\$110,721

Projection	FY18	FY19	FY20	FY21	FY22
-10%	\$128,782	\$115,904	\$104,315	\$93,884	\$84,496

Use of TTW Funds

In Region 11, TTW funds have been used to pay for training for individuals with disabilities, a part-time position for a DRC, CIWDB training, benefit planning certification for the DRC, and supporting the CIWDB budget. The chart below outlines how TTW expenses have been spent in Region 11.

TTW Expenses	Amount
Admin Costs for IWD Employment Network	\$ 20,680
CIWDB Board Support	\$ 77,197
WIOA Training	\$ 2,500
Certification for DRC	\$ 1,450
Part Time DRC (wages and expenses)	\$ 44,101
Funding Approved by CIWDB for Training	\$ 50,000
Total	\$ 195,928

The level of TTW funding to support the CIWDB has increased over the four years that it has been utilized. Overall, the funding for Title I programs in Region 11 has decreased by 18% from FY14 through

FY17. This decrease in funding as well as the accounting requirement regarding indirect costs has limited the administrative dollars available for CIWDB use. The Title I funding is expected to decrease under the current administration. The need to use TTW funds to support the CIWDB will continue. Below is a breakdown of the CIWDB budget, TTW funding used for the budget, percentage of the budget supported by TTW funding, and the actual TTW funds expended.

Fiscal Year	CIWDB Budget Approved	TTW Funds Allocated	Percentage of Budget	TTW Funds Expended
FY14	\$88,976	\$15,000	16.9%	\$10,652
FY15	\$95,184	\$15,000	15.8%	\$9,548
FY16	\$87,944	\$25,000	28.4%	\$21,997
FY17	\$89,990	\$35,000	38.9%	\$23,057 YTD

Recommendation #1

Keep a minimum funding level of \$183,500 in the TTW account to allow for two years of funding for a DRC position.

The benefits of having are DRC are clearly demonstrated by the number of individuals with disabilities that have gained employment as well as the increase in TTW incentives earned. The recommendation is to reserve a minimum level of \$183,500 in the TTW funding of the CIWDB budget. Even without earning any TTW incentives, this level of funding maintains the ability to pay for one DRC position for two years, which includes a 3.5% increase in salary and expenses. After reserving a \$183,500 minimum, there remains a balance of \$188,668 in unobligated funds available to expend as of March 31, 2017.

Recommendation #2

Use TTW funds to fund 50% of the CIWDB budget for the next three years.

The second recommendation focuses on the level of TTW funds to use in supporting the CIWDB. Funding the CIWDB at 50%, taking into account a conservative 5% annual increase in TTW earned incentives, allows sufficient funding to pay for a DRC position. The recommendation doesn't access the \$188,668 in unobligated TTW funds currently in the account. Additionally, the Round 6 DEI grant will pay for a 100% of FY18 and 75% of FY19 salary and expenses for the DRC position. The table below also outlines the option of funding the board at a level of 100% and its financial implications. Both options maintain a large balance of TTW funds after expenses. Neither option below has an account balance that comes close to the \$183,500 minimum account level, which is demonstrated with the green highlighting. The percentage of CIWDB funding should be evaluated after three years to determine the appropriate level of funding to support the board and its focus on efforts for individuals with barriers and disabilities.

	FY17	FY18	FY19	FY20	FY21	FY22
Balance of TTW at beginning of year		\$ 372,168.00	\$ 475,844.00	\$ 561,299.44	\$ 576,550.83	\$ 594,370.76
TTW earned during the year		\$ 150,246.00	\$ 157,758.00	\$ 165,646.00	\$ 173,929.00	\$ 182,625.00
Actual paid for DRC coordinator		\$ -	\$ 24,102.56	\$ 99,784.61	\$ 103,277.07	\$ 106,891.77
50% funding of board		\$ 46,570.00	\$ 48,200.00	\$ 50,610.00	\$ 52,832.00	\$ 54,215.00
Balance of TTW at end of year	\$ 372,168.00	\$ 475,844.00	\$ 561,299.44	\$ 576,550.83	\$ 594,370.76	\$ 615,888.99
	FY17	FY18	FY19	FY20	FY21	FY22
Balance of TTW at beginning of year		\$ 372,168.00	\$ 429,274.00	\$ 466,529.44	\$ 431,170.83	\$ 397,059.76
TTW earned during the year		\$ 150,246.00	\$ 157,758.00	\$ 165,646.00	\$ 173,929.00	\$ 182,625.00
Actual paid for DRC coordinator		\$ -	\$ 24,102.56	\$ 99,784.61	\$ 103,277.07	\$ 106,891.77
100% funding of board		\$ 93,140.00	\$ 96,400.00	\$ 101,220.00	\$ 104,763.00	\$ 108,430.00
Balance of TTW at end of year	\$ 372,168.00	\$ 429,274.00	\$ 466,529.44	\$ 431,170.83	\$ 397,059.76	\$ 364,362.99
DRC Coordinator Expenses	\$ 90,000.00	\$ 93,150.00	\$ 96,410.25	\$ 99,784.61	\$ 103,277.07	\$ 106,891.77
Expected increase	3.50%					

Recommendation #3

Have the CIWDB Executive Director work with a committee of Region 11 disability experts to create an annual TTW budget that includes funding for training and disability-orientated projects.

The revenue generated for TTW funds has increased to a level that there is a significant amount surplus funding in the account. Previously, the use of the funding has been reviewed on an ad hoc basis rather than strategically. It is recommended that annual budgets and multi-year projections be created for the use of TTW funds. In addition to board support and paying for a DRC, the plan for the funding could include a specific dollar amount made available for training as well as a level of funding targeted to drive additional activities that benefit individuals with disabilities.

Recommendation #4

Have the CIWDB Executive Director focus on diversifying revenue and implementing a non-profit entity.

As mentioned earlier, the WIOA administrative funds available for the CIWDB are limited and decreasing. TTW funds have been used to an increasing degree to support the Board. With a more strategic focus, the higher level of TTW funding to support the CIWDB will be used while the Executive Director works to diversify revenue and implement a non-profit organization as approved by the CIWDB and Region 11 CEO Board. Using a high percentage of Ticket to Work funding for the CIWDB budget is not a long-term growth strategy. The pursuit of being a 501(c)3 will allow the CIWDB to increase the number of grant sources and enable donors to receive a tax benefit. While the funding opportunities will be greater and the Executive Director will work to expand funding, the targeted expectation of administrative funds generated by a non-profit entity is 10% of the total CIWDB budget.

Summary

In thinking critically about the TTW program and the needs of individuals with disabilities in Region 11, the recommendations above focus on the effective use of the funding. Maintaining a minimum balance in the account will assure two years of funding for a DRC position even if TTW revenue would dramatically decrease. The higher level of monetary support for the CIWDB would be maintained without negatively affecting the level of funding available for the DRC, training, and specified projects. Budgeting will encourage effective use of funds and long term planning for additional activities or programming.