

TRANSMITTAL #4

MEMORANDUM

June 13, 2013

TO: Workforce Development Council

FROM: Roger B. Madsen, Director

SUBJECT: Waiver to request an increase in the amount of Funds that may be transferred between WIA Adult and Dislocated Worker Programs

ACTION REQUESTED: Approve waiver request and policy to increase transferability of funds up to 50 Percent

BACKGROUND:

Under the Workforce Investment Act (WIA), a state receives separate funding allocations for administering its Adult and Dislocated worker programs. The Act (WIA Section 133(b)(4)) and recent federal appropriations allow workforce boards to transfer up to 30 percent of funds in a program year between these two programs with the governor's approval.

During the last council meeting in March, the council took advantage of the federal law and approved a new policy to allow the council to approve funding transfers of up to 30 percent of a program year's allocation between the programs and approved a transfer of \$391,676 in Dislocated Worker program funds to the Adult program at the beginning of the program year.

This transfer helped alleviate a cash shortfall experienced by the state's WIA Adult program due to the funding methodology in which states receive their prorated annual allotments. Both the Adult and Dislocated Worker programs are split into two portions - the first portion covers each program's operations from July through the end of September, with the balance of funds available from October through June. To illustrate this, the state's first allotment for the PY12 Adult program was 7.6 percent of its annual allotment. However, with overall funding reductions due to formula factor changes and sequestration, many states now find themselves in more difficult situations. For PY13, the state Adult program's first allocation is funded at **2.5 percent** of its overall annual allocation.

Many states have taken drastic measures to address their situations. Some have temporarily laid-off large amounts of program staff, some have limited program offerings and others have suspended programs altogether until they receive their second allotment.

The U.S. Department of Labor has offered states some flexibility for dealing with the current funding situation. One of those options is to increase the transferability of funds between Adult and Dislocated

Worker programs up to 50 percent. This allows states the option to move program funds if it feels necessary to do so.

STAFF RECOMMENDATION:

Staff recommends the council approve the state's waiver request to increase the transferability of funds between the Adult and Dislocated Worker programs to 50 percent for implementation in the coming program year, allowing the state to amend its current policy to reflect the waiver's authorization (Attachment A).

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Attachment A to Transmittal #4

State policies for approving authority between Adult and Dislocated Worker funding streams

The state Workforce Development Council will recommend, subject to the Governor's approval, and the Governor will approve plans to transfer up to 50 percent of a program year's allocation between adult and dislocated worker programs, if permitted under waiver authority. Otherwise, the transfer of funds will be limited to the currently legislated requirement of 30 percent.