

TRANSMITTAL #2

MEMORANDUM

March 13, 2013

TO: Workforce Development Council

FROM: Roger B. Madsen, Director

Roger B. Madsen

SUBJECT: Transfer of Funds between Adult and Dislocated Worker Programs/Policy

ACTION REQUESTED: Information Only

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 recommend the transfer of up to 30 percent of a program year's allocation between these two programs with the Governor's approval.

Due to Congress' WIA Program Year funding methodology, states are prorated their annual allotments for both the Adult and Dislocated Worker programs in 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. The first allotment states receive is very small in comparison to the second. For this past program year states received only 7.6 percent of their annual allotment in the first portion of program funding.

For the state of Idaho this made funding operations during the transition from one program year to the next problematic. Because many training programs begin during the first quarter of the program year, *the state has obligated and expended almost 30 percent of its annual PY12 Adult funding in this quarter alone.* If funds are available, states have several options they may utilize to address a cost differential: 1) Use previous in-stream program year carry-in funds, 2) Use Governor's reserve funds or, 3) If authorized by the Governor, a transfer of funds between the two programs up to 30 percent.

The recent Congressional action reducing the Governor's reserve fund from 15 to 5 percent per year has substantially reduced that source as well as reduced carry-in funds from the previous year, which limits the availability of using the first two options mentioned above.

ACTION TAKEN:

Because of the timing of the matter, the department requested the Workforce Development Council Executive Committee recommend that the Governor approve a transfer of \$391,676 in Dislocated Worker program funds to the Adult program to address its current cash shortfall. Because the bulk of the PY 12 Adult program funds were received in October, the Adult program was not at risk of encountering a similar situation later in the program year. This allowed for the funds, up to \$391,676, to be "returned" to the Dislocated Worker program.

In addition, the Executive Committee also approved a new policy (Attachment A) to allow the council to approve funding transfers up to 30% of a program year's allocation between the Adult and Dislocated Worker programs as permitted under current federal budget legislation.

The Governor accepted and approved the recommendations of the Executive Committee and the Department transferred the funds on February 13, 2013.

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Attachments

Attachment A to Transmittal #2

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, plans to transfer up to 30 percent of a program year's allocation between adult and dislocated worker programs, if current federal legislation permits. Otherwise, the transfer of funds will be limited to the Workforce Investment Act's statutory requirement of 20 percent.