

TRANSMITTAL # 8

MEMORANDUM

May 11, 2005

TO: Workforce Development Council

FROM: Roger B. Madsen, Director

SUBJECT: Governor's 15% Budget Plan

ACTION REQUESTED: Recommend approval of the Governor's 15% Budget Plan

BACKGROUND:

The Workforce Investment Act authorizes a Governor's reserve of 15% of the Adult, Dislocated Worker and Youth allocations to the State. The law sets the framework for use of these funds by describing a set of required and optional activities that the funds may support. The act also authorizes the state to set aside 25% of the dislocated worker funds for Rapid Response activities that are conducted in response to downsizing events. The proposed state budget reflects the general direction the state has taken over the last several years, with adjustments to accommodate the significant drop in funding.

The State is proposing a budget for PY 2005 which incorporates new funding in the amount of approximately \$1.4 million and carry-in estimated at \$.65 million. The budget proposes level funding for program planning and management, including costs for the statewide management information and financial management systems, monitoring and oversight as well as the WIA share of the Council. We are also proposing the following changes:

- Reduce Youth-in-Need funds to their pre-PY'04 level of \$100,000;
- Reduce support of One Stop system from 15% to 10% of new funding;
- Reduce technical assistance to \$25,000;
- Limit evaluations to a level needed to cover the costs of the statewide customer satisfaction surveys;
- Eliminate performance incentives for PY'05 and make \$100,000 available to incent Region VI for their contribution to increasing efficiencies in the statewide planning region.
- Continue funding of high growth projects during PY'05.
- Any additional carry-in funds not identified for other uses, be used for additional services for dislocated workers, and restoration of all or a part of Youth-in-Need and additional high growth projects.

We are proposing that all but \$200,000 in Rapid Response funds be used to support additional support for dislocated workers. The \$200,000 will support costs of the state team, payments for peers and a contract with AFL-CIO to offer assistance to dislocated workers.

A complete budget narrative is included as an Attachment.

Staff Recommendation:

Recommend that the Governor adopt the attached budget plan.

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Attachment

STATE 15% SET-ASIDE PLANS

WIA Title IB funds reserved for state level activities will be used to support the following:

- Rapid response activities for dislocated workers;
- Disseminating:
 - The State list of eligible providers of training services (including those providing non-traditional training services) for adults and dislocated workers;
 - Information identifying eligible providers of on-the-job training and customized training;
 - Performance and program cost information about these providers; and
 - A list of eligible providers of youth activities;
- Conducting evaluations of adults, dislocated workers and youth activities, to establish and promote methods for continuously improving such activities to achieve high-level performance within, and high-level outcomes from, the Statewide workforce investment system;
- Providing incentive grants to local areas for regional cooperation among local boards, for local coordination of activities carried out under WIA; and for exemplary performance by local areas on the performance measures;
- Providing technical assistance to local areas that fail to meet local performance measures;
- Assisting in the establishment and operation of One Stop delivery systems;
- Providing additional assistance to local areas that have high concentrations of eligible youth; and
- Operating a fiscal and management accountability information system.

Specifically, PY 2005 funds (estimated budgets) will be used to support the following activities and services:

Rapid Response

The full 25% will be reserved for use in Rapid Response activities. Approximately \$200,000 per year will be used for direct Rapid Response activities with the remaining funds distributed to areas demonstrating a need for funds. Of the \$200,000, a portion will be made available for supporting a contract with AFL-CIO to aid in rapid response with dislocated workers.

Reserve for Eligible Provider List

The State will use funding as needed to explore the use of Unemployment Insurance and other administrative records to facilitate the verification of outcome data from eligible training providers and to explore alternative data sources to ease the burden on the providers of collecting and reporting this information. Because this has been a shared cost among agencies, no amount is specified.

Reserve for Evaluation Contracts

\$50,000 will be reserved to pay for costs of ongoing customer satisfaction surveys for all customer groups in the WIA.

Incentive Grants

During transition year PY'05, \$100,000 will be set aside to incent the special Region VI Area for participation in the Idaho Workforce Consortium. Incentive funds for performance will not be awarded during PY'05. The Workforce Development Council will examine the amounts to be awarded in PY'06 based on funds available and will use the existing incentive policy.

Assisting in the Operation of the One Stop System

The state will make available 10% of the new state funds each year to assist in the operation of the One Stop system. This is estimated to be approximately \$140,000. These funds will be directed towards improvements in the WIA MIS, partially as a result of common measures.

Areas with High Concentrations of Eligible Youth

The State will budget \$100,000 to support programs in areas with high concentrations of eligible youth (those in poverty experiencing other barriers). Half of these funds will be divided among those regions whose poverty rates for youth exceed the state average, based on the most recent data available, and the other half will be shared equally among those regions that will (a) experience allocation reductions in PY2005 and (b) expend at least 80% of their PY2004 fund availability. This strategy for providing additional assistance to local areas with high concentrations of eligible youth is for PY2005 only and will be reexamined on an annual basis.

Capacity Building and Technical Assistance

The State is reserving \$25,000 to be used to finance consultants, training conferences or other activities to build the capacity of the workforce investment system under WIA. Local areas will be polled to determine their specific needs for training and assistance and will be included in decisions about the specific use of these funds.

Fiscal and Program Management

The State is reserving approximately \$1.1 million to pay for the costs of state administration and program functions and to support the costs of the shared state-local systems including the statewide MIS and FMIS systems, monitoring, data validation and support to the Workforce Development Council.

Optional activities

Assuming that sufficient funding is available to fund the activities identified above and that future funding remains fairly consistent, additional support may be made for the optional activities described below in the order of preference:

Older Worker Assistance

A grant will be made available to the Idaho Commission on Aging to provide continued support through technical assistance to the system to ensure that the needs of older workers are addressed in the One Stop Delivery System. Approximately \$25,000 will be made available for this purpose.

Customized and Incumbent Worker Training

Projects approved by the Workforce Development Council in Regions III, IV, V, and VI will be continued through PY'05 using PY'04 funds set aside for this purpose. There are four projects, one for construction in the Boise area, a nursing program operated in the Magic Valley, a small distance learning project operated jointly by ISU and Bear Lake Hospital and two projects operated as a partnership between EITC and local health care providers in Ashton and Driggs. If adequate carry-in funds are available to meet other priority needs for dislocated workers and youth in need programs, the Workforce Development Council will be asked to consider awarding funds for other projects.

Labor Market Information

An additional \$100,000 has been set aside annually to contribute to the costs of Regional Labor Economists and to support investments in software that improve workforce information at the state and local levels. Other sources of funds supporting this activity include Wagner-Peyser and the Workforce Information Grant.

Marketing

\$20,000 will be set aside to provide for updating the *IdahoWorks* website to improve information available to system customers. Additional marketing materials will be developed to increase awareness among Faith-based and Community-based organizations as a support to their constituents.

Additional Support for Dislocated Workers, Youth in Need, and High Growth Projects

Because of the steep drop in funds, any carry-in funds not already committed above will be reserved to make additional dislocated worker and youth-in-need funds available to the local areas. The Workforce Development Council may also direct resources for additional high growth projects if the Council determines that has a priority for funding.