

TRANSMITTAL #1

MEMORANDUM

May 26, 2011

TO: Workforce Development Council

FROM: Roger B. Madsen, Director

SUBJECT: Workforce Investment Act 15% Governor's Reserve Funds

ACTION REQUESTED: Adopt Recommendations for Modification to the Governor's 15% Reserve

BACKGROUND:

The Workforce Investment Act (WIA) funding formula includes the opportunity for the Governor to use 15% of appropriated WIA funds to support statewide workforce activities. During its November 18, 2010 meeting, the Council approved \$500,000 of carry-in 15% WIA funds to fund the following activities:

- Idaho Youth Corps (IYC), the department's summer youth employment program during 2011. Funds are used to encourage matching resources from federal, state, and local government partners as well as private partners to continue the summer youth employment projects, and
- Customized training, on-the-job (OJT) training and other training activities to increase business expansion opportunities in support of the department's Business Solutions initiative.

Less than half of these funds have been committed and are available for other discretionary purposes. Employers continue to express frustration with worker readiness even for those with certificates and degrees. While they generally agree that these workers are technically competent they lack the necessary work experience to fully perform on the job.

In its goals, the Council has encouraged the expansion of work-based learning opportunities. To address this, staff are recommending that funds already committed to on-the-job training and customized training be expanded to provide internships for participants who are enrolled in classroom skills training. Internships are a short-term or part-time work assignment with a private for-profit, non-profit, or public employer designed to enhance skills learned in a classroom setting and provide the opportunity for the hands-on application of these learned skills in the occupation or industry of interest. Like OJT and customized training, these funds would be used to support internship opportunities for

WIA customers if we experience excess demand for these opportunities beyond the current availability of program funds.

Additional Distribution of 15% Reserve to the Adult Program

The continuing resolution (CR) signed on April 15, 2011, impacted funds for Program Year 2010, the current fiscal period, and for PY 2011 beginning July 1, 2011. While the impact to this year was small, only 0.2%, the CR for 2011 included two significant changes:

- The Adult, Youth and Dislocated Worker programs were each reduced by approximately 10% at the national level (note Idaho actually received additional funds because our share of the pool increased for adult and youth funds and declined only slightly for dislocated workers). The intent was to absorb all reductions in the Governor's 15% allocation by reducing it from 15% to 5%. Due to errors in legislative language, the reduction has only been applied to first quarter funds. The effect will be to reduce new funds available to the Governor's reserve from approximately \$1.6 to \$1 million dollars. This can be absorbed during PY2011 using funds that have not been spent this year and transferring some costs to the local level. If Governor's funds remain at the 5% level in 2012, more drastic action will be required.
- The entire 10% cut was taken from the first quarter for the adult and dislocated worker programs. The dislocated worker program will receive 19% of the annual allotment during the first quarter, but the adult program will receive only 7.5%. The youth program was not impacted. There appears to be adequate carry out in the dislocated worker program to avoid disruption for those attending school fall semester, but not for adults. As such, we are recommending that an additional \$250,000 be transferred to the local WIA Adult program to ensure continued enrollment in school. Funds would be allocated regionally by formula and distributed to current subrecipients.

RECOMMENDATIONS:

Staff recommends that:

- Internships be included in the opportunities for work based learning activities; and
- Two Hundred and Fifty Thousand Dollars (\$250,000) previously reserved for the Governor's Reserve be allocated to the WIA Adult Program during PY 2010.

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