

Distribution of WIOA Title IB Formula Funds, Recapture and Reallocation Policy

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Introduction

The Idaho Workforce Development Council (WDC), acting as the Local Workforce Development Board, is issuing Local Area policy and procedures for the distribution, recapture and reallocation of *Workforce Innovation and Opportunity Act* (WIOA) Title IB formula funds.

Funds distribution, recapture and reallocation are applicable to adult, youth, and dislocated worker funds allocated by formula to Local Workforce Development Areas (Local Areas) and, subsequently, to local Service Delivery Areas.

References

- WIOA Sections 127 and 132
- WIOA Sections 128 and 133
- Title 2 *Code of Federal Regulations* (CFR) Part 200
 - 200.34 – Expenditures
 - 200.71 – Obligations
- WIOA Final Rule at 20 CFR 683.140
- 2 CFR Part 2900
 - 2900.4 – Adoption of 2 CFR Part 200
- TEGL 28-10: Federal Financial Management and Reporting Definitions
- TEGL 2-16: Revised ETA-9130 Rpt. Instructions, and Additional Guidance

Background

On an annual basis, Congress provides funding to the U.S. Department of Labor (DOL), which is the federal agency which administers the WIOA Title I-B programs. The Secretary of Labor allocates these funds to the states. On receipt of funds, the Governor of Idaho, through the Administrative Entity, allocates them to the Local Areas by formula according to State and Local Workforce Board policy.

In conjunction with the Governor's Executive Order 2019-08 and a USDOL-approved waiver, the Workforce Development Council serves as the State and Local workforce board, supporting an integrated workforce development system in the state. In particular, the WDC assists in consolidating job training, employment and employment-support services, to achieve an efficient and effective delivery of services and to allocate funds to local workforce development areas for the purpose of meeting or exceeding statewide performance targets, as consistent with federal and state program requirements.

At the time of the WIOA implementation, Idaho's workforce development system for Title IB programs consisted of six Service Delivery Areas (SDA) within the state, with SDA 6 comprising the East-Central District and SDA's 1 through 5 comprising the Balance of State – which, combined, fulfill the two Local Areas as designated by the Governor.

Each SDA is described below, with counties identified per SDA, as used in the Local Area allocation and SDA distribution formulas:

East-Central District:

SDA 6 – Counties include Bonneville, Butte, Clark, Custer, Fremont, Jefferson, Lemhi, Madison and Teton.

Balance of State:

SDA 1 – Counties include Benewah, Bonner, Boundary, Kootenai and Shoshone

SDA 2 – Counties include Clearwater, Idaho, Latah, Lewis and Nez Perce

SDA 3 – Counties include Ada, Adams, Boise, Canyon, Elmore, Gem, Owyhee, Payette, Valley and Washington

SDA 4 – Counties include Blaine, Camas, Cassia, Gooding, Jerome, Lincoln, Minidoka and Twin Falls

SDA 5 – Counties include Bannock, Bear Lake, Bingham, Caribou, Franklin, Oneida and Power

It is the intent of the Local Workforce Areas to further distribute WIOA Title IB funds (for Adult, Dislocated Worker and Youth programs) to these six workforce SDA's to engage in efforts that result in the analysis of the SDA labor markets, establishment of service strategies, development and implementation of sector initiatives for in-demand industry sectors or occupations for these SDA's, and the coordination of services with economic development needs.

Allocation and Distribution Model

1. When Idaho receives its program year allotment, the following set asides are made to support statewide activities:
 - Up to 15% is set aside for the Governor's Reserve.
 - Up to 25% of Dislocated Worker funding is set aside for Rapid Response.

2. The remaining funds are distributed to the two local areas using the Local Area allocation methodology as described in Attachment A to the policy and mirrored in the Combined State Plan. The Local Areas reserve the right to set aside funding for the following local area activities:
 - One-Stop Operator costs
 - Shared One-Stop infrastructure costs
 - Up to 10% for administration
 - Evaluations and activities related to program integrity
 - Research and labor market analysis
 - Local plan development
 - Promote business representation on the local Workforce Development Board
 - Develop employer engagement
 - Develop career pathways

- Identify proven and promising practices and initiatives for meeting needs of employers, workers and jobseekers in the local workforce development system
- Develop strategies for using technology to maximize the accessibility and effectiveness of the local workforce development system for employers, works and jobseekers
- Conduct program oversight
- Negotiate local performance accountability measures
- Selection of local service providers
- Coordination with education providers
- Assessment of physical and programmatic accessibility for individuals with disabilities

3. Following Local Area set asides, the remaining funds are distributed to Service Delivery Areas as described in the Background section above and using the same Local Area allocation methodology as described in Attachment A to the policy and mirrored in the Combined State Plan.

3.4. Generally, program year funds for Youth will be distributed on a July 1 – June 30 timeframe. Program year funds for Adult and Dislocated Worker may be distributed on an October 1 – September 30 timeframe, with a contract amendment provided for funding made available from USDOL for July 1.

Additional Policies and Procedures

Transfer of Funds

Local workforce areas, with the approval of the Governor, may transfer up to 100 percent of the Adult Activities funds for expenditure on Dislocated Worker Activities, and up to 100 percent of Dislocated Worker Activities funds for expenditure on Adult Activities.

The WDC reserves the right to adjust the funds distributed to Service Delivery Areas, within a single Local Area, in or around December and March of each program year. Adjustments will be made based on an SDA's enrollment and expenditure levels compared to the planned levels within their annual agreement. Enrollment or expenditures 10 percent under planned levels will trigger the WDC to consider adjustments. The WDC will consult with the Administrative Entity and service provider to address participant needs and prevent underspending before shifting funds.

Carryover and Recapture

Subawards for provision of services shall be made to service providers selected through a competitive process. Service providers will be required to meet performance, expenditure, data collection and reporting targets as defined in the procurement process and subsequent subaward agreements. Subrecipients must ensure that at least 80 percent (80%) of its program year's funding distribution for each of the youth, adult, and dislocated worker funding streams are obligated by the end of the subject program year.

If a subrecipient's unobligated balances within an SDA for the youth, adult or dislocated worker formula distributions exceed twenty percent (20%) at the end of any PY, the Local Board, in consultation with the respective subrecipient and administrative entity, will conduct an analysis to determine the need for fund recapture and reallocation. Only program funds are subject to recapture and reallocation.

The Local Board, at its discretion, may use recaptured funds for the following purposes:

- For Local Area activities described in section 2 above; or
- Redistribute to other eligible subrecipients within the impacted SDA, first, and local area, second, that have obligated at least 80% of their funds, by program, for the subject program year.

Note - Eligible subrecipients are calculated by program fund within an SDA, first, and within a local area, second. For example, subrecipient XYZ in SDA 5 is subject to recapture for Youth program funding for PY 19. Subrecipient ABC or subrecipient DEF in SDA 5 would be considered an eligible subrecipients for Youth program funding, first, if they have each obligated at least 80% of their Youth program

funding for PY 19 at the time recapture is calculated. (See Attachment B – Recapture and Reallocation Timeline.) Should subrecipient XYZ be the only Youth program funding subrecipient in SDA 5, then reallocation would be available to other eligible subrecipients for Youth program funding within the Local Area (second) which includes SDA 5, as described on page 2 of this document regarding SDA distribution formulas.

It is the Local Area's responsibility to establish, maintain and exercise ongoing controls to ensure compliance with these requirements.

Attachment A

Funding Allocation Methodology for Distribution to Local Areas, Service Delivery Areas

Current Local Board policy has identified the methodology below for substate allocation of program funds, and as currently described in the Idaho Combined State Plan. The WDC may elect to use the available discretionary allocation methodology, defined at the end of this Attachment A. Use of the discretionary allocation methodology requires an update to Idaho Combined State Plan, including public comment period, and approval by USDOL.

All allocation factors described below are determined by compiling and calculating county data as they relate to each Service Delivery Area.

Youth activities in accordance with WIOA section 128(b)(2) or (b)(3)

All Youth program funds will be allocated using the three required factors of substantial unemployment, excess unemployment, and economically disadvantaged individuals.

- 1/3 of the funds allocated on the number of unemployed residing in areas of substantial unemployment (6.5% or higher unemployment)
- 1/3 of the funds allocated on excess unemployment (number of unemployed over 4.5%)
- 1/3 of the funds allocated on the number of economically disadvantaged youths

The hold-harmless provisions defined under WIOA are applied to the Youth program allocations. Hold-harmless levels are based on 90% of an area's average relative share of the previous two years of funding.

Adult and training activities in accordance with WIOA section 133(b)(2) or (b)(3)

All Adult program funds will be allocated using the three required factors of substantial unemployment, excess unemployment, and economically disadvantaged individuals.

- 1/3 of the funds allocated on the number of unemployed residing in areas of substantial unemployment (6.5% or higher)
- 1/3 of the funds allocated on excess unemployment (number of unemployed over 4.5%)
- 1/3 of the funds allocated on the number of economically disadvantaged adults

The hold-harmless provisions defined under WIOA are applied to the Adult program allocations. Hold-harmless levels are based on 90% of an area's average relative share of the previous two years of funding.

Dislocated worker employment and training activities in accordance with WIOA section 133(b)(2) and based on data and weights assigned.

Dislocated Worker funding will be allocated to the Local Areas based upon information that will include insured unemployment data, unemployment concentrations, employer layoff data, declining industries

data, farmer/rancher economic hardship data and long-term unemployment data. No other informational factors will be used. The data used and weight factors are:

- 0.320 Average number unemployed
- 0.320 Average number unemployed over the state's rate
- 0.320 Number of Unemployment Insurance (UI) claimants with 15 weeks claimed
- 0.020 Number of employers with 50 or more individuals laid off at one time
- 0.010 Industry employment declines by annual average monthly employment
- 0.010 Number of USDA Farm Loan borrowers who are bankrupt or delinquent
- 1.000 Total

To mitigate significant shifts in funding for service delivery areas, the Governor defined hold-harmless levels for the WIOA Dislocated Worker funds. Hold-harmless levels are based on 90% of an area's relative share of the previous two years of funding.

DISCRETIONARY ALLOCATION METHODOLOGY FOR ADULT AND YOUTH PROGRAM FUNDS:

WIOA Youth Activities

Formula:

No less than 70 percent of the funds will be distributed as stated in the statutory formula;

- 1/3: Local area relative share of total unemployed in areas of substantial unemployment (ASU) (average 12 months ending 6/30)
- 1/3: Local area relative share of excess unemployed (average 12 months ending 6/30)
- 1/3: Local area relative share of disadvantaged youth (American Community Survey 2011-2015)

No more than 30 percent of the remaining funds will be distributed using additional data related to **both:**

- Excess youth poverty in urban, rural, and suburban local areas; **and**
- (2) Excess unemployment above the State average in urban, rural, and suburban local areas

Minimums:

Statutory formula minimum must be applied to 70 percent or greater funds, or to the entire allocation.

Maximum: Not allowed

WIOA Adult Activities

Same as Youth Activities, except Formula uses disadvantaged ADULTS instead of YOUTH **and** EXCESS POVERTY instead of excess YOUTH poverty

FORMULA DATA FACTOR DEFINITIONS

WIOA Adult and Youth Programs

ASU: contiguous areas with unemployment rate of 6.5 percent or more

Excess unemployed: higher of:

- excess unemployed (unemployment in excess of 4.5 percent) in ASU's; or
- (2) excess unemployed (unemployment in excess of 4.5 percent) in all areas

Disadvantaged adults: individuals, age 22-72, meeting (or member of family meeting):



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- Census poverty level or 70 percent of lower living standard income level (LLSIL).
Disadvantaged youth: individuals, age 16-21, meeting (or member of family meeting):
- Census poverty level or 70 percent of lower living standard income level (LLSIL).

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Attachment B
Recapture and Reallocation Timeline

Below is the recapture and reallocation timeline:

Funds	80% Obligated by	Obligations Reported	Funds Recaptured	Funds Reallocated	All PY Funds Expire
PY19/FY20	30-Jun-20	20-Jul-20	Oct.-Dec., 2020	Jan-21	30-Jun-21
PY20/FY21	30-Jun-21	20-Jul-21	Oct.-Dec., 2021	Jan-22	30-Jun-22
PY21/FY22	30-Jun-22	20-Jul-22	Oct.-Dec., 2022	Jan-23	30-Jun-23
PY22/FY23	30-Jun-23	20-Jul-23	Oct.-Dec., 2023	Jan-24	30-Jun-24

Subsequent years will be consistent with the chart above.