



Workforce Investment and Opportunity Act Funding Basics

1. Oregon receives an annual allotment from the U.S. Department of Labor (DOL) for Adult, Dislocated Worker, and Youth programs. This year's allotment (including percentage difference from last year) is:
 - \$34,098,693 – Total allotment for the next year (+.9%)
 - \$9,995,124 – Adult (-1.12%)
 - \$13,672,401 – Dislocated Worker (+4.05%)
 - \$10,431,168 – Youth (-1.07%)
2. The majority of the funding is required to go to Local Workforce Investment Boards (LWIBs) via formula. This formula is based on employment and economic data at the county level.
3. Prior to the formula being applied, the state is allowed to reserve up to:
 - 5% of the total funding for Administration (\$1,704,933 this year)
 - 10% of the total funding for a Governor's Reserve (\$3,409,867 this year)
 - 25% of the Dislocated Worker funding for Rapid Response/Pre-Layoff services (\$3,418,100 this year)
4. Last year, the state reserved the maximum amount allowed by DOL.
5. These reserves are used for both required (by the federal law) and allowable activities. Required activities last year utilized 76.5% of the total state reserves. The remaining reserves were used on strategic initiatives endorsed by the Governor and OWIB including:
 - Governor's Office Staffing
 - Career Information/Labor Market information at one stops (WorkSource Oregon Offices)
 - Support and leadership to LWIBs including assistance moving to board versus service provider role
 - New LWIB chartering, planning, and technical assistance
6. Other strategic initiatives that the Governor and OWIB endorsed were funded through the state General Fund (\$7.5m for 2013-15) including:
 - Sector Strategies contractors, training, and technical assistance
 - Back to Work Oregon – on the job training funding
 - New LWIB chartering, planning, and technical assistance
 - National Career Readiness Certificates and business job profiles
 - Certified Work Ready Communities
 - Innovative local initiatives at LWIBs (Examples – Career Achievement Network and Code Oregon)
7. It is important to consider the positive impact of the more flexible state General Funds (\$7.5m for 2013-15). There is no guarantee of a continuance of these funds. It is uncertain at this point how

much, if any, of the state General Funds will be allocated to the workforce system. There are packages requested in the Higher Education Coordinating Commission (HECC) budget totaling \$37.9m that include the items listed below. The OWIB has and will help further develop these priorities before to distribution and implementation:

- Investment in Youth Employment (summer jobs, work experience, training)
- Incumbent Worker Training (in priority sectors)
- LWIB Support (particular to new boards)
- Sector Strategies (local level)
- Work Ready Communities (local level)
- Regional Solutions Community Innovation Center

OWIB Recommendation Options

The OWIB will be recommending an option to the Governor who has final decision making authority. The decision should be philosophical regarding board priorities and strategic direction versus a conversation regarding specific dollar amounts.

Option 1-

Recommend the Governor reserve the maximum amount allowable by federal law for use in initiatives and programs that align with the state strategic plan.

- Reserve more money up front for statewide projects and initiatives allowing funding to be distributed via non-formula funds and used for board and Governor strategic investments identified in the state strategic plan.
- Keeping funds at the state level does not mean LWIBs will not receive the money. A majority of funds will be distributed to the LWIBs to support the strategic plan, but likely not in formula or evenly across boards. The funds would likely go to LWIBs that are pursuing targeted initiatives.

Option 2-

Recommend the Governor maintain the previous year's allocation of formula dollars to the LWIB's, reducing significantly the Governor's Reserve.

- Keeping the LWIB funding 'whole' for the next year allows maximum flexibility to serve individuals at the local level without reduction of services delivered in their communities.
- Providing LWIBs more funding upfront gives an opportunity to utilize formula to support the direction in the strategic plan.
- Maintaining the LWIBs previous year's allocation limits the board and Governor's ability to fund special projects or incentives that align with the strategic plan outside of formula. The Governor's Reserve would provide the board a mechanism for directly addressing some of its priorities.
- By providing the LWIBs with the same dollar amount as last year, the Governor's Reserve would be reduced by 22% or \$1,888,798.

Option 3-

Recommend the Governor reserve the maximum amount allowable by federal law for preliminary budgeting purposes at both the state and local level. Require a re-evaluation of state and federal reserves in August 2015.

- Allows the Governor to review results of the legislative session ending in July 2015 and any General Funds that are committed to the Workforce System.
- Allows state staff to analyze any previous year's federal funds anticipated to remain after close out June 30, 2015.
- Allows the strategic planning process to mature and direction be clearer to the board, Governor and staff.