

**State of Washington
Decision Package**

Agency: 540 Employment Security Department
Decision Package Code/Title: AK Workforce Employment and Training

Budget Period: 2009-2011

Budget Level: M2 – Inflation and Other Rate Changes

Recommendation Summary Text:

The department requests an adjustment between years in expenditure authority to ensure that all General Fund – State Incentive funds can be distributed to the Workforce Development Councils (WDC’s) until March 1, 2011. The funding provided is to increase capacity for education and training or provide additional services to support their clients.

Agency Total

	<u>FY 2010</u>	<u>FY 2011</u>	<u>Total</u>
Operating Expenditures			
001-1 – General Fund – State	TBD	TBD	-
Total Expenditures	<u>TBD</u>	<u>TBD</u>	<u>:</u>
			<u>Annual</u>
Staffing	<u>FY 2010</u>	<u>FY 2011</u>	<u>Average</u>
FTEs	-	-	-

Package Description

What is the problem or opportunity the agency wants to address?

Employment Security Department (ESD) has been directed to distribute incentive funding to Workforce Development Councils (WDC’s) per Chapter 566, 2009 Laws PV, (E2SSB 5809).. The department received an appropriation for \$7 million in General Fund – State for fiscal year 2010. The department has established guidelines, in coordination with the Workforce Training and Education Coordinating Board and the State Board for Community and Technical Colleges, on allowable uses of these funds. However, E2SSB 5809 has a number of steps that have to be taken before the funds are earned and expended. The incentive funds are earned by using Workforce Investment Act (WIA) funds to either contract a group class with a community or technical college or purchase tuition, books and other support services on an individual basis at either a community or private college. Once the incentive funds are earned the WDC will invest the additional funds to purchase additional group classes or pay for more individual training accounts. The WDC’s have submitted information to the department that demonstrates they have plans to invest \$13.8 million in WIA funds across the state to provide community college group class training in demand occupations for approximately 2,000 participants and that they have projected another 2,000 participants being served through individual training accounts. This \$13.8 million investment will earn the full \$7 million provided by the Legislature, (*See Table 1*). In order to distribute funding until March 1, 2011 as outlined in E2SSB 5809 an expenditure authority adjustment is needed between Fiscal Year 2010 and Fiscal Year 2011.

Placeholder

Table 1

Planned Expenditures:

Step 1: WDCs use WIA funds to contract a group class or pay individual training accounts (tuition, books, etc.)

- WDC 1 - Olympic
- WDC 2 - Pacific Mountain
- WDC 3 - Northwest Workforce Council
- WDC 4 - Snohomish County
- WDC 5 - Seattle-King County
- WDC 6 - Tacoma-Pierce County
- WDC 7 - Southwest
- WDC 8 - North Central
- WDC 9 - South Central Workforce Development Council
- WDC 10 - Eastern Washington Partnership
- WDC 11 - Benton-Franklin
- WDC 12 - Spokane

Group Contract	Individual Training Accounts	Total
\$200,000	\$441,936	\$641,936
\$579,202	\$1,225,390	\$1,804,592
\$356,016	\$658,000	\$1,014,016
\$410,441	\$0	\$410,441
\$1,679,158	\$1,504,160	\$3,183,318
\$1,015,756	\$0	\$1,015,756
\$755,223	\$0	\$755,223
\$500,000	\$629,272	\$1,129,272
\$395,000	\$649,630	\$1,044,630
\$302,590	\$693,000	\$995,590
\$666,559	\$187,760	\$854,319
\$954,244	\$0	\$954,244
Sub-total	\$5,989,148	\$13,803,336

Earned Incentives:

Step 2: WDCs earn incentives on WIA funds expended in Step 1 above

- WDC 1 - Olympic
- WDC 2 - Pacific Mountain
- WDC 3 - Northwest Workforce Council
- WDC 4 - Snohomish County
- WDC 5 - Seattle-King County
- WDC 6 - Tacoma-Pierce County
- WDC 7 - Southwest
- WDC 8 - North Central
- WDC 9 - South Central Workforce Development Council
- WDC 10 - Eastern Washington Partnership
- WDC 11 - Benton-Franklin
- WDC 12 - Spokane

75% of Contract costs	25% of ITA Cost	Total
\$150,000	\$110,484	\$260,484
\$434,401	\$306,348	\$740,749
\$267,012	\$164,500	\$431,512
\$307,831	\$0	\$307,831
\$950,169	\$376,040	\$1,326,209
\$761,817	\$0	\$761,817
\$566,417	\$0	\$566,417
\$375,000	\$157,318	\$532,318
\$296,250	\$162,408	\$458,658
\$226,943	\$173,250	\$400,193
\$499,919	\$46,940	\$546,859
\$715,683	\$0	\$715,683
Sub-total	\$1,497,287	\$7,048,728

Step 3: Incentive funds will be used for additional classes, tuition, and books or other services to support clients

Total Projected Training Investment	\$13,365,629	\$7,486,435	\$20,852,064
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Placeholder

Exactly how does the agency want to address this problem or opportunity?

The department would like to address the issue by receiving an adjustment in expenditure authority to ensure all funds can be distributed.

What will the package funding actually buy?

This will allow the department to distribute funding until March 1, 2011 to the WDC's. The Workforce Development Councils will then be able to provide group class training to approximately 2,000 participants and serve approximately 2,000 additional participants through individual training accounts.

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Narrative Justification and Impact Statement

What desired results will be achieved?

Adjusting the expenditure authority will allow the department to continue distributing incentive funds in Fiscal Year 2011.

What undesired results will be reduced?

- **Not being able to spend all General Fund – State funding received in the 2009-2011 biennium.** If this decision package is not approved, expenditure authority limitation by fiscal year would force the department to only disburse funds until June 30, 2010.

Will efficiency increase and if so, how?

This request will allow the department to distribute funding in Fiscal Year 2011, allowing the WDC's to increase capacity or provide additional services for an additional nine months.

Will outputs change and if so, how?

This request will allow the department to distribute funding in Fiscal Year 2011, allowing the WDC's to provide services for an additional nine months.

What is the expected impact on clients, services provided, citizens or other agencies or governments?

Ensuring expenditure authority cross fiscal years will enable the department to continue making the most effective use of available funds to the WDC's.

Performance Measure Detail

Is this decision package essential to implement a strategy identified in the agency's strategic plan? If so, please describe.

This request ensures that the department has the necessary expenditure authority to distribute available resources towards improving the value of post-secondary learning and promotes economic development by educating and training Washington's workers for skills that are in demand in the workplace.

Placeholder

Does this decision package provide essential support to one of the Governor's priorities? If so, please describe.

This decision package supports the Governor's Priority of Government to improve the economic vitality of business and post-secondary learning.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? If so, please describe.

This decision package is a key to enable the department in meeting the mission of helping all Washington State citizens succeed in the global economy. This supports several the Governor's Economic Development priorities focused on putting Washington to Work and Moving Washington forward.

What are the other important connections or impacts related to this proposal?

None

What alternatives were explored by the agency, and why was this alternative chosen?

There are two options for responding to this issue:

1. Disburse funding to the WDC's until June 30, 2010 then allow the appropriation to expire without utilizing all available funds.
2. Ask for an adjustment in expenditure authority to ensure funds can be disbursed in Fiscal Year 2011. This option was chosen to fully utilize available funding for the purpose the law intends.

What are the consequences of not funding this package?

The department would disburse all allowable cost until June 30, 2010 then the appropriation would lapse and the balance of available funds would not be distributed to the WDC's.

What is the relationship, if any, to the state capital budget?

None

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None

Expenditure and revenue calculations and assumptions:

The department estimates the following distribution for the incentive funds:

<u>Object Detail</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Total</u>
N Grants, Benefits & Client Svc	TBD	TBD	-
Total	TBD	TBD	-

What costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

➤ *Budget impacts in future biennia*
None.

➤ *One-time versus ongoing functions and costs*
This is a one-time adjustment.