

**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
MEETING NO. 120
June 28, 2007**

**WORKFORCE INVESTMENT ACT SECTION 503 INCENTIVE GRANT
DISTRIBUTION OF FUNDS TO WORKFORCE DEVELOPMENT AREAS**

At its June 8th special meeting, the Board adopted the state application to the Department of Labor for a Workforce Investment Act (WIA) Section 503 Incentive Grant. The state is eligible to receive \$1,850,193 for exceeding the performance targets for WIA Title I-B, The Adult Education and Family Literacy Act, and the Carl Perkins Career and Technical Education Act. The state application identified the activities to be funded and the local application process. Left to be determined was the distribution of funds to the Workforce Development Areas (WDAs).

Workforce Board staff analyzed performance results and targets for federal and state core measures for the three programs by WDA. As recommended by the Interagency Committee (IC), the analysis used the Section 503 allocation formula developed in 2003. The formula adopted in 2003 provides incentive funds to WDAs that met or exceeded an average of 100 percent of their performance targets across the three programs. Half of the funds are allocated according to relative performance among WDAs exceeding their targets and half in proportion to the size of these areas as measured by the number of participants. Eleven of the twelve WDAs met or exceeded their performance targets and are recommended to receive awards. The IC reviewed and commented on these allocations.

Subsequently, the Employment Security Department proposed setting aside \$55,506 (or three percent of the total award) for costs of grant administration. The remaining \$1,794,687 is allocated by formula among the eleven WDAs.

After the Board decides on the distribution of funds, staff will issue local application guidelines and local areas will submit applications for their awards.

Summary information on performance by WDA and how performance was calculated is provided in an attachment.

Board Action Required: Adoption of the motion.

RECOMMENDED MOTION

WHEREAS, Washington State is eligible to receive a Workforce Investment Act (WIA) Section 503 Incentive Grant of \$1,850,193 for exceeding performance targets for WIA Title I-B, the Adult Education and Family Literacy Act, and the Carl D. Perkins Career and Technical Education Act; and

WHEREAS, *High Skills, High Wages: Washington's Strategic Plan for Workforce Development*, indicates that if the state receives such an award the Workforce Training and Education Coordinating Board will distribute the award to local Workforce Development Areas that exceeded their performance targets for WIA Title I-B, Adult Education, and the Perkins Act; and,

WHEREAS, The Workforce Board has analyzed options for distributing the funds in accordance with the State Plan and has consulted with representatives of the affected programs.

NOW, THEREFORE, BE IT RESOLVED, That the Workforce Training and Education Coordinating Board approves the attached Distribution of the Workforce Investment Act Section 503 Incentive Grant to local Workforce Development Areas.

**WORKFORCE INVESTMENT ACT SECTION 503 INCENTIVE GRANT
DISTRIBUTION OF FUNDS TO WORKFORCE DEVELOPMENT AREAS**

| Workforce Development Area | Award |
|---|--------------|
| Olympic | \$90,742 |
| Pacific Mountain | \$103,714 |
| Northwest | \$87,205 |
| Snohomish County | \$133,159 |
| Seattle-King County | \$382,419 |
| Tacoma-Pierce County | \$184,670 |
| Southwest | \$138,582 |
| North Central | \$144,965 |
| South Central | \$187,984 |
| Eastern Washington | \$205,440 |
| Benton-Franklin | \$0 |
| Spokane | \$135,807 |
| Employment Security Department Costs of Administration | \$55,506 |

**WORKFORCE INVESTMENT ACT SECTION 503 INCENTIVE GRANT
DISTRIBUTION OF FUNDS TO WORKFORCE DEVELOPMENT AREAS**

ANALYSIS

High Skills, High Wages establishes certain parameters for the distribution of a Workforce Investment Act (WIA) Section 503 incentive grant:

WIA authorizes incentive funding for states that exceed the “adjusted levels of performance” in WIA Title I-B, Adult Education and Family Literacy Act (AEFLA), and career and technical education (CTE). When Washington receives such an incentive award, it allocates the funds to local areas that exceeded their expected level of performance in these programs, including performance on state core measures as well as on the federal core indicators.

In 2003, the last year in which Washington State received such an award, the Board approved a method for allocating incentive funds to Workforce Development Areas. Board staff used that method to prepare the proposal submitted for adoption.

A. Allocation Formula

The allocation formula uses the concept of average performance compared to targets. This is the method used by the Department of Labor. The following illustrates how averaging works in the hypothetical example of a program with three performance measures.

| Measure | Target | Actual | Percent of Target |
|----------------------------|---------------|---------------|--------------------------|
| Earnings | \$10,000 | \$8,000 | 80% |
| Employment | 70% | 80% | 115% |
| Retention | 80% | 90% | 113% |
| Average Performance | | | 103% |

In this example, the average performance would be 103 percent of targets. Performance for a program is averaged across the state and federal performance targets for each program. This year’s results for the state across the three programs included in the formula are:

| Program | Number of Measures Included in Average | Percent of Targets Achieved |
|---|---|------------------------------------|
| WIA Title 1-B | 17 federal +12 state | 104% |
| Adult Education and Family Literacy Act | 5 federal + 3 state | 107% |
| Carl Perkins Career and Technical Education | 14 federal + 4 state | 100% |
| Average Performance | | 103% |

A similar percentage can be calculated for each Workforce Development Area (WDA). It is this “percent of targets achieved” figure that is used to determine whether a WDA is eligible for incentive funds. The amount by which a WDA exceeds 100 percent of average performance also enters into the formula that distributes funds based on performance.

Washington's performance levels are relatively close to its target levels. Given the fact that statewide performance exceeds targets by only three percent, it is not surprising that performance might not exceed targets in one or more WDA's.

B. Performance by WDA

Average performance for the three programs and across the three programs is shown by WDA below:

| Workforce Development Area | WIA Title 1-B | Adult Education | Carl Perkins CTE | Average of Targets Achieved |
|----------------------------|------------------|--------------------|------------------------|-----------------------------------|
| Olympic | 108% | 95% | 106% | 103% |
| Pacific Mountain | 115% | 95% | 100% | 103% |
| Northwest | 116% | 97% | 95% | 103% |
| Snohomish County | 109% | 108% | 95% | 104% |
| Seattle-King County | 111% | 108% | 101% | 107% |
| Tacoma-Pierce County | 108% | 109% | 100% | 106% |
| Southwest | 112% | 110% | 95% | 106% |
| North Central | 116% | 109% | 100% | 108% |
| South Central | 112% | 114% | 109% | 112% |
| Eastern Washington | 112% | 129% | 100% | 114% |
| Benton-Franklin | 97% | 113% | 88% | 99% |
| Spokane | 105% | 110% | 101% | 106% |
| Total | 104% | 107% | 100% | 103% |

Eleven of the twelve WDAs met or exceeded their WIA 1-B performance targets, nine WDAs met or exceeded their Adult Education targets, and eight WDAs met or exceeded their Carl Perkins CTE targets. Six WDAs: Seattle-King County, Tacoma-Pierce County, North Central, South Central, Eastern Washington, and Spokane, exceeded their performance targets for all three programs.

WIA Title I-B has well developed local area targets for each of its 29 measures, which are regression adjusted to account for the case difficulty and economic conditions in each area. Local area targets are much simpler for Adult Education and Carl Perkins CTE. For targets expressed in percents, the target for each local area is the state percentage target. For numeric targets, such as the number of students prepared for work, the numeric target for each WDA is prepared by summing together the numeric target for each college in the WDA.

Colleges located in the Spokane WDA serve a number of students who live in the Eastern Washington WDA. Student residence county was used to allocate targets and performance between the Spokane WDA and Eastern Washington WDA for these colleges.

For state earnings targets, the statewide target is adjusted by the average starting salary for jobs in each WDA, as reported by Employment Security. This helps to adjust for the fact that wage levels differ around the state and that a statewide target would be easier to meet in high-wage urban areas than in low-wage rural areas.

C. Size of Program by WDA

Size of program, among those WDAs qualifying to share incentive funds, is used to allocate half of the Section 503 Incentive fund amount. This recognizes the fact that WDAs receiving awards should receive an amount of money of sufficient size relative to need to make the award useful. A WDA with a large participant/student population like Seattle-King County would find it difficult to use a very small award. Size is measured by adding together the exiting participants on whom results were measured by WDA for each of the three programs. Areas with robust co-enrollment of participants across WIA Title I-B, Adult Education, and Carl Perkins CTE benefit from this method, as the same participant is counted in all three programs if he or she participated in all of them.

| Workforce Development Area | WIA Title I-B | Adult Education | Carl Perkins CTE | Total Number of Participants |
|----------------------------|---------------|-----------------|------------------|------------------------------|
| Olympic | 676 | 1,852 | 3,372 | 5,900 |
| Pacific Mountain | 655 | 3,482 | 3,188 | 7,325 |
| Northwest | 425 | 2,212 | 3,712 | 6,349 |
| Snohomish County | 654 | 4,438 | 4,455 | 9,547 |
| Seattle-King County | 2,773 | 17,149 | 14,526 | 34,448 |
| Tacoma-Pierce County | 769 | 4,088 | 8,026 | 12,883 |
| Southwest | 1,563 | 2,973 | 3,330 | 7,866 |
| North Central | 1,012 | 1,875 | 1,879 | 4,766 |
| South Central | 633 | 1,969 | 2,057 | 4,659 |
| Eastern Washington | 533 | 1,605 | 1,428 | 3,566 |
| Benton-Franklin | 509 | 1,762 | 1,656 | 3,927 |
| Spokane | 1,481 | 2,128 | 3,861 | 7,470 |
| Total | 11,683 | 45,533 | 51,490 | 108,706 |

Carl Perkins CTE was the largest program, with 51,490 exiting participants statewide (15,025 Secondary and 36,465 Postsecondary). Statewide, this was 47 percent of the participant count. Adult Education was the second largest program, with 45,533 exiting participants or 42 percent of the participant count. WIA Title I-B was the smallest, with 11,683 exiting participants or 11 percent of the participant count. Seattle was the largest WDA, with 34,448 participants counted. Eastern Washington was the smallest, with 3,566 participants.

D. Allocation Formula by WDA

The Employment Security Department proposes to retain three percent of the incentive fund pool (\$55,506) for administration of Section 503 grants over the next two year period. If the 11 WDAs sharing incentive funds received an equal portion of the \$1,794,687 to be distributed to WDAs in Washington State, they would receive \$163,153 apiece. With half of that amount allocated by relative size and the other half by relative performance, the awards range from a low of \$87,205 in Northwest to a high of \$382,419 in Seattle-King County. The second highest award, of \$205,440, goes to the Eastern Washington, the smallest WDA, in recognition of its exceptionally high performance.

Eastern Washington's performance, at 13.7 percent above targets was more than twice the average performance of 6.4 percent above targets for WDAs exceeding their targets, so the formula gives it slightly more than twice the average share of performance funds. Seattle-King County received a large award because its participant population was 3.6 times the size of the average WDA, but an award for performance only a few thousand dollars above the state average because its performance exceeded the state average only by a small amount.

| Workforce Development Area | Award for Size | Award for Performance | Total Award |
|-----------------------------------|----------------|-----------------------|-------------|
| Olympic | \$50,529 | \$40,213 | \$90,742 |
| Pacific Mountain | \$62,733 | \$40,981 | \$103,714 |
| Northwest | \$54,374 | \$32,831 | \$87,205 |
| Snohomish County | \$81,762 | \$51,397 | \$133,159 |
| Seattle-King County | \$295,018 | \$87,401 | \$382,419 |
| Tacoma-Pierce County | \$110,332 | \$74,338 | \$184,670 |
| Southwest | \$67,365 | \$71,217 | \$138,582 |
| North Central | \$40,817 | \$104,148 | \$144,965 |
| South Central | \$39,900 | \$148,084 | \$187,984 |
| Eastern Washington | \$30,540 | \$174,900 | \$205,440 |
| Benton-Franklin (Did Not Qualify) | N.A. | N.A. | N.A. |
| Spokane | \$63,974 | \$71,833 | \$135,807 |
| | | | |
| Total Distributed to WDAs | \$897,344 | \$897,343 | \$1,794,687 |
| | | | |
| Average Award | \$81,577 | \$81,576 | \$163,153 |