

Formula Funding

Draft Recommendations

Define local flexibility. Flexibility at the service area/region level depends on:

- State giving up some control
- Parameters set that allow flexibility
 - FTE – can be up to 5-10% more than base during the year as long as there is service area budget available – additional staff over base must be AL or AJ with no benefits.
- As efficiencies are achieved, budget remains with the service area to use in appropriate funding stream activities.
- Demand driven discretionary funds – are disbursed by formula (could use allocation percentages); service area/region is responsible to develop plan, outcomes, etc.

Additional work needs to be done to finalize allocation model and definitions. Currently WIA 15% set aside and the proceeds from the Logan building sale are identified as possible demand driven discretionary funds. Decisions by EDO could free up additional funds but it would affect current customer services.

Allocation model will accommodate any combination of counties and calculate accordingly. Allocation model requires counties to remain whole.

Formula for demand driven discretionary funds is based on economic and labor market factors.

Demand driven funding can be allocated by formula for service areas (would require a plan including outcomes) or service areas could competitively bid for these funds (would require approval of use of funds prior to funds being allocated).

- The recommended base budget allocation model is based on weighted caseload. The weightings have been validated through the current RMTS.
 - The Demand Driven funding can be allocated by:
 - Competitive bid – submitted to a selection committee, EDO or other group;
- OR
- Formula allocation – This formula has been developed using labor market information, including unemployment rates, number of employers, penetration and other factors. These could be adjusted based on proposed services.