

Chapter 2

Allocations and Fund Distribution

INTRODUCTION

This chapter provides a discussion of the various funding mechanisms available to obtain funds under the WtW program. It contains the following sections:

- Formula Allotments
- Sub-State Allocations and State-Level Projects
- Competitive Grants
- The 70%/30% Requirement.

Following the last section, Table 2-1 displays formula fund distribution requirements under the WtW program and Table 2-2 provides an example of a formula fund distribution.

FORMULA ALLOTMENTS

Of the total funds appropriated by the Congress for WtW activities, 75% are reserved for formula grants to States. WtW funds are provided to the States in accordance with the allotment procedures described in the authorizing WtW legislation at Section 403(a)(5)(A)(vi)(I) of the Social Security Act, which gives equal weight to a State's share of both total TANF recipients and persons below the poverty level. The total Federal funds available to each State are also based on the amount of matching funds to be provided by the State. (A complete discussion of matching requirements is found in Chapter 11, *Matching and In-Kind Contributions*.) Allotment of WtW funds is for expenditures on a Federal fiscal year (FY) basis, and the funds are available for expenditure over a three-year period.

SUB-STATE ALLOCATIONS AND STATE-LEVEL PROJECTS

Eighty-five percent (85%) of the funds allotted to a State must be allocated to local area grantees. At this time, the jurisdictions for the local area grantees are the same as for the Service Delivery Areas under the Job Training Partnership Act (JTPA). The Governor is required to establish a formula for the distribution of funds to the local area grantees that is based on the factors described in Section 403(a)(5)(A)(vi)(I) of the Act. The factors are also described in 20 CFR 645.410(a)(2-3):

- # **Factor 1.** The number of persons with income less than the poverty level that exceeds 7.5% of the total area population as compared to the number in all areas. This factor must be weighted at no less than 50% of the total. The remaining 50% may be weighted using either or both of the following factors:
- # **Factor 2.** The number of adults in the local area receiving TANF services for more than 30 months as compared to the number in all areas in the State.
- # **Factor 3.** The number of unemployed adults in the local area as compared to all areas in the State.

In the event that the funds allocated to a local area grantee according to the State's distribution formula are less than \$100,000, these amounts are retained at the State level for use in special projects. [20 CFR 645.410(a)(4)] All formula funds must be allocated within 30 days of receipt of the formula allotment.

The remaining 15% of the State allotment is reserved for use at the State level to fund projects designed to transition long-term welfare recipients into unsubsidized employment. Grants may be provided by the State to a variety of program operators, including One-Stop systems, employers, labor organizations, etc., based on criteria established by the Governor. [20 CFR 645.410(b)]

COMPETITIVE GRANTS

Of the total funds appropriated by the Congress for WtW activities, approximately 25% are used by the U.S. Department of Labor (DOL) to directly fund, on a competitive basis, projects with a broad spectrum of community-based organizations, local area grantees, or political subdivisions such as local governments. The grants are awarded based on proposals submitted to the ETA Grant Officer in accordance with criteria published in the Federal Register. Competitive grant projects are expected to provide a variety of allowable services in areas with high concentrations of poverty. Each grant awarded by the Grant Officer is considered to be a discrete project. [20 CFR 645.210]

THE 70%/30% REQUIREMENT

The WtW program requires that a minimum of 70% of the funds available for expenditure by an operating entity under the Act must be expended on services to participants meeting the eligibility criteria listed in 20 CFR 645.212 of the Interim Final regulations. The remaining 30% may be expended only on services to participants meeting the eligibility criteria listed in 20 CFR 645.213. For purposes of compliance with this requirement, the Interim Final regulations have defined "project" and "operating entity" at 20 CFR 645.210. This requirement applies to each and every project funded under the Governor's funds for long-term assistance recipients, each sub-State allocation, and each competitive grant funded by ETA. The percentages apply to expenditures under the grant, not to the proportion of participants. Local area grantees, competitive grantees,

and Governor's funded subgrantees must ensure that the expenditures for each project accurately reflect the costs associated with the specific eligibility groups, as failure to meet the minimum 70% expenditure rate may result in disallowed costs. There is a further discussion of this requirement in Chapter 7, *Cost Classification*, and Chapter 8, *Financial Reporting*.

The following tables illustrate the formula fund distribution requirements and provide an example of formula fund distribution.

Formula Fund Distribution

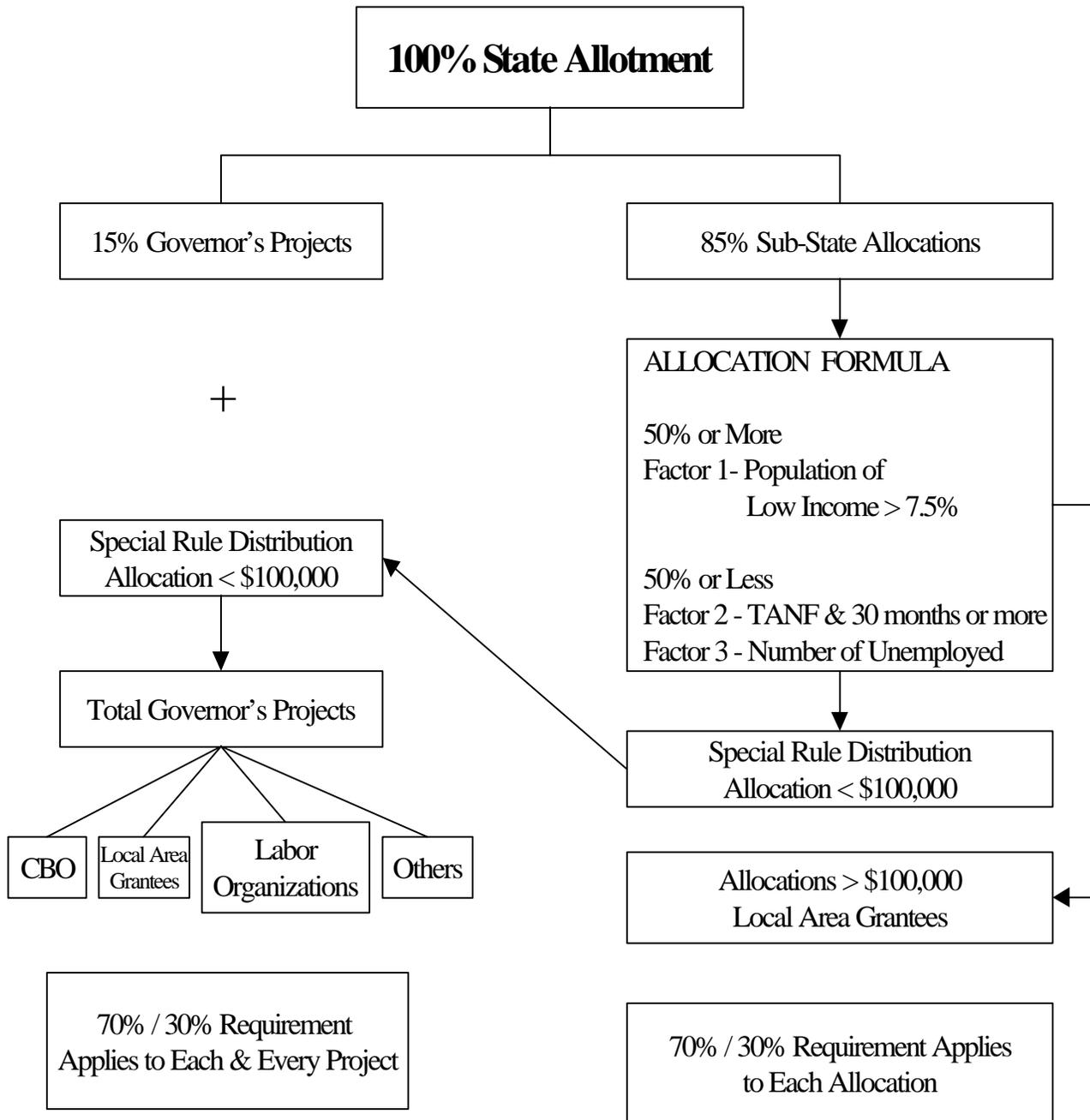


TABLE 2-1

Example of a State Formula WtW Grant

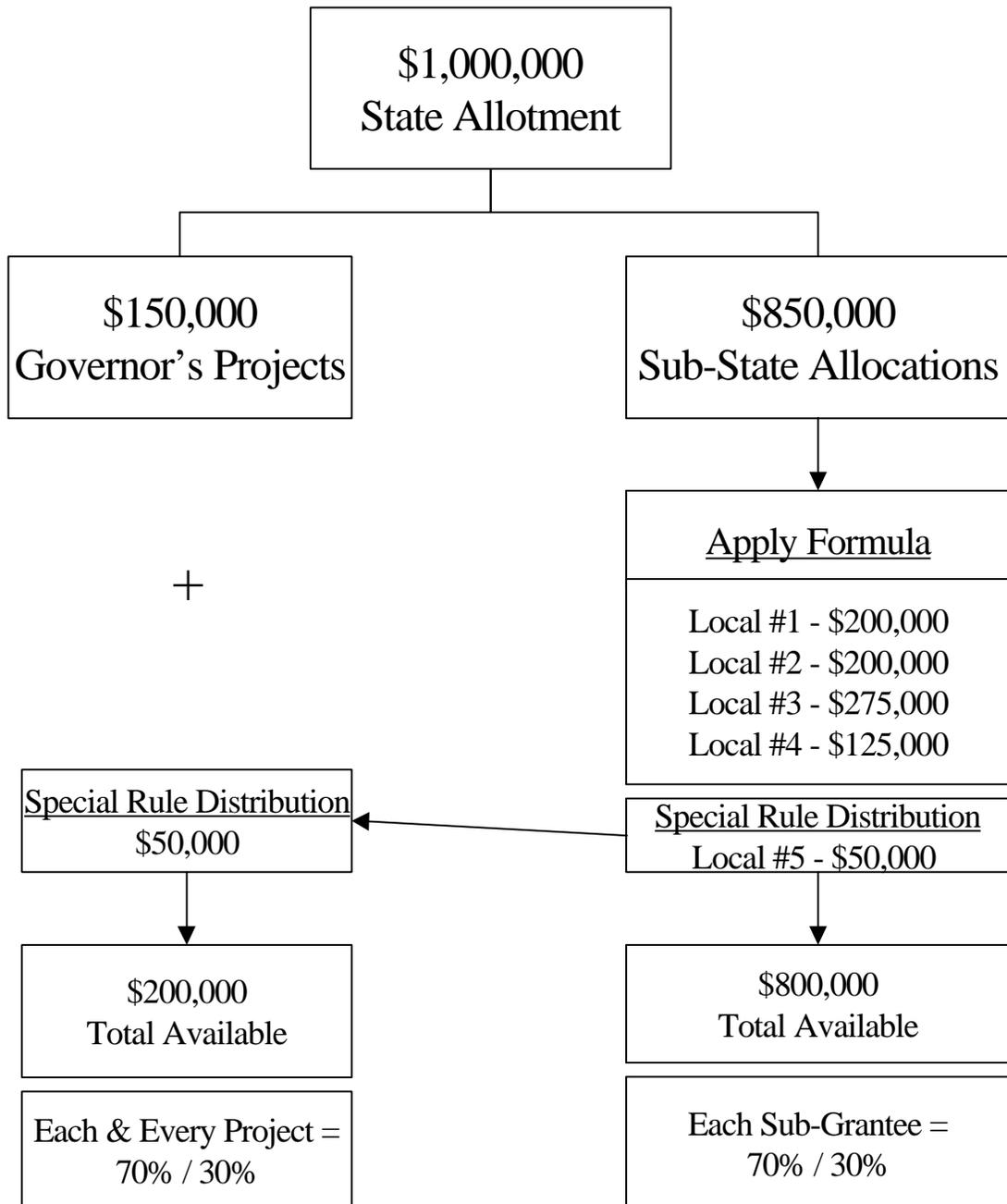


Table 2-2