

**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
MEETING NO. 118
MAY 15, 2007**

WORKFORCE INVESTMENT ACT 10 PERCENT FUNDS

Ten percent of Workforce Investment Act (WIA) Title I funds are set aside for statewide activities to be determined by the Governor. In FY 2007, which begins on July 1, 2007, there will be \$6.6 million for this purpose, a reduction of 14 percent from the current year.

WIA requires that certain activities must be performed with the WIA 10 percent funds, and specifies other activities that are permitted, but not mandatory. The amount invested per activity, and whether or not investments are made in the permitted activities, is at the discretion of the Governor. The Workforce Training and Education Coordinating Board (Workforce Board) is charged with making recommendations to the Governor on the use of the fund.

Since the last Board meeting, staff from the Workforce Board, Employment Security Department (ESD), and the Workforce Development Councils (WDCs) held extensive meetings to develop a proposal for the Board's consideration. The Interagency Committee also reviewed the proposal.

The proposal includes small upward adjustments to help cover increased costs of providing basic "infrastructure" for the one-stop system, including the Eligible Training Provider List, required evaluations, and information systems. Substantial reductions are made in items that received new or increased state general fund dollars from the Legislature (skill panels, dropout prevention, and customized training). New funding is proposed for ESD to provide technical assistance on integrated services and performance measures, and new funding is proposed for the Workforce Board to contract with the Institute for Workforce Development and Economic Sustainability to take on the management of the Work Readiness Credential. The materials under this tab give more details on these and other items.

There would remain \$1.25 million in the Governor's reserve that would be available for new projects and unanticipated opportunities. Of this amount, \$.25 million would be available for a match to a Department of Labor WIRED grant should the state receive one.

The proposal reflects changing circumstances. WIA funding is decreasing. At the same time, legislative funding for the workforce development system is increasing. Also, there is increased recognition by the Board and the Legislature of the roles of the WDCs as conveners of workforce development stakeholders and coordinators of workforce development programs and services. In response to these changing circumstances it is anticipated that the WDCs will utilize the resources they receive for one-stop, skill panels, dropout prevention, and customized training, not only to provide direct services, but also to perform their roles as conveners and coordinators. This will increase the capacity of WDCs to integrate services and to leverage resources from other programs.

Included under this tab are the recommended motion, the proposed allocations, and a background paper with more detail on the proposed allocations.

Board Action Requested: Adoption of the recommended motion.

RECOMMENDED MOTION

WHEREAS, Ten percent of funding under the Workforce Investment Act Title I-B is set aside to be allocated at the Governor's discretion, subject to certain limitations in the Act;

WHEREAS, One of the functions of the Workforce Training and Education Coordinating Board is to make recommendations to the Governor on Workforce Investment Act statewide activities; and

WHEREAS, staff from the Workforce Training and Education Coordinating Board, the Employment Security Department, and the Workforce Development Councils developed proposed recommendations that were reviewed by the Board's Interagency Committee;

NOW, THEREFORE BE IT RESOLVED, that the Workforce Training and Education Coordinating Board recommends to the Governor the attached allocations of the Workforce Investment Act 10 Percent Funds for July 1, 2007, to June 30, 2008.

**Recommended Allocations of Workforce Investment Act 10 Percent Funds
July 1, 2007, to June 30, 2008**

Category	Amount
Eligible Training Provider List and Evaluations	\$820,000
Incentive Grants	\$200,000
One-Stop	\$1,255,000
Fiscal and Management Information Systems	\$2,835,000
Industry Skill Panels	\$400,000
Dropout Prevention and Intervention	\$550,000
Customized Training for Incumbent Workers	\$600,000
Capacity Building and Technical Assistance	\$195,000
Employment Security Department	\$45,000
Workforce Board	50,000
Washington Workforce Association	100,000
Governor's Reserve	\$1,250,000
Total	\$6,601,000 FY 2007 funds
	\$1,504,000 Carry Forward Funds

Background Paper on Proposed WIA Ten Percent Allocations for FY 2007

Activities Required by the Workforce Investment Act

Eligible Training Provider List (ETP) and Evaluations. The Workforce Investment Act (WIA) requires the state to establish performance criteria and maintain a list of training programs that meet the criteria and are eligible to receive Individual Training Account vouchers for training funded through WIA Title I-B. The state is also required to evaluate the effectiveness of the workforce investment system, including the 17 core indicators for WIA Title I-B, and report the results for the state as a whole and for each of its 12 workforce development areas. Costs vary from one year to another year in a cyclical pattern, since the system outcome evaluation is conducted every other year, and the net impact evaluation is conducted every four years. In 2005 and 2006 this funding supported, among other things, the completion of *Workforce Training Results: 2006* evaluating 11 major statewide programs, including net impact and cost/benefit evaluations. The 2007 proposal includes an upward adjustment to reflect increased costs.

Category	2004	2005	2006	2007 Proposal
ETP and Evaluations	\$400,000	\$1,000,000	\$500,000	\$820,000

Incentive Grants for Exemplary Performance. This money is directed to Workforce Development Councils (WDCs) that meet or exceed performance targets. WDCs may use the funds for any purpose authorized by WIA. In earlier years, not shown in the table, the amount was substantially higher.

Category	2004	2005	2006	2007 Proposal
Incentive Grants	\$300,000 (Carry Forward (CF))	\$300,000	\$200,000	\$200,000

Development and Expansion of One-Stop System. WIA requires the state to operate a One-Stop system with access to 15 workforce development programs. WIA 10 percent money has been used to fund infrastructure and implement innovations that broaden partner participation and customer access. Sample services have included: facility upgrades to include Americans with Disabilities Act modifications; replacing personal computers, printers and other equipment in resource rooms and at staff work stations; partner staff training in assistive technology and other topics; and purchasing marketing materials for job seekers and businesses. In 2004, no funds were allocated to this category in order to maximize funds available for the 7E7 Dreamliner Project. The 2007 proposal includes authorization for the WDCs to utilize funds for program staff to improve service integration, and an upward adjustment to reflect increased costs.

Category	2004	2005	2006	2007 Proposal
One-Stop	0	\$1,200,000	\$1,200,000	\$1,255,000

Operate a Fiscal and Management Information System. Congress reduced allowable administrative limits when it passed WIA. In return, it informed states that the 10 percent funds were an appropriate source to cover the costs of information technology systems. In order to support One-Stop, the state has directed funds to consolidating and coordinating multiple fiscal and participant (customer) tracking systems and self-service access. These include: WorkSource presence on the Internet (Go2Worksource), Dataflex, Datamart, Services Knowledge and Information Exchange System (SKIES), unemployment insurance benefit payment interface, and JAS (WorkFirst). SKIES is the major recipient of these 10 percent funds. Information systems include making information about job openings available in-person or via the Internet. The expenses for SKIES covers: system administration and operation; software development, maintenance, and upgrades; and hardware maintenance. The 2007 proposal includes an upward adjustment to reflect increased costs.

Category	2004	2005	2006	2007 Proposal
Information Systems	\$2,689,200	\$2,700,000	\$2,700,000	\$2,835,000

Optional Activities (Activities That WIA Permits, but Does not Require)

Industry Skill Panels. Industry skill panels are partnerships of employers, labor, and training providers. The panels assess skill gaps in their industry and design actions to close the gaps. Such actions have included the development of new courses, skill standards, customized training, recruitment efforts, internships, loaned faculty, shared facilities, and others. Skill panels improve efficiency by targeting workforce development activities (including incumbent worker training) to areas identified by industry representatives as necessary to close skill gaps in their industry. The Workforce Board has used WIA 10 percent funds to financially support between 14 and 23 skill panels per year, with the number depending on the mix of new and continuing panels, among other factors. During 2006, as the result of skill panels: at least 49 training programs were developed, revised, or expanded; 609 new workers were trained; 1,785 incumbent workers were trained; and 2,600 high school students and 440 teachers and counselors attended career fairs or career planning presentations. The 2007 proposal is reduced to reflect new state general funds from the Legislature. Approximately \$60,000 of the 2007 funds will be used to contract for a third-party evaluation of skill panels.

Category	2004	2005	2006	2007 Proposal
Skill Panels	\$680,000	\$680,000	\$680,000	\$400,000

Dropout Prevention and Intervention (DPI): Beginning with PY 2003, funds have been used to leverage Basic Education Act (BEA) dollars in community partnerships with school districts and WDCs. The funds are used to address dropout prevention and retrieval. In the first two years, the 12 WDCs were able to leverage \$1.98 million in BEA funds from an estimated 55 school districts. The 12 DPI programs have served 982 students—264 dropouts and 718 at-risk of dropping out. Seventy-one percent are either still in DPI, obtained a high school diploma or GED, or left the program on-track to receive a high school diploma on-time. Among students who left DPI, 32 percent earned a high school diploma, 3 percent attained a GED, and 15 percent were still in school and on-track to receive a high school diploma on-time. The proposal for 2007 is for reduced WIA 10 percent funding due to new

Legislative funding for dropout prevention. Ten percent funding is retained, however, in order to ensure the WDCs are partners in the new dropout prevention program, and since state funding for the prevention of high school dropouts remains extremely small compared to the size of the problem.

Category	2004	2005	2006	2007 Proposal
Youth Dropout Prevention and Intervention	\$670,000 670,000 (CF)	\$670,000	\$670,000	\$550,000

Customized Training for Incumbent Workers. Washington has long lagged behind other states in the amount of public funds invested in customized training of incumbent workers. In order to increase this investment, the Governor has allocated funds from WIA 10 percent fund for this purpose. Grants have provided the WDCs with the flexibility to target specific industries with specific training. Projects have been based on Industry Skill Panel or Center of Excellence recommendations and have met the needs of a key industry cluster. As of February 2, 2007, the WDCs had enrolled at least 1,220 incumbent workers into customized training—323 were actively enrolled and 897 had exited training. Of the training exits, 9 received an associate’s degree, 81 received an industry license, 303 attained an industry certification, and 475 upgraded their occupational skill standards. Preliminary retention results show that 97 percent of completers remained employed with the same employer during the second quarter after exit.

In 2006, the state allocated \$700,000 to the WDCs to use for either incumbent worker training, dropout prevention, or one-stop. Reports indicate that the majority of the funds were used for incumbent worker training. The 2007 proposal is reduced to reflect increased Legislative funding for customized training through the Job Skills Program. Funding is retained, however, since even with WIA 10 percent funding and increased state investments in JSP, Washington’s funding of customized training remains substantially below the average of other states.

Category	2004	2005	2006	2007 Proposal
Customized Training for Incumbent Workers	\$ 700,000 1,000,000 (CF-Apprenticeship)	\$700,000	Up to \$700,000	\$600,000

Capacity Building and Technical Assistance. A permissive use of WIA 10 percent funds is the “provision of capacity building and technical assistance to local areas, one-stop operators, one-stop partners, and eligible providers, including the development and training of staff and the development of exemplary program activities.” Washington has not earmarked funds for this category in the past. The 2007 proposal includes three different allocations. 1) \$45,000 to the Employment Security Department to provide technical assistance to local areas, including assistance in job referrals and job order taking, and the use of management measures and the Department of Labor’s common measures; 2) \$50,000 to the Workforce Board to contract with the Institute for Workforce Development and Economic Sustainability at the Association of Washington Business. The purpose of the contact would be to provide one-time seed money to enable the Institute to take on the management of the Work Readiness Credential; and 3) \$100,000 to the Washington Workforce Association (WWA) to provide technical assistance to WDCs for one-stop. In recent years, the WDCs have used \$100,000 of the

\$1,200,000 they received for one-stop to contract with WWA for technical assistance. This would switch the funding allocation directly to WWA, but make no change in the amount.

Category	2007
Capacity Building and Technical Assistance	\$195,000
Employment Security Department	\$ 45,000
Workforce Board	50,000
Washington Workforce Association	100,000

Governor's Reserve/Initiatives. Money has been held in reserve to enable the Governor to fund activities not originally planned. Because of commitments made for the PY 2004 funds (the 7E7 Dreamliner Project) there were no reserve funds in 2004, but instead, the funds were committed to this Governor's initiative.

Category	2004	2005	2006	2007 Proposal
Governor's Reserve Fund/Initiatives	\$3,500,000 1,500,000 (CF) 1,000,000 (Wagner Peyser CF) 1,000,000 (Wagner Peyser)	\$1,162,184	\$1,014,087 plus carry forward from 2005	\$1,250,000 (\$250,000 of which held for WIRED)

The below table indicates Governor Gregoire's use of the reserve fund. At this time, there is a balance of \$1.5 million in Governor's reserve fund. The proposal is to hold \$1.25 million in reserve. Of this, the amount of \$.25 million has been committed to match a Department of Labor WIRED grant should the state receive one.

Governor's Reserve Fund

	Funds	Expended	Obligated
Program Year 2005 Available Funds	\$1,162,184		
FIELD Contract		\$50,000	
WTB Study Contract		\$55,000	
CTED Innovation Zones Contract		\$60,000	
Cosmopolis Mill Closure Project		\$80,000	
Total Expended/Obligated	\$245,000	\$245,000	
Balance	\$917,184		
Projects in Planning Stage			
House Values (Yakima)	\$100,000		
REC Silicon (Moses Lake)	\$100,000		
Total	\$200,000		
Funds			
	Funds	Expended	Obligated
Program Year 2006 Available Funds	\$1,014,087		
HERO Project (Youth)	\$176,747		\$176,747
Health Careers for Youth (Seattle-King Co.)	\$200,000		\$200,000
Youth Mentoring Demo Project (TUL)	\$50,000		\$50,000
Total Expended/Obligated	\$426,747		\$426,747
BALANCE	\$587,340		