

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

**WORKFORCE INVESTMENT ACT
SECTION 503 INCENTIVE GRANT APPLICATION**

Background

Section 503 of the Workforce Investment Act (WIA) directs the U.S. Department of Labor (DOL) to grant special incentive funds to states who exceed state performance targets for programs authorized under WIA Title I-B, the Adult Education and Family Literacy Act, and the Carl D. Perkins Vocational and Technical Education Act. A state must exceed performance targets for each of these federal programs to qualify.

DOL has alerted Board staff that Washington is one of ten states eligible for this year's Section 503 awards. DOL expects to announce award amounts on May 8. To qualify, Washington must submit an application to DOL by June 14, 2007. The application must be approved by the Governor, by the Workforce Board (as the Perkins Sole State Agency), and by the State Board for Community and Technical Colleges (as the state Adult Education agency). 20 CFR 666.210 authorizes states to use Section 503 incentive funds to carry out innovative programs consistent with the requirements of any one or more of WIA Title I-B, the Adult Education Act, or the Perkins Act.

In the past, Washington qualified one time for a Section 503 grant. In 2003, Washington qualified for, and received, \$3 million. At a special meeting held via teleconference on June 23, 2003, the Board approved Washington's Section 503 application to DOL (see Attachment A). Washington chose to use its Section 503 funds to support workforce development for health care occupations.

DOL approved Washington's application on June 30, 2003. The application described how money would be allocated to those Workforce Development Areas that exceeded their performance targets. The application identified the Employment Security Department (ESD) as the state fiscal agent and Workforce Development Councils (WDCs) as fiscal agents for the local areas. The state guidelines directed each WDC to submit their area's proposal to the Workforce Board on behalf of superintendents, community and technical college presidents, and the local WDC. A state 503 review committee reviewed and approved local area proposals.

2007 Incentive Fund Process

High Skills, High Wages 2006 describes the general process for current Section 503 awards:

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 the state core measures, as well as the federal core indicators. The Workforce Board identifies the size of the award for each year, and ESD allocates the funds. Funds must be used for system building and not activities that pertain only to

a particular program, i.e., WIA Title I-B, Adult Education and Family Literacy, or CTE.

Based on previous years' guidance (this year's guidance is not yet released), the secretaries of Labor and Education have encouraged Governors and their state agency representatives to take advantage of the broad flexibility Congress intended for these funds by planning for activities that are:

- *Innovative* – Services and activities beyond those the state conducts with its regular funds from the three federal programs, particularly activities that are authorized through more than one program.
- *Comprehensive and coordinated* – Combined activities and services that are authorized by different programs.
- *Targeted to the needs of those served under the three federal programs* – Activities designed for individuals who have a variety of education and training needs and may be hard to serve.
- *Targeted to improving performance* – Activities that serve needs and populations that are likely to result in improving state systems of employment, training, and education.

At the May 15 meeting, the Board will have the opportunity to discuss the 2007 grant application and identify whether or not the Board wants to focus the application on any specific topic(s) or challenges(s) such as the shortage of health care personnel was the focus of the 2003 application.

The Board will also have the opportunity to discuss the allocation process. As mentioned above, in 2003, the WDCs served as the local fiscal agent and convened the local partners in order to come to agreement on their area's grant application. The amount of funds allocated to each area was determined by a formula that considered the relative performance and size of the area.

As stated in *High Skills, High Wages 2006*, local areas may receive a grant only if they exceed the performance targets for each of WIA Title I-B, the Adult Education Act, and Perkins. After the May 15 meeting, Board staff will prepare the grant application based on the Board's guidance and the input of the Interagency Committee. At a special Board meeting prior to June 14, the Board will take action to approve the application.

Board Action Required: None. For discussion purposes only.

June 27, 2003

Ms. Emily Stover DeRocco
Assistant Secretary for Employment and Training
U.S. Department of Labor
200 Constitution Avenue, NW, Room N5306
Washington, DC 20210

Dear Ms. DeRocco:

Please accept Washington State's application for Section 503 Incentive Grant funds. The Workforce Training and Education Coordinating Board and the Employment Security Department submit this application on behalf of Governor Gary Locke, Washington State's workforce development operating agencies, and the local area Workforce Development Councils. Washington is eligible for \$3 million in Section 503 Grant funds for exceeding PY 2001 performance for programs authorized under Title I-B of the Workforce Investment Act (WIA), the Adult Education and Family Literacy Act (AEFLA), and the Carl D. Perkins Vocational and Technical Education Act.

Washington State's application includes four parts:

- Assurances and Grant Information
- Project description and local application process
- Application For Federal Assistance Standard Form 424
- Budget Information Standard Form 424A

Washington State will expend Section 503 grant funds for activities authorized under WIA Title I-B, AEFLA, and Perkins Act. Activities will: (1) be targeted to the needs of those served under the Acts, (2) be structured to promote collaboration among the state and local agencies administering the three federal programs, and (3) be innovative, comprehensive, coordinated, and targeted to improving system performance. Please let me know if you have any questions.

Sincerely,

Ellen O'Brien Saunders
Executive Director

Enclosures

cc: Office of the Governor
Sylvia Mundy, Commissioner, Employment Security Department
Earl Hale, Executive Director, State Board for Community and Technical Colleges
Armando Quiroz, Regional DOL Administrator, Region VI
Ed Leslie, Seattle DOL
Shelia Jones, Seattle DOL

**Washington State
2003 Section 503 Incentive Grant Application**

A. Assurances

1. Consultation with the state legislature

The Washington State Legislature has been consulted. The Executive Director of the State Workforce Investment Board has contacted the chairs of the relevant State House and Senate committees with respect to the development of the application.

2. Approval by Governor, the eligible agency for adult education, and the Perkins sole state agency

The Governor has approved the application. The State Board for Community and Technical Colleges, the eligible agency for adult education as defined in section 203(4) of Workforce Investment Act (WIA), has approved the application. The Workforce Training and Education Coordinating Board (WTECB), the agency responsible for vocational and technical education programs as defined in section 3(9) of the Carl D. Perkins Vocational and Applied Technology Education Act has approved the application.

3. Exceeding PY 2001 Performance

Washington State exceeded PY 2001 state adjusted levels of performance for WIA Title I-B, the state adjusted levels of performance for the Adult Education and Family Literacy Act (AEFLA), and the performance levels established for Perkins Act programs.

B. Additional Grant Information

1. **Responsible Agencies**

High Skills, High Wages: Washington's Strategic Plan for Workforce Development is the strategic plan portion of the State Unified Plan approved by the U.S. Departments of Labor and Education in June 2000. The accountability chapter of "High Skills, High Wages" describes the general process that Washington would follow should the state receive such an incentive award.

If Washington State receives such an incentive award, the Workforce Board will allocate the funds to local areas that exceeded their expected level of performance in these programs. Washington will use the same 100 percent formula for determining whether or not areas have exceeded their expected levels of performance, except that we will include performance on the state core indicators, as well as the federal core indicators.

The state plan, therefore, sets certain parameters for the allocation process and use of the funds. WTECB is to be the agency that allocates the funds and the local Workforce Development Areas that have exceeded their performance targets may receive the funds.

As the State Administrative agency for WIA Title I-B, the Employment Security Department will serve as the fiscal agent and will administer the funds based upon the allocations identified by WTECB. The Employment Security Department will fulfill federal reporting requirements on the use of all Section 503 funds.

At this time, WTECB is still collecting and analyzing data to determine the Workforce Development Areas that exceeded the performance targets for the three programs (WIA Title I-B, AEFLA, and the Perkins Act). WTECB is also still analyzing options for determining the amount of funds to be allocated to each of the eligible areas. WTECB will establish the exact formulas for determining area eligibility and size of award during the first quarter of PY 2003.

Local Application Process

The Workforce Development Council (the local Workforce Investment Board authorized under WIA) will serve as the fiscal agent for eligible Workforce Development Areas and submit the area application for an award to WTECB.

The area application must demonstrate the involvement and agreement of Community and Technical College Presidents, Common School Superintendents, and the Workforce Development Council in the area. Presidents, superintendents, and the council—or their designees—must be involved in the development of the application and presidents, superintendents, and the council must review, discuss, and approve the application. The exact number of each type of stakeholder is left to local discretion. The State Review Committee, however, will look for evidence of broad support and may reject an application that in the Committee’s view does not demonstrate sufficiently broad support.

Applications received by WTECB will be reviewed and approved by a State Review Committee consisting of representatives of the below entities. A majority of the Committee members voting must approve an application in order for the application to be funded.

- 1 – Workforce Training and Education Coordinating Board (Chair of Committee)
- 1 – Employment Security Department
- 1 – Postsecondary Vocational-Technical Education
- 1 – Secondary Vocational-Technical Education
- 1 – Office of Adult Education and Literacy
- 1 - Washington Workforce Association
- 1 – Business
- 1 – Labor

2. Planned Activities

Washington State will use the Section 503 Grant funds for activities that are authorized under WIA Title I-B, AEFLA, and the Perkins Act. The services will build on, rather than duplicate, services offered under the three federal acts.

The State will encourage Workforce Development Areas to use the funds for activities that are:

Innovative: Services and activities beyond those the state conducts with its regular funds from these programs, particularly activities that are authorized through more than one program.

Comprehensive and coordinated: Combined activities and services that are authorized by different programs.

Targeted to the needs of those served under the Acts: Activities designed for individuals who have a variety of education and training needs and may be hard to serve.

Targeted to improving system performance: Activities that serve needs and populations that are likely to result in improving state systems of employment, training, and education.

In addition, the state will encourage Workforce Development Areas to plan activities that promote cooperation and collaboration among the local agencies administering WIA Title I-B, AEFLA, and Perkins Act programs. The state will also encourage applications from multiple Workforce Development Areas.

Based upon statewide data, WTECB has identified workforce development for health care occupations as the priority use of the funds. As stated in *Health Care Personnel Shortage: Crisis or Opportunity?* “Health care facilities across the state are operating with critical staff shortages even though Washington reports one of the highest unemployment rates in the country. Occupations with critical shortages include nurses, medical aides, dental hygienists, laboratory personnel, pharmacists, physicians, radiology technologists, billers and coders, among others.”¹ These shortages present an opportunity for workforce development programs to prepare youth, disadvantaged adults, unemployed workers, underserved populations, and others for good paying jobs that in many cases are going vacant. By focusing on health care, Washington can use the Section 503 incentive award to make a substantial impact on a critical issue, rather than spread the award thinly dissipating its impact.

While addressing health care shortages, it is also possible to address other issues that are systemic to workforce development and that could benefit from innovative approaches. These other issues include:

¹ A Report of the Health Care Personnel Shortage Task Force, December 2002.

- ❖ Blending adult basic skills education with occupational skills training
- ❖ Improving labor market outcomes for target populations (women, people of color, and people with disabilities); and
- ❖ Improving career counseling and information on job openings.

Local applications are encouraged that address one or more of these three issues while addressing the shortage of health care personnel.

If an area determines based upon data that the shortage of health care personnel is not a priority issue for the area, the area may submit an application addressing another issue that requires systemic and innovative attention as evidenced by data and the Workforce Development Council Strategic Plan.

Legislative authority for the planned activities described above include:

- Vocational and technical skills training authorized under WIA Sec. 112, 118, and 134, and Perkins Sec. 122, 124, 134, and 135
- Adult basic skills linked to occupational skills training as authorized under WIA Sec. 112, 118, and 134, Perkins Sec. 122, 124, 134, and 135, and AEFLA Sec. 212, 225, and 231
- Core services, such as career counseling and information on job openings, as authorized under WIA Sec. 112, 118, and 134, and Perkins Sec. 122, 124, 134, and 135
- Unified Plan section 501 of WIA.

3. **Improving Performance**

By focusing the planned activities on addressing the shortage of health care personnel and on systemic innovations, Washington expects to improve performance as measured by the core performance measures for the three acts.

Health care is currently the industry in the state with the largest number of job vacancies and the biggest gap between the number of students completing training each year and the number of net job openings. Focusing on health care, therefore, should increase employment rates of program participants. Health care occupations are also relatively well paying, and should improve outcomes as measured by the earnings indicators. Many of the occupations require the completion of credentials, and this should lead to improvements in measures of academic and credential attainment. One of the most promising strategies is to provide instruction that blends basic skills, including English as a Second Language, with occupational skills training. Such blended instruction could be provided to employees of health care employers that do not work in health care occupations, for example they may work in laundry or janitorial occupations. This strategy would increase literacy levels as well as earnings.

The focus on health care provides an opportunity to implement a variety of strategies that hold much promise for improving performance.

4. Consultation with Stakeholders

Following the notification of Section 503 Grant funds in May 13, 2003, WTECB organized special meetings of the Interagency Committee to discuss innovative and collaborative uses of the incentive funds. The Interagency Committee includes business and labor representatives and representatives of WTECB (Perkins sole state agency), Superintendent of Public Instruction (Perkins state sub-recipient), the State Board for Community Colleges (Perkins state sub-recipient and state AEFLA grant recipient), the Employment Security Department (state WIA grant recipient) and the Washington Workforce Association (association of the 12 local area Workforce Development Councils). The Committee formulated a draft plan for developing the state application that was reviewed and approved by the WTECB at its public meeting on June 6, 2003. WTECB posted information on its website about the Section 503 Grant and proposed process for developing the state application.

After June 6, Interagency Committee representatives from the three programs, including the Workforce Development Councils, continued to meet to come to agreement on the proposed use of the funds and the local application process. The WTECB unanimously approved the state application at a special public meeting on June 23, 2003. WTECB's membership includes the Superintendent of Public Instruction, the Executive Director of the State Board for Community and Technical Colleges, the Commissioner of the Employment Security Department, as well as business and labor representatives.