

**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
MEETING NO. 141
SEPTEMBER 24, 2009**

**PROGRESS REPORT ON IMPLEMENTING
SENATE BILL 5809, THE WORKFORCE INVESTMENT ACT, AND
THE AMERICAN RECOVERY ACT**

A panel of Workforce Development Council (WDC) directors and a representative from the Employment Security Department will update the Board on implementation of Senate Bill 5809 (SB5809) and the Workforce Investment Act (WIA), including WIA funds provided under the American Recovery and Reinvestment Recovery Act (ARRA). Of particular interest will be the progress of the WDCs in using these resources to increase postsecondary training, including training capacity at community and technical colleges.

Background

From the Federal Recovery Act, WDCs received \$41 million for WIA services for low-income youth, disadvantaged adults, and dislocated workers. Recovery Act funds made it possible for the WDCs to expand employment and training services and to provide, for the first time since 1999, a Summer Youth Employment Program. Funds must be expended by June 30, 2011, though the U.S. Department of Labor has signaled its expectation that most Recovery Act funds be expended during the first year. WDCs also received \$42 million in regular PY 2009 WIA funds.

In order to encourage the WDCs to expend regular WIA and Recovery Act WIA funds on training, the Governor and Legislature (through SB 5809 and the operating budget) established a state incentive fund with \$7 million in state general fund dollars. SB 5809 money matches local WDC expenditures for training in high-demand occupations with preference given to occupations in energy efficiency, along with aerospace, health care, and forest products. The 5809 funds provide a match of:

- Seventy-five cents for each dollar WDCs spend on contracts with a community or technical college to expand training capacity for high-demand occupations.
- Twenty-five cents for each dollar WDCs spend on Individual Training Account vouchers that assist individuals with tuition, fees, and related costs at a community or technical college, private career school, four-year college or university, or apprenticeship program.

In July 2009, Governor Gregoire designated \$5.5 million from the Recovery Act WIA 10 Percent funds to be used as an incentive to encourage local WDCs to further boost high-demand training capacity. The 10 Percent incentive funds are earned by meeting three criteria: 1) training eligible individuals in occupations tied to alternative energy, energy efficiency, aerospace, and health care; 2) increasing capacity at community and technical colleges through the purchase of training classes; and 3) leveraging Recovery Act or other funds.

The Employment Security Department is the lead state agency administering the WIA and SB 5809 funds. Employment Security established the operational policies guiding the investments in collaboration with staff from the Workforce Board, the State Board for Community and Technical Colleges, and the Washington Workforce Association.

Following this face sheet is an update from the Employment Security Department.

Board Action Required: None. For discussion purposes only.

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**UPDATE ON THE AMERICAN RECOVERY AND REINVESTMENT ACT SUPPLEMENT TO
THE WORKFORCE INVESTMENT ACT, ENGROSSED SECOND SUBSTITUTE SENATE
BILL 5809, AND GOVERNOR'S ARRA WIA 10 PERCENT DISCRETIONARY FUNDS**

Introduction

The state's 12 local Workforce Development Councils (WDCs) have three new sources of federal and state funds available to fund high-demand occupational training for eligible participants in the form of the ARRA supplement to PY 2008 WIA funds, E2SSB 5809 funds, and Governor's ARRA WIA 10% discretionary funds.

The number of eligible individuals projected to engage in high-demand occupational training funded by the combination of ARRA WIA and E2SSB 5809 dollars is approximately 1,960 and reflects a total planned investment of more than \$20 million over two years. The Governor's ARRA WIA 10% discretionary funds will represent as much as an additional \$5.5 million investment in occupational training when those dollars are earned and expended.

American Recovery and Reinvestment Act supplement to the Workforce Investment Act

American Recovery and Reinvestment Act (ARRA) funds totaling \$55 million were distributed to the state of Washington by the U.S. Department of Labor (DOL) as a supplement to PY 2008 Workforce Investment Act (WIA) funds. Approximately \$29 million was designated to serve Adults and Dislocated Workers. Another \$26 million was made available for summer youth programs; it has been more than a decade since Washington has had such funding available.

Cumulative WIA and WIA ARRA performance is reported monthly by Workforce Development Councils (WDCs) and summed for the state. Key measures for adults and dislocated workers are participants served, participants receiving support services, and participants in training. A key youth measure is work experience. Data for the current program year are compared to a base year of reflecting Program Year 2007 activity. PY 2007 was chosen because it was the most recent full year preceding ARRA.

Tracking of WIA and WIA ARRA activity began May 1, 2009 and the latest data reflecting the period from May through August 2009 are as follows:

- Total Adult Participants served to date: 4,631
- Total Adults Participants in training: 1,631 (35%)

- Total Dislocated Workers served to date: 5,266
- Total Dislocated Workers in training: 2,522 (48%)

- Total Summer Youth Served to date: 5,674
- Total Youth in Work Experience (WEX): 5,334
- Employers participating in WEX: 1,500

Engrossed Second Substitute Senate Bill 5809

E2SSB 5809 was passed by the 2009 State Legislature and signed by the Governor on May 19, 2009. The bill provides \$7 million in state general funds to incent WDCs to partner with state community and technical colleges to build high-demand occupational training capacity by providing a financial match to WDCs that invest their WIA and ARRA funds in either high demand class-size training (75 percent incentive) or Individual Training Accounts (25 percent incentive). ITAs may also be attached to other WIA eligible training providers. The priority sectors are healthcare, aerospace, forest products, and energy efficiency. The targeted training participants are low-income adults, dislocated workers, and unemployment insurance claimants and exhaustees.

As the fund administrator, Employment Security, in consultation with the Workforce Training and Education Coordinating Board, State Board for Community and Technical Colleges, and Washington Workforce Association, developed policies and procedures for earning and using the incentive funds.

The program allows the earned incentive funds to be used to purchase more high demand occupational training (either as a class-size cohort or Individual Training Account) as well as wrap-around support services necessary to help the participating students succeed in school. Substantial planning and contracting has been taking place between the local WDCs and community colleges over the past several months. Projections by the Workforce Development Councils indicate that over 80 contracted class groups have been planned with the local colleges with the majority beginning Fall quarter.

The incentive funds must be earned and obligated by June 1, 2010.

Governor's ARRA WIA 10% Discretionary Funds

The Governor directed her entire PY 2008 ARRA WIA 10% discretionary funding amount of \$5,528,171 to be used as an incentive fund for WDCs to use their WIA and ARRA formula funds and leverage ARRA and/or other funds to build training capacity at community and technical colleges by purchasing class-size training in occupations related to alternative energy, energy efficiency, aerospace, and health care.

The \$5,528,171 will be earned by WDCs at a rate of 75 percent for each dollar invested. That is, WDCs earn seventy-five cents in Governor's ARRA 10% funds for every dollar of WIA or ARRA formula funds expended to purchase class-size training provided by community and technical colleges for occupations within alternative energy, energy efficiency, aerospace, and health care.

Incentive funds are to used for training of participants in high-demand areas. The priority use of these funds will be to continue to invest in the demand occupations of alternative energy, aerospace, and healthcare. These funds are available through June 30, 2011, when ARRA expires, though the U.S. Department of Labor has stressed the importance of expending in the first year. Policies and request for fund processes have been released and technical assistance has been provided to the local areas.