

**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
MEETING NO. 165
SEPTEMBER 27, 2012**

OPERATING AGENCIES' 2013 LEGISLATIVE POLICY AND BUDGET REQUESTS

RCW 28C.18.060(5) directs the Workforce Training and Education Coordinating Board (Workforce Board) to "... review and make recommendations to the Office of Financial Management (OFM) and the Legislature on operating and capital budget requests for operating agencies of the state training system for purposes of consistency with the state comprehensive plan for workforce training and education."

The operating agencies represented on the Workforce Board will not be requesting any policy bills regarding workforce development during the coming legislative session.

This tab includes two motions regarding the biennial budget and the agencies' budget requests. Recognizing that the state budget continues to face difficult challenges, the first motion speaks to the Board's priorities for continued funding without specifying at what level. The first motion is similar to the motion adopted by the Board last year. Added to last year's list of priorities are: Jobs for Washington's Graduates, the Customized Training Program, and WorkFirst Education and Training Services.

The second motion supports the restoration of funding for the Washington Award for Vocational Excellence (WAVE).

The tab includes information from the agencies on their budget requests. At the Board meeting, representatives from the agencies will speak to their requests.

Board Action Requested: Adoption of the recommended motions.

2013-2015 BUDGET RECOMMENDED MOTION

WHEREAS, The state is facing significant challenges in balancing the 2013-2015 biennial budget; and

WHEREAS, the Workforce Training and Education Coordinating Board's strategic plan for workforce development, *High Skills, High Wages, 2008-2018*, identifies strategic opportunities, and over the years the Board has championed budget requests consistent with *High Skills, High Wages* strategic opportunities; and

WHEREAS, The Workforce Training and Education Coordinating Board's Retooling Washington Workforce Initiative has focused on 1) helping the unemployed who need to have their skills retooled for jobs now and in the future and 2) responding to the current and future needs of employers for a skilled workforce; and

WHEREAS, Given the severity of the state's budget situation we must focus the state's limited resources on strategic opportunities that help workers and employers retool for the recovery and strategic opportunities that help grow the future workforce;

NOW THEREFORE BE IT RESOLVED, That the Workforce Training and Education Coordinating Board requests that the Governor and Legislature prioritize the following currently funded programs and activities for funding for the 2013-2015 biennial budget (listed in no particular order):

- Secondary Career and Technical Education grants in high demand fields.
- Dropout prevention and intervention.
- Navigation 101 comprehensive school guidance and counseling program.
- Jobs for Washington's Graduates.
- Worker Retraining Program.
- Job Skills Program.
- Customized Training Program.
- Postsecondary High Employer Demand Programs of Study.
- Integrated Basic Education and Skills Training (I-BEST).
- Opportunity Grant Program.
- Funding for part-time students to receive the State Need Grant.
- WorkFirst Education and Training Services.

2013-2015 BUDGET RECOMMENDED MOTION

WHEREAS, Goal I of *High Skills, High Wages 2008-2018: Washington's Strategic Plan for Workforce Development*, is "Ensure all youth receive the education, training, and support they need for success in postsecondary education and/or work", and

WHEREAS, *High Skills, High Wages* advocates for Career and Technical Education as an effective pathway for many students, and

WHEREAS, *High Skills, High Wages* emphasizes the importance of postsecondary education and training and the vital role that financial assistance plays in enabling students to access and complete postsecondary education, and

WHEREAS: The Washington Award for Vocational Excellence (WAVE) has been a valuable resource that has promoted the benefits of career and technical education and enabled thousands of students to receive postsecondary education;

THEREFORE BE IT RESOLVED, The Workforce Training and Education Coordinating Board endorses the restoration of funding for the Washington Award for Vocational Excellence.

Washington Student Achievement Council – Washington Award for Vocational Excellence

Program Description:

"Washington Award for Vocational Excellence

The Washington Award for Vocational Excellence recognizes the occupational proficiency, leadership, and community contributions of up to three outstanding vocational-technical students (two secondary and one postsecondary) from each legislative district annually. The award provides the equivalent of two years of tuition and fees at any of the state's public colleges and universities and up to the value of research institution tuition and fees if the recipient attends a private four-year college or private licensed vocational institution. Funding for this program was suspended for new recipients named for 2011-2012 and 2012-2013. However, previously named recipients have continued to receive the monetary award. There were no new recipients named to the WAVE honorary recognition award for the 2011-2012 and 2012-2013 cohorts as a result of these changes.

"This proposal assumes that the awarding of monetary scholarships resumes with the selection of the new cohort of recipients for 2013-2014 (awarded in spring 2013) due to restored funding in the carry-forward level. Under that assumption, about 310 recipients are expected to use monetary awards in the 2013-2015 biennium."

Cost Scenarios:

1. "For the first **one percent** tuition and fee increase, the differential costs for the biennium increase . . . over carry-forward level: \$30,000 for WAVE."
2. "The second example demonstrates the differential cost to [the program] over carry-forward level when the tuition and fee increase is set at **7 percent per year** for each participating institution. The additional cost in the 2013-2015 biennium . . . is . . . \$214,927 for WAVE."

". . . the WAVE carry-forward level provided \$1.13 million over the biennium to restore awards to new students selected in WAVE. As such the amounts associated with . . . WAVE assume that monetary scholarships are restored to the statutory level of three per legislative district for the 2013-2015 cohorts.

"WSAC staff developed model[s] . . . for use by budget-writers to calculate any combination of assumptions concerning tuition increases or additional enrollments . . .

"No additional staff or administrative expenses are needed to manage this maintenance increase."

Superintendent Randy Dorn's 2013 Priorities

1. Meet our constitutional obligation to **fully fund** our public schools.
 - In the *McCleary* decision, the State Supreme Court was clear: the State must follow the timeline laid out by the Quality Education Council to achieve full state funding of basic education by 2018.
 - The QEC recommendations are roughly divided into three parts:
 - **Phase I:** Full state funding of transportation; Maintenance, Supplies, and Operating Costs; and full-day kindergarten; and lower class size (17 max.) in grades K-3
 - **Phase II:** Full state funding of the salaries of current educational staff
 - **Phase III:** State funding for enhanced levels of educational staff and enhanced salaries
 - Dorn recommends that the Legislature fund phases I and II during the 2013-15 budget period.
2. **Improve achievement** for ALL students by
 - Reducing the **opportunity gap**.
 - Increasing the **graduation rate**.
 - Increasing **STEM opportunities**.
 - Providing additional **student supports**.
3. Improve our student **assessment system**.
4. Expand **career and technical education**.
5. Expand and enhance **early learning opportunities**.

State Board for Community and Technical Colleges: 2013-15 Budget Requests

Meeting Washington’s Education Needs

- **Investing in Student Opportunity..... \$74,679,000**

The request seeks to expand the state supported enrollment levels from approximately 140,000 FTEs to 147,000 FTEs by 2015. Resources will be directed toward high-demand programs that prepare people for jobs available right now in communities and in growth industries around the state. The programs provide employers with the skilled workforce needed to thrive and revitalize Washington’s economy. Investments will also be made in improving practices, such as I-BEST, that move basic skills students further and faster toward degrees and certificates capable of transforming their lives and growing the skill-level of Washington’s workforce. The proposal seeks to expand funded enrollment levels by 4,000 FTEs in FY 2014 and an additional 3,000 FTEs in FY 2015. The FTEs are funded at a state rate of \$6,789 to recognize higher costs associated with high demand programs.

- **Enhance and expand the Opportunity Grant Program \$10,167,000**

The request seeks to increase the investments in the Opportunity Grant program to expand the number of students served, from approximately 1,800 (estimated for FY 2013) to 2,400 by 2015. The program brings together low-income students, colleges, and businesses to create skilled employees, respond to employer identified workforce gaps, and meet the students’ financial needs. The proposed grant level is \$6,950 per award and reflects current costs for tuition at \$4,000 per year.

Increasing Student Achievement

- **Student Achievement Initiative \$17,500,000**

The request seeks \$17.5 million for the Student Achievement Initiative, a nationally recognized performance funding system for community and technical colleges. The Student Achievement Initiative measures student advancements at each community and technical college and provides financial incentives for increased rates of progression and completion.

DSHS WorkFirst Decision Packages for 2013-15

September 2012

The Department of Social and Health Services has developed the following WorkFirst-related funding request proposals that will be of interest to the Workforce Training and Education Coordinating Board.

TANF/ WorkFirst Services - \$17.1 million General Fund-State (GF-S)

The Department is requesting \$17.1 million in funding to maintain WorkFirst services for low-income families and strengthen the state's ability to meet required federal work participation targets for the program.

Additional funding is requested to address: (1) major increases in GED testing fees effective October 2012 (from \$75 to \$150) and community college tuition rates; and (2) changes in federal requirements for Pell Grants that render many WorkFirst participants enrolled in the I-BEST (Integrated Basic Education and Skills Training) program ineligible for federal financial aid.

This request also includes funding that will support the Department's efforts to develop and implement new strategies aimed at improving the state's ability to meet federal work participation targets.

TANF PRISM Tool Development - \$712,000 GF-S

The Department is requesting \$712,000 for the development, testing and implementation of a new web-based Predictive Risk Information System (PRISM) for the state's Temporary Assistance for Needy Families (TANF) program.

Now in its second year of development, we plan to have the TANF PRISM system ready to pilot-test in early 2013. The tool will leverage service and outcome data from multiple data systems (social, housing, medical and behavioral health systems) within and outside of DSHS to identify risk factors affecting a person's employability (including child welfare involvement), and support frontline decision-making.

This information, combined with information gathered from a new assessment tool also under development, would then be used to triage participants into the most appropriate services and activities, to address issues such as chemical dependency and homelessness early, and more quickly move them on a pathway to economic self-sufficiency.

Department of Social and Health Services

DP Code/Title: PL-FQ TANF (Placeholder)
Program Level - 060 Economic Services Admin

Budget Period: 2013-15 Version: F1 060 2013-15 2-YR Agency Req

Recommendation Summary Text:

The Department of Social and Health Services (DSHS), Economic Services Administration (ESA), \$17,109,000 Total Funds, GF-State in the 2013-15 Biennium for WorkFirst Services.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Program 060			
001-1 General Fund - Basic Account-State	8,408,000	8,701,000	17,109,000
Total Cost	8,408,000	8,701,000	17,109,000

Staffing

Package Description:

DSHS, ESA, requests \$17,109,000 Total Funds, GF-State in the 2013-15 Biennium for WorkFirst Services. These services are provided to adults receiving a Temporary Assistance for Needy Families (TANF) grant and are designed to help them find jobs, keep jobs, get better jobs, and become self-sufficient. These services are provided through DSHS, the State Board for Community and Technical Colleges (SBCTC), the Department of Commerce, the Department of Employment Security, and the Department of Early Learning.

Maintain Services

Education Services - Based on data provided by the Office of Financial Management (OFM) Forecasting Office, SBCTC served an average monthly caseload of 4,795 WorkFirst clients during Fiscal Year 2011. Total cost for serving these clients in Fiscal Year 2011 was \$22.1 million.

Based on projected TANF caseloads, the OFM Forecasting Office estimates that SBCTC will serve approximately 4,249 clients each month during the 2013-15 Biennium. This is 88.6 percent of the caseload served in Fiscal Year 2011. Based on this projected caseload decline, it is estimated that SBCTC will need 88.6 percent of the 2011 funding level in the 2013-15 Biennium to maintain services to clients. This calculates to a needed funding level of \$19.6 million per year. Base level (Carry Forward Level) funding for SBCTC WorkFirst services for the 2013-15 Biennium is approximately \$18.1 million per year. Funding of \$1.5 million GF-State per year is therefore requested to maintain client service levels equivalent to those in Fiscal Year 2011.

General Education Development (GED) testing fees will increase from \$75 to \$150 in October 2012. During Fiscal Year 2012, SBCTC spent \$58,751 for GED testing fees for WorkFirst clients. Per OFM Forecasting Office estimates, SBCTC's average monthly caseload during the 2013-15 Biennium will be 27 percent larger than the Fiscal Year 2012 average monthly caseload. Due to the GED fee increase and the projected caseload increase, \$75,000 GF-State per year is requested for increased GED testing costs at SBCTC (((\$58,751 x 1.27 caseload) x 100 percent increase = \$74,614).

The Department of Commerce spent approximately \$72,150 for GED testing fees for WorkFirst clients during Fiscal Year 2011. \$72,000 GF-State per fiscal year is therefore requested for increased GED testing costs at Department of Commerce.

DSHS spent approximately \$22,050 for GED testing fees for WorkFirst clients during Fiscal Year 2011. \$22,000 GF-State per year is therefore requested for increased GED testing costs at DSHS.

Tuition rates are expected to be 11 percent higher in the 2013-15 Biennium than those experienced in Fiscal Year 2012. During Fiscal Year 2012, SBCTC spent \$3,572,984 for tuition for WorkFirst clients. Per OFM Forecasting Office estimates, SBCTC's average monthly caseload during the 2013-15 Biennium will be 27 percent larger than the Fiscal Year 2012 average monthly caseload. Due to the tuition rate increase and the projected caseload increase, \$499,000 GF-State per year is requested for

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increased tuition costs ($(\$3,572,984 \times 1.27 \text{ caseload}) \times 11 \text{ percent increase} = \$499,146$).

Integrated Basic Education and Skills Training (I-BEST) - Federal legislation eliminated the "ability to benefit" provision for Pell grants. In order to receive a Pell grant, a student must have completed high school or a GED. As the majority of I-BEST students do not have a high school diploma or a GED, the tuition, books, and fees for WorkFirst students who are no longer Pell eligible or who don't receive a State Need Grant will have to be covered by WorkFirst financial aid. I-BEST programs average three quarters in length. Prior to this change, for most I-BEST students, the colleges utilized WorkFirst financial aid to cover the first quarter. Pell was utilized to cover the additional two quarters. It is anticipated that an average of \$3,600 for two quarters will no longer be covered by Pell and will need to be funded through WorkFirst financial aid. SBCTC estimates that this will impact a minimum of 60 percent of the projected WorkFirst students enrolled in the I-BEST program.

Additionally, the I-Best program has experienced a significant increase in enrollment. The increase in enrollment from Fiscal Year 2011 to 2012 was 28 percent. Between Winter Quarter 2011 and Winter Quarter 2012, the increase was 18 percent. SBCTC estimates that 60 percent of I-BEST enrollment will be 386 individuals in Fiscal Year 2012 and will increase by 18 percent in 2014 and 2015. It is estimated that 60 percent of enrollment will be 455 for Fiscal Year 2014 and 537 for Fiscal Year 2015.

Given the ineligibility for Pell grants and the anticipated increase in I-BEST utilization, SBCTC estimates increased costs for WorkFirst clients participating in WorkFirst to be \$1.640 million in Fiscal Year 2014 and \$1.933 million in Fiscal Year 2015. GF-State funding is requested to cover this increase in costs.

Fiscal Year 2014

386 clients x 1.18 caseload x \$3,600 tuition = \$1,639,728 GF-State

Fiscal Year 2015

455 clients x 1.18 caseload x \$3,600 tuition = \$1,932,840 GF-State

Limited English Proficient (LEP) Pathway

DSHS will develop a pilot program designed to test the concept of engaging newly arriving TANF/State Family Assistance (SFA) refugees and immigrants in Cultural Orientation and English as a Second Language (ESL) immersion for up to 12 months. The pilot would also include paid work experience opportunities for clients who have no experience working in the United States. These clients would develop critical cultural knowledge, language skills, and work experience necessary to successfully prepare for entry into the workplace and/or education leading to employment. The goals are to increase the number of these parents who find employment and increase the average wage at job entry. The pilot would be three to five years. The amount of funding needed for this pilot has not been determined.

WorkFirst Participation

Federal TANF rules require that adults receiving assistance participate in activities designed to move the family toward employment and self-sufficiency. Under federal rules, states are held accountable for engaging TANF adults in certain qualified activities by ensuring client "participation rates" are met. Failure to meet the specified participation rate can result in significant penalties to the state.

Participation rates for states are impacted by such things as the amount the caseload has been reduced due to exits to self-sufficiency and the amount of state spending (Maintenance of Effort or MOE) contributed to the program. Greater amounts of MOE spending results in lower required participation rates.

Recent federal and state policy changes have negatively impacted Washington's ability to meet the federally required participation rates. Significant among these is the federal disqualification of certain types of spending as MOE countable.

DSHS is investigating ways to increase Washington's participation rate. One possibility is to create a new program that provides a small amount of cash assistance to low income working families. Including these families in Washington's work participation rate calculation will result in a higher participation percentage for the state. This approach will provide some increased support for these

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low income families. Washington successfully used this approach in the Career Services Program operated 2007 through 2010. Annual cost for this program was \$4.6 million. Alternative formats for a similar program, administered differently and providing a smaller benefit, have an estimated annual cost of \$436,000 per year.

Other ideas for improving federal participation rates include intensive case management and implementing more specialized services for difficult to engage adults. Another potential is to expand the activities in which clients are engaged to include such things as volunteer activities at their child's school and the expansion of community services. These activities are currently not widely utilized but do count as participation under federal rules.

\$4.6 million in GF-State funds is requested to implement a program or some combination of programs which will improve the state's ability to meet federal participation rates.

Agency Contact: Mickie Coates (360) 902-8077
Program Contact: Carla Reyes (360) 725-4894

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Maintain WorkFirst services for clients and meet required federal participation rates for TANF.

Performance Measure Detail

Program: 060

Activity: F100 Temporary Assistance for Needy Families (TANF)

Outcome Measures

		Incremental Changes	
		<u>FY 1</u>	<u>FY 2</u>
000457	Percent of WorkFirst clients participating in full-time participation	0.00%	0.00%
000457	Percent of WorkFirst clients participating in full-time participation	0.00%	0.00%

Activity: F108 WorkFirst Employment and Training

Outcome Measures

		Incremental Changes	
		<u>FY 1</u>	<u>FY 2</u>
000457	Percent of WorkFirst clients participating in full-time participation	0.00%	0.00%
000457	Percent of WorkFirst clients participating in full-time participation	0.00%	0.00%

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This request supports the following goals identified in the DSHS 2013-2015 Strategic Plan:

- Goal 2 Improve economic stability, employment and self-sufficiency
- Goal 4 Improve individuals' readiness and ability to succeed in school

Does this decision package provide essential support to one of the Governor's priorities?

This package supports the Governor's priority of strengthening Washington families by protecting and providing for those who can't care for themselves.

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Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

This decision package rates as a high priority in the Priorities of Government (POG) process for the 2013-15 Budget development under the strategy:

Provide for the safety of Washington's vulnerable children and adults

--Prepare and support youth and adults for employment

--Provide support services to families

What are the other important connections or impacts related to this proposal?

None

What alternatives were explored by the agency, and why was this alternative chosen?

None

What are the consequences of not funding this package?

The consequences of not funding this package include an inability to maintain the historical level of WorkFirst services given the projected caseload and increasing costs for some services and possible federal penalties for failure to meet federally required TANF participation rates.

What is the relationship, if any, to the state's capital budget?

None

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None

Expenditure and revenue calculations and assumptions

Summary of Costs	2014	2015
Education Services	\$1,500,000	\$1,500,000
GED		
SBCTC	75,000	75,000
Department of Commerce	72,000	72,000
DSHS	22,000	22,000
Tuition	499,000	499,000
I-BEST	1,640,000	1,933,000
Participation Rates	4,600,000	4,600,000
Total	\$ 8,408,000	\$8,701,000

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

All costs are ongoing and will continue into future biennia and be determined by future caseloads.

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<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Program 060 Objects			
N Grants, Benefits & Client Services	8,408,000	8,701,000	17,109,000

DSHS Source Code Detail

Program 060	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources Title</u>			
GFS2 General Fund State TANF Moe	8,408,000	8,701,000	17,109,000
<i>Total for Fund 001-1</i>	8,408,000	8,701,000	17,109,000
Total Program 060	8,408,000	8,701,000	17,109,000