

**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
MEETING NO. 125
MARCH 27, 2008**

WORKFORCE INVESTMENT ACT 10 PERCENT FUNDS

Ten percent of Workforce Investment Act (WIA) Title I federal funds are set aside for statewide activities to be determined by the Governor. The role of the Workforce Training and Education Coordinating Board is to make a recommendation to the Governor.

This year there's \$6.6 million in WIA 10 Percent Funds, which is 14 percent lower than last year. Another reduction is expected for Fiscal Year (FY) 2008 because Washington's economy is relatively robust. The allotment is determined by a formula that allocates more money to states that have greater economic need. Also, for FY 2008, fewer carry-forward dollars will be available from the previous year's funding. As a result of these changes, we must substantially reduce WIA 10 percent allocations for FY 2008.

WIA requires that certain activities be performed with its 10 percent funds, and specifies other activities that are permitted, but not mandatory. The amount invested per activity, and whether investments are made in the permitted activities, is at the discretion of the Governor.

For background information, the paper in this tab identifies the allocation of WIA 10 Percent Funds for the current year and for previous years. The paper includes carry-forward funds from one year to another, and describes funds from sources other than WIA Title I that were applied for the same purpose.

The allocation shown for the current year does not include any of the recent reductions due to the Congressional rescission of WIA funds. Those reductions were based on unobligated funds and the ease with which an unspent line item could experience a sudden and unexpected reduction. The reductions were not intended to set any precedent for future years.

During the March meeting, the Board will have the opportunity to discuss priorities for 2008. Based upon that discussion, direction provided by the Office of the Governor, and the cost of required activities, staff will work with the Employment Security Department, the Workforce Development Councils, and the Interagency Committee to prepare recommendations for the Board to act on at the May meeting.

Board Action Required: None. For discussion only.

**Allocations of Workforce Investment Act 10 Percent Funds
July 1, 2007, to June 30, 2008 (prior to rescissions)**

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	FY 2007 funds \$6,601,000 Carry Forward Funds \$1,504,000

Background Paper on WIA Ten Percent Allocations

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 year to 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. This 2007 funding has supported, among other things, *Workforce Training Results: 2008*, evaluating 12 major statewide programs. The 2007 proposal included an upward adjustment to reflect increased costs.

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

Operate a Fiscal and Management Information System. When it passed WIA, Congress reduced allowable administrative limits and it informed states that the 10 percent funds were an appropriate source to cover the costs of information technology systems. To support the one-stop systems, the state has directed funds to consolidate and coordinate 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 included an upward adjustment to reflect increased costs of SKIES.

Category	2004	2005	2006	2007
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 allocation was reduced to reflect \$340,000 in new state general funds from the Legislature. The 2007 allocation funded a third-party evaluation of skill panels. The results of that evaluation will be available in July 2008.

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

Dropout Prevention and Intervention (DPI): Beginning with FY 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 2007 allocation reduced WIA 10 percent funding due to new Legislative funding for dropout prevention (“Building Bridges”). However, 10 percent funding was retained to ensure the WDCs are partners in the new dropout prevention program. State funding for the prevention of high school dropouts remains extremely small compared to the size of the problem.

Category	2004	2005	2006	2007
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. To increase this investment, the Governor has allocated funds from WIA 10 Percent Funds 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. During the most recent completed year, the WDCs enrolled 1,383 incumbent workers into customized training. Of these, nine received an associate’s degree, 85 received an industry license, 405 attained an industry certification, and 784 upgraded their occupational skills. Approximately 95 percent 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 incumbent worker training, dropout prevention, or one-stop. Reports indicate that the majority of the funds were used for incumbent worker training. The 2007 allocation was retained but reduced to reflect increased state funding for customized training through the Job Skills Program (JSP). 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
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 funding included 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 contract is 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 switched the funding allocation directly to WWA, but made 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 FY 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
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

The below table indicates Governor Gregoire's use of the reserve fund. Last year, \$1.25 million was held in reserve. At this time, the remaining balance in the Governor's reserve fund has been committed either for a project or to help cover the cost of the rescission.

**Program Year 2005, 2006, & 2007
WIA Governor's 10% Setaside Funds**

	Funds	Contracted	Percent Contracted	Expended	Percent Expended
Program Year 2005 Available Funds	\$1,162,184				
FIELD Contract		\$50,000		\$50,000	
WTB Study Contract		\$55,000		\$55,000	
CTED Innovation Zones Contract		\$60,000		\$60,000	
Cosmopolis Mill Closure Project		\$50,000		\$50,000	
Totals		\$215,000	18%	\$215,000	18%
Balance of Available PY 05 Funds	\$947,184				
Projects in Planning Stage					
House Values (Yakima)	\$100,000				
Total	\$100,000				
	Funds	Contracted	Percent Contracted	Expended	Percent Expended
Program Year 2006 Available Funds	\$1,014,087				
Health Careers for Youth (Seattle)		\$200,000		\$142,405	
REC Silicon (Moses Lake)		\$100,000		\$68,481	
HERO Project (College Success)		\$176,747		\$174,834	
Youth Mentoring Demo Project (TUL)		\$50,000		\$50,000	
Totals		\$526,747	52%	\$435,720	43%
Balance of Available PY 06 Funds	\$487,340				
	Funds	Contracted	Percent Contracted	Expended	Percent Expended
Program Year 2007 Available Funds	\$1,250,000				
WIRED (Pac. Mt.)		\$250,000		\$0	
Occupational Skill Training (SBCTC)*		\$210,000		\$0	
YouthCare Occ. Skill Training - Barista		\$200,000		\$28,231	
Health Career Academy		\$200,000		\$0	
Totals		\$860,000	69%	\$28,231	2%
Balance of Available PY 07 Funds	\$390,000				

*committed by Governor, but not yet contracted out.