

**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
MEETING NO. 133
MARCH 12, 2009**

**APPROACHES FOR ALLOCATING GOVERNOR'S WIA 10 PERCENT FUNDS
PROVIDED IN THE FEDERAL STIMULUS BILL AND PY 2009 FUNDING**

The American Recovery and Reinvestment Plan (ARRP) provides an estimated \$55 million in Workforce Investment Act (WIA) Title I funds to Washington. Washington should be receiving the funds in April. Ten percent of these funds are set aside for statewide WIA activities to be determined by the Governor. The funds must be used before July 1, 2011.

In addition, on July 1, Washington will be receiving regular WIA formula funds for FY 2009, including 10 Percent Funds. In the current year we received \$6.1 million in 10 Percent Funds. We do not yet know what the amount will be for PY 2009.

The Workforce Board's role is to make recommendations to the Governor on how 10 Percent Funds should be invested. It is anticipated, due to the urgency of the ARRP funds, that the Board will discuss investments for these funds at the March meeting and take action at a special meeting to be held soon afterward. Board action on the PY 2009 funds is expected at the Board meeting on May 5, by which time the state should know how much PY 2009 funds Washington will receive.

For the regular 10 Percent Funds, WIA requires that certain activities must be performed, 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 ARRP funds must be invested in activities that are permissible under WIA and may not supplant existing state funding for workforce development. WIA investments are for the purpose of serving disadvantaged youth and adults and dislocated workers. It should also be noted that state legislatures may direct the allocation of ARRP 10 Percent Funds, and there are indications that Washington's Legislature is looking at these funds.

Staff from the Workforce Board, Employment Security Department, the Workforce Development Councils, and the Governor's Office have discussed 10 Percent proposals, as has the Interagency Committee (IC). This tab includes a list of suggested principles for guiding ARRP and regular 10 Percent investments, and a list of possible investments for the ARRP funds, that have come out of these discussions.

This tab also includes a background paper with the allocation of this year's and previous year's 10 Percent Funds. The major innovation for the current year was the creation of two strategic investment funds. The purpose of one fund is to advance integration across the partner programs of the WorkSource system. The purpose of the other fund is to advance the coordination of workforce and economic development to meet worker and industry needs. The other major change from recent years was the ending of funding for the Dropout Prevention Initiative (DPI).

With the implementation of the state Building Bridges program, DPI had served its purpose of kick starting school-community partnerships for dropout prevention and retrieval. It should be noted, however, that funding for Building Bridges is not included in the Governor's budget proposal for the next biennium, and funding eligible youth is a required activity for WIA 10 Percent Funds.

In considering this year's proposal, it should also be noted that the cost of evaluations will increase substantially as this will be the time that the Workforce Board conducts both its every four-year net impact and benefit/cost evaluation, as well as the biennial participant and employer satisfaction surveys. These research methods are required by state statute. The cost of evaluations and the Eligible Training Provider List for next year will be \$955,000. Continued funding of required activities at past levels and the two strategic funds will leave very little room for other discretionary investments.

Board Action Requested: None. Board action on ARRP 10 Percent Funds is expected at a special Board meeting, and action on the regular PY 2009 10 Percent Funds is expected at the Board's May 5 meeting.

Principles for Guiding Workforce Investment Act 10 Percent Investments

American Recovery and Reinvestment Plan (ARRP) 10 Percent Funds

Focus on job creation and retention.
Coordinate with economic development.
Expand services to customers.
Prompt use of funds.
Use all the ARRP 10 Percent Funds.
Leverage other funds.
Accountability for using the funds appropriately and for results.

Regular Workforce Investment Act 10 Percent Funds

Perform required activities.
Strategic investments.
Test innovations.
Use all the WIA 10 Percent Funds.
Accountability for using the funds appropriately and for results.

**Ideas for Investments of American Recovery and Reinvestment Plan (ARRP)
10 Percent Funds**

- Funds for local areas to use for job creation and retention through customized incumbent worker training and other activities permissible under Workforce Investment Act (WIA) and coordinated with economic development.
- Funds for the state to use for projects of statewide significance to create and retain jobs through customized incumbent worker training and other activities permissible under WIA and coordinated with economic development.
- Combine ARRP resources from Department of Social and Health Services, Community, Trade and Economic Development, and WIA to serve low income populations previously served through WorkFirst, but who may no longer be served due to federal and state reductions.
- Combine a portion of these stimulus funds with stimulus funds received by the Division of Vocational Rehabilitation and the Department of Services for the Blind in order to serve people with disabilities.
- Creation of additional green economy skill panels.
- Staffing to assist WorkSource to connect job seekers with apprenticeship opportunities, especially opportunities created by the federal and state stimulus packages.
- Additional staff for the Employment Security Department to handle additional applications under the expanded Trade Adjustment Assistance Act (expanded to include service sector industries).
- Funding for local areas to implement Employment Security Department's Strategic Framework for Integration.
- Funding for local areas to coordinate workforce and economic development through the High Skills, High Wages Strategic Fund.
- Funding for health care career ladder programs.

Background Paper on WIA 10 Percent Funds Allocations

Allocations of Workforce Investment Act 10 Percent Funds for PY 2008

Category	Amount
Evaluations and Eligible Training Provider List	\$450,000
Incentive Grants	\$120,000
Fiscal and Management Information Systems	\$2,835,000
Strategic Fund for Integration	\$1,885,000
High Skills, High Wages Strategic Fund	\$950,000
Capacity Building and Technical Assistance	
Staff Cross-Training	\$100,000
Washington Workforce Association	100,000
Workforce Board (Work Readiness Assessments)	50,000
Governor's Reserve	\$712,000
Total	\$6,117,000 PY 08 885,000 Carry-forward 200,000 Wagner-Peyser
	\$7,202,000 Total

1

Strategic Fund for Integration: The purpose of this fund is to improve the employment opportunities for WorkSource customers by integrating services across program silos of WorkSource partners. These services include, but are not limited to, assessment, case management, employment planning, job search assistance, and training. Eligible activities for funding are limited to one-time activities and not on-going costs such as permanent staff. Examples of eligible activities include: staff training, space reconfiguration, and hardware and software. A committee of state and local partners will establish flexible criteria for grants and recommend grant approval. All 12 Workforce Development Councils (WDCs) will be eligible to receive grants. Of the total amount, \$200,000 will be from Wagner-Peyser.

2

High Skills, High Wages Strategic Fund: The purpose of this fund is to advance the ability of the workforce and economic development systems to meet industry needs and increase employment opportunities for low-income populations. The Department of Labor's WIRED initiative serves as a model. The focus of the fund is to increase worker training and eligible for funding will be training and other activities that enable training to occur and be successfully completed. Priority will be given to efforts that are industry-driven, support partnerships among workforce and economic development organizations, leverage other resources, and that support the growth of strategic industry clusters. A committee of state and local workforce and economic development partners will establish a streamlined application process. Applications must come jointly from WDCs and Associate Development Organizations.

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 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 Training and Education Coordinating Board (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