

TRANSMITTAL # 9

MEMORANDUM

April 8, 2009

TO: Workforce Development Council

FROM: Roger B. Madsen, Director

Roger B Madsen

SUBJECT: Workforce Investment Act Formula and American Recovery and Reinvestment Act (ARRA)

ACTION REQUESTED: Recommend Approval of Plans for WIA Formula and ARRA Stimulus Funds

BACKGROUND:

The Workforce Investment Act (WIA) and WIA Rules established a five-year planning cycle for Title I of the Workforce Investment Act and Wagner-Peyser Act. All states must continue to have approved plans in place for ongoing receipt of formula allotments under the Act.

The five-year planning cycle began on July 1, 2005 and will end on June 30, 2010. As indicated in Transmittal #2 the USDOL notified the states to submit a simple modification to the State Plan to extend the plan to the end of its five-year life cycle and request extension of any waivers that have been approved. A second, more comprehensive plan is scheduled to be submitted on June 30, 2009, to incorporate changes in policy and budget in response to the current economic crisis. This modification will also incorporate plans for use of the American Recovery and Reinvestment Act (ARRA) funding distributed to the state to provide employment and reemployment services to the many individuals who require these services. The purpose of this transmittal is to seek the council's input and approval of strategies for use of the new ARRA funding and related modifications to WIA formula funds.

The purpose of the ARRA funds is to preserve and create jobs, promote the nation's economic recovery and to assist those most impacted by the recession. With the large number of individuals impacted by the recession, funds are expected to be spent quickly and effectively to return individuals to work in high demand jobs. Detailed requirements are included in Transmittal # 8. Funds awarded for WIA Adults and Dislocated Workers under ARRA are generally subject to the same guidelines as formula funds, with an emphasis on those most in need of services. The Youth program for at-risk, low income youth expands the age limit from 21 to 24 and proposes a change to allow a "summer youth" program as a stand-alone component with a single performance measure testing workplace readiness.

The department is seeking the advice of the council and the approval of strategies so that the ARRA funds can be made available immediately to service providers to help additional customers. Because ARRA programs will run concurrently with formula programs and must be viewed in the context of an overall workforce system, strategies for formula and ARRA programs are included within this transmittal.

Budget and Funding Strategy

Even with the addition of stimulus money, the total amount of stimulus and formula funds is expected to remain below 2002 funding levels. This plan is drafted with the intent of honoring the purpose of the ARRA to serve more individuals and expand opportunities for employment and training, while preserving continuing efforts under formula funds. The proposal is drafted with an eye towards a return to pre-stimulus funding while maximizing opportunities for Idaho citizens in need of these services.

Governor's 15 Percent Reserve Funds

With some exceptions staff proposes that the formula WIA Governor's 15 Percent Reserve Funds continue with the same strategy used for the last program year, funding basic administrative staff, offering incentives for the consortium partner, providing funding for youth in need, offering additional support for the One Stop system and providing support for optional activities. These optional activities include support for funding of additional labor market information and establishing a small marketing budget. The department will provide research necessary to support Governor Otter's Health Professions Education Council and to expand data mining tools developed under the Region IV WIRED grant on a statewide basis. This approach continues to rely on carry-in from prior years to support the proposal because new funds are inadequate to fund minimal required activities.

The staff recommends using the ARRA funds for administrative staff necessary to support all planning, administration and oversight of stimulus funds from the Governor's 15 Percent Reserve budget, including functions normally charged to local WIA budgets, typically 3.5 percent of the local budget. This will maximize distribution of ARRA funding for adults, at-risk youth, and dislocated workers at the local level. The staff also recommends using 10 percent of these funds for additional assistance to the One Stop Centers, typically used for enhancing the information system and making expected adjustments. Additionally, the staff recommends the continued award of funding to support staff at the Idaho Commission on Aging to provide technical assistance in older worker services for an additional year.

The current approach for funding additional assistance to youth in need must be adapted for use in the ARRA program because the stimulus program anticipates rapid deployment and cannot wait to determine success in expenditure of prior year funds. Therefore, the staff recommends using a decline in share of funding, a base allocation of \$250,000 or less and the relative incidence of youth in poverty in the population. This would drive funding to areas 4, 5 and 6 which have the greatest share of low income youth.

The staff recommends that discretionary funding be made available to each area to develop projects in concert with industry and education that offer training opportunities in alternative energy, health care,

advanced manufacturing and/or other high growth occupations offering good wages. Projects should be linked with industries targeted by regional workforce planning efforts and include a match from industry, education and/or local WIA of 100 percent of funds awarded. Projects must be designed for completion by June 30, 2010, and incorporate a substantive role for the workforce partners.

Recommendations for Governor’s 15 Percent Reserve Funds:

1. The staff recommends that formula 15 Percent Reserve funds be used for mandatory and optional activities using current strategies subject to fund availability from carry-in. In addition, \$130,000 will be made available for the special research studies in health care professions and data mining project discussed in this transmittal.
2. The staff recommends that the ARRA funds be used as follows within the timeframe specified (*indicates required functions):

Support for local administrative functions	\$ 183,024
Youth in need*	\$ 104,779
Technical assistance*	\$ 25,000
Additional Assistance to the One Stop*	\$ 104,779
Staff planning, accounting, council*	\$ 305,206
Aging Technical Support	\$ 25,000
Projects at regional level	\$ 300,000

3. The staff recommends that the council approve the distribution formula for allocation of stimulus youth in need funds based on a greater relative share of those in poverty and formula allocations of less than \$250,000.
4. Finally, the staff recommends that \$50,000 be set aside for each area for development of projects with approval of the executive committee or other committee appointed by the chair that:
 - a. Are directed toward high growth industries of alternative energy, health care, advanced manufacturing or other demonstrated high growth, high wage industry;
 - b. Include a minimum of industry, education and workforce agency participation; and
 - c. Include a match of 100 percent of funds invested from local industry or education funds.

ARRA Adult and Dislocated Worker Programs:

The ARRA represents a substantial increase in opportunities to provide employment and training services to low income adults and dislocated workers. Some areas of the state have exhausted funds made available for low income adults and require an immediate infusion of dollars to respond to the demand. The ARRA emphasizes priority for low-income, under-skilled adults in the Adult program. The Department of Health and Welfare has indicated that funds are generally available to serve mandatory welfare recipients and mandatory food stamp recipients; however, there is a need for services to non-mandatory food stamp recipients (those raising children under six years of age) and grandparents raising children on welfare. Given the impact on these citizens, it will be important for WIA service providers to provide additional assistance to people who are in need of services and are not

receiving services under TANF workforce services. All areas of the state are experiencing increased numbers of dislocated workers who require assistance to become reemployed.

Staff Recommendation:

The staff recommends that:

1. Current policies be used to guide the delivery of Adult and Dislocated Worker services;
2. Funds, both formula and ARRA, be distributed among planning areas using the federal funding formulas and within those areas, to existing service providers in relative proportion to the amounts awarded in PY 2008; and
3. Priority for services to low income adults under the ARRA Adult program include non-mandatory food stamp and TANF recipients who are not served with TANF workforce funds.

WIA ARRA Youth Programs:

The WIA Youth program has undergone extensive review and changes over the last year in the formula program. No additional changes to the formula program are recommended at this time. However, the ARRA presents an opportunity to greatly expand services to at-risk, low income youth and encourages states to target Youth stimulus funds toward the creation of high quality summer employment opportunities during the summer of 2009. For the year round program, the council has recommended a priority for services to out-of-school youth, including dropouts and high school graduates who are basic skills deficient, because of the relatively limited opportunities for services. With the economic downturn, at-risk low income youth will find it increasingly difficult to obtain employment in the private sector. Given the short-term nature of the summer program and the opportunities that can be made available for high quality work experiences, the state is recommending that the program be offered to in-school youth as well as the out-of-school youth targeted in the year round program only to the extent required by the law.

During the summer of 2008, the state piloted the Idaho Youth Conservation Corps (IYCC) in a single area of the state. With the infusion of significant amounts of funding for a summer program, the opportunity exists to pilot additional IYCC projects working with a variety of federal, state and municipal agencies offering experiences in conservation and preservation activities. This allows an opportunity to provide high quality learning experiences, leverage investments of other ARRA funds and support preservation of Idaho's public natural resources.

In addition to emphasizing summer employment as the major component of the funding, the Recovery Act includes two other significant changes to youth activities under WIA. The Act increases the age eligibility to a maximum of 24 years old. The ARRA also states that the work readiness indicator will be the only indicator to assess the effectiveness of summer employment. No other performance measure will be required for youth who participate in summer employment only. States have flexibility to establish processes to measure each participant's attainment of work readiness skills.

Idaho's current Work Experience guidelines require development of learning-rich work opportunities that develop basic work readiness skills by incorporating *The Secretary's Commission on Achieving*

Necessary Skills (SCANS) tools from the U.S. Department of Labor. Using SCANS tools and processes, case managers ensure supervisors weave development of work readiness competencies into meaningful work experiences. Case managers will also develop specific work competencies through training sessions held at the worksite. At midpoint and prior to program exit, the supervisor evaluates each participant's work readiness as compared with an entry-level employee within their organization.

1. **Resources** – Participant is able to allocate time, money, materials, space and people.
Includes rating of the following competencies: Maintains acceptable and regular attendance; consistently punctual; allocates time to accomplish several tasks; understands budgets and budgeting; capable of identifying material necessary for completion of a project or task; able to organize own work space; demonstrates appropriate appearance.
2. **Interpersonal** – Participant can work on teams, teach others, serve customers, lead, negotiate, and work well with people from culturally diverse backgrounds.
Includes rating of the following competencies: Able to work as part of a team; cooperate, provide help, and motivate coworkers; can explain a task or demonstrate a skill; interacts appropriately with the public and/or customers; efficiently negotiates with supervisor, coworkers and others; able to work with people of other races and ages; reacts appropriately to direction and criticism; demonstrates self-confidence.
3. **Information** – Participant can acquire and evaluate data, organize and maintain files, interpret and communicate, and use computers to process information.
Includes rating of the following competencies: Able to read and follow directions; asks for clarification when necessary; organizes and maintains information; communicates effectively, orally and in writing, with supervisor and coworkers; operates computer systems to accomplish job tasks.
4. **Systems** – Participant understands social, organizational, and technological systems; can monitor and correct performance; and can design or improve systems.
Includes rating of the following competencies: Demonstrates understanding of organizational structure and lines of authority and work flow; recognizes problems and recommends solutions.
5. **Technology** – Participant selects appropriate equipment and tools, applies technology to specific tasks, and maintains or troubleshoots equipment when necessary. (This competency may not be applicable to all worksites.)
Includes rating of the following competencies: Demonstrates knowledge of equipment necessary to complete a project or task; understands and follows safety instructions and worksite rules; maintains or repairs equipment.

Worksite ratings for each competency range from very poor to very good. Case managers will be onsite to assist supervisors with development of on-the-job activities to remediate areas with mid-point ratings below "good". Each participant's final ratings must be "good" or "very good" in all areas to attain a positive work readiness outcome.

Staff Recommendation:

The staff recommends:

1. Use of existing WIA policies previously recommended for the formula WIA Youth program;
2. Direction of ARRA Youth funds for a summer program operated by the Idaho Department of Labor during the summer of 2009;
3. Expansion of pilots projects for the Idaho Youth Conservation Corps to at least one project in each area of the state;
4. For ARRA only, that a minimum of 30 percent be spent on out-of-school youth;
5. For ARRA, the age be expanded to include ages 14-24 with priority to those groups identified by the council as most in need of services; and
6. Adoption of SCANS processes and standards as described above to document and report the work readiness outcome for those youth participating in summer employment only.

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