



**CALIFORNIA WORKFORCE INVESTMENT BOARD
ISSUES AND POLICIES COMMITTEE**



**Thursday, July 31, 2014
10:00 a.m. to 12:00 p.m.**

Tim Rainey
Executive Director

**California Workforce Investment Board
Conference Room
777 12th Street, Suite 200
Sacramento, CA 95814
(916) 324-3425**

Edmund G. Brown, Jr.
Governor

Mike Rossi
Chair

Alternate Meeting Locations

**Riverside County Workforce Development
1325 Spruce Street
Room 4A, 4th Floor
Riverside, California 92507**

**Jewish Vocational Services
225 Bush Street
Suite 400, West Lobby
San Francisco, California
(415) 782-6244**

To listen to the meeting, call 1-888-808-6929; passcode 3243425

AGENDA

- 1. Welcome and Opening Remarks**
- 2. Action Items**
 - a. Approve March 5, 2014 Meeting Summary
 - b. Approve July 26, 2013 Meeting Summary
 - c. Acceleration Funds Model (Framework Principles – Materials)
- 3. Updates and Discussion**
 - a. Workforce Innovation and Opportunity Act
 - b. Future of the Workforce
 - c. 25% Additional Assistance Policy Revision
 - d. Rapid Response Layoff Aversion Directive
 - e. Performance Negotiations for Program Year 2014-15
 - f. High Performing Board Designations – 2nd Round
 - g. Waivers
 - h. ETPL Implementation
- 4. Other Business**
- 5. Public Comment**

Meeting conclusion time is an estimate; meeting may end earlier subject to completion of agenda items and/or approved motion to adjourn. In order for the State Board to provide an opportunity for interested parties to speak at the public meetings, public comment may be limited. Written comments provided to the Committee must be made available to the public, in compliance with the Bagley-Keene Open Meeting Act, §11125.1, with copies available in sufficient supply. Individuals who require accommodations for their disabilities (including interpreters and alternate formats) are requested to contact the California Workforce Investment Board staff at (916) 324-3425 at least ten days prior to the meeting. TTY line: (916) 324-6523. Please visit the California Workforce Investment Board website at <http://www.cwib.ca.gov> or contact Jessica Dailey for additional information. Meeting materials for the public will be available at the meeting location.

Item 1. Welcome and Opening Remarks

Item 2. Action Items

- **Approve March 5, 2014 Meeting Summary**
- **Approve July 26, 2013 Meeting Summary**

**California Workforce Investment Board
Issues and Policies Committee
March 5, 2014**

Meeting Summary

Item 1 - Welcome and Opening Remarks:

The Issues and Policy Committee (IPC) Chair, Mr. Bill Camp, welcomed members to the meeting and requested members identify themselves for the record and reviewed the agenda. The agenda was adjusted by Mr. Rainey.

Attendance:

John Brauer	Robin Purdy
Jeremy Smith	Stephen Baiter (telephone)
Alma Salazar (telephone)	Joseph Williams (telephone)
Abby Snay (telephone)	Nick Schultz (telephone)
Cris McCullough (for Van Ton-Quinlivan)	

Members Absent:

CDE Representative
Ken Burt
Stan Diorio

Staff Present:

Tim Rainey, Executive Director
Amy Wallace, Assistant Director of Workforce Innovation
Daniel Patterson, Administrative Manager
Shelly Green, Policy Analyst

Public Present:

Bob Lanter, California Workforce Association
Nick Loret de Mola, California Workforce Association

Item 2a – Approval of the July 7, 2013 Meeting Summary:

There were not enough members in attendance to establish a quorum to vote. Item will be carried over to the next regularly scheduled meeting.

Item 3a Future of the Workforce

Ms. Wallace spoke about the importance of creating an ad hoc committee to take advantage of the opportunities being created to expand on lessons that can be applied across the state that do not specifically focus on the job centers – there should be an emphasis on creating solutions and innovations outside of the job center system. There was an emphasis on how things can be changed and look for windows to inform policy

**California Workforce Investment Board
Issues and Policies Committee
March 5, 2014**

Meeting Summary

at the federal and state levels of policy. There should also be conversation around differing solutions and how they will impact different demographics of job seekers.

This ad hoc should consider how technology is influencing the search for employment amongst California's job seekers – what are the costs and benefits of this influence and how can the board incorporate technology into the changing face of service delivery.

Mr. Brauer pointed out WIA's dependence on other agencies to fill in the void given WIA is only 10% of the workforce system.

It was the purpose for this ad hoc committee to be created fairly soon and to outline the responsibilities of the members of the board to garner volunteers.

Item 3b – Rapid Response Layoff Aversion Policy

Mr. Rainey began the discussion by explaining how layoff aversion funds are distributed through the State as half being distributed to local areas through formula allocations and the other being held at the state and can be apply for by local areas. It was also stated that moving forward into the future, the state board would use funds left over from the local formula distributions (approx. \$3-4million) to create work around avoiding layoffs altogether by working with institutions early on to provide assistance before layoffs are necessary. The majority of this work will focus on working with Small Business Development Centers to further layoff aversion methods.

Item 3c – CalJOBS Eligible Training Provider List

There have been some problems at the local level; to address these issues a "red team" response was created to address the issues around the fields with the CalJOBS system. The directive is out; however implementation was pushed back to May 2014.

Item 3d – High Concentration Youth – Career Technical Training Grants

Technical Education Grant funded by carry over discretionary funds. There are four grantees (Alameda/Oakland, San Bernardino, South Bay and Stanislaus). Each of the grantees participates in a learning community.

Item 3e – Healthcare Industry Training Grants

\$1.8 million to train Veterans in the healthcare field (approx. 340 participants), especially those who are a part of the long term unemployed. Work will focus on translating military skills into employable skills for Veterans.

Item 3f – Proposition 39 Training Funds

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Meeting Summary

\$3 million are available with focus on providing technical assistance, development, implementation and expansion of current programs. It was addressed by Ms. Purdy that there is a 25% subcontracting allocation.

Item 3g – Regional Industry Clusters of Opportunity Grants

RICO is currently in Round II, it is a \$1.5 grant that is working with training and jobs within the alternative fuel industry.

Item 3h – Legislation Update

High Performing Board Certification (SB698) – 16 boards in total have been designated as high performing boards, boards that were awarded 26 points or more on their local plans were awarded this designation. 16 points were needed to achieve local board recertification. Mr. Camp also suggested that letter go out to local boards interested in attaining high performing status, but were unable to during the first round. Mr. Rainey informed the committee that this had been done along with a page outlining the steps for reapplying for high performing certification.

It was suggested by Mr. Brauer that we have a presentation at the next board by one of the high performing local areas to give some examples of what the other areas should be working towards. It was also raised by Mr. Lanter and Ms. Salazar that we should get a bit more hard data on the progress of the boards before making them the example of good work.

Additional Performance Measures are still being worked on

The Eligible Training Provider Directive is out and California is the first state done.

SB 734 directive is out and it defines what is and is not training for the purposes of reporting.

AB 554 – If you are spending WIA dollars on an apprenticeship program it has to be connected to an apprenticeship program. A directive is still being developed to help agencies understand how best to implement the bill. This was also discussed at the Labor conference.

Item 4a – Other Business

Mr. Camp brought up the discussion on \$500 million dollars from the Department of Labor that addresses Adult Education. He spoke to the need to align demographics and

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March 5, 2014**

Meeting Summary

needed services to those receiving them – the need to address disconnection between the lacking of people who look like the people they are serving.

He spoke of the ongoing discussion about raising the minimum wage, what is the conclusion in California? What will it mean for employers and business? Who do we want to task to build this debate and collect the data?

Item 5a – Public Comment - None

Adjournment – Motion to conclude by Mr. Brauer

DRAFT

**California Workforce Investment Board
Issues and Policies Committee
July 26, 2013**

Meeting Summary

Item 1 - Welcome and Opening Remarks:

Attendance:

John Brauer	Chris Hill
Stewart Knox	Cris McCullough (for Van Ton-Quinlivan)
Nathan Nayman (telephone)	Diane Ravnik
Racy Ming	Alma Salazar (telephone)
Alan Fernandez Smith (telephone)	Felicia Flournoy (telephone)
Anne Ward (for Stephen Baiter (telephone))	Blake Konczal (telephone)
Steven Levy (telephone)	Abby Snay (telephone)
Nick Schultz (telephone)	

Members Absent:

CDE Representative
Ken Burt
Stan Diorio

Staff Present:

Tim Rainey, Executive Director
Amy Wallace, Assistant Director of Workforce Innovation
Douglas Sale, Chief of Operations
Daniel Patterson, Administrative Manager
Loren Shimanek, Research Analyst

Public Present:

Amy Blumberg, California Workforce Association
Nick Loret de Mola, California Workforce Association

Item 2a – Approval of the January 7, 2013 Meeting Summary:

Ms. Ravnik suggested a correction to mention the AB 554 sessions had been held in Los Angeles as well as Concord. Motion by Diane to approve summary and seconded by Chris Hill; approved by the Committee.

Item 2b – Approval of the ETPL Policy Revision

**California Workforce Investment Board
Issues and Policies Committee
July 26, 2013**

Meeting Summary

Mr. Patterson spoke about the policy, gave history on the workgroup and meetings. He discussed the formation of the ETPL policy workgroup, refining of the draft document and the importance of performance outcomes as part of the policy. Document presented that highlighted achievements of the Ad hoc committee and next steps for the ETPL policy. The discussion also highlighted the intention to deliver a directive regarding this policy in the latter part of September.

Discussion followed regarding the amount of programs that would be affected by the 70% placement rate, concerns raised about the issue of staff available to the work of ensuring 70% placement rate. Placement rate will only be restricted to WIA participants and the data will be collected from the workforce investment boards. Clarity was given to the fact that if WIBs decide to send people to the community Colleges, it will be up to them to help with placement after the fact, as the community colleges have no capacity to do placement work.

There was quite a lengthy discussion of the ability of the WIBs to do this with diminishing resources. Concessions were made on making judgments on programs with less than 70% that have only a small amount of participants with the possibility of setting floors or judging the program on a two year period before taking it off the ETPL.

Concerns rose regarding the BPPE portion of the update document, no breakdown of data for each of the campuses, especially branches and satellites and their inclusion on the ETPL. Timeline for implementation was also a concern; a September directive should be expected. It was motioned by Ms. Ravnik to approve as modified and incorporate discussion and it was seconded by Blake.

Item 2c – Approve Additional Performance Measures

Mr. Rainey began this discussion explaining the establishment of the Ad Hoc committee. This committee created guidelines that were sent to the Executive Committee; the result was 7 measures (outcome and process). Discussion on the six month pilot period of measurements and their validity and within the year there will be an emphasis on implementation.

There was a discussion regarding the possibly unrealistic nature of the timeline for implementation and how and when to implement the pilot and measures; however there was a great deal of support for the measures and moving forward with them in a reasonable way.

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Meeting Summary

Ms. Wallace motioned for a vote on approval of the outcomes and how they would be measured, not the timeline or implementation. Ms. Wallace motioned for a vote and Ms. Flournoy seconded.

Due to lack of time, items 3a-5 were not discussed

Item 6 – Public Comment
None

Meeting was adjourned at 12:07 pm.

Regional Workforce Accelerators: Creating the Next Generation of Workforce Services in California

The State Board and EDD will invest Governor's WIA 15% Discretionary funds through the *Regional Workforce Accelerator Fund (WAF)*. The WAF will fund regional partnerships to create and prototype innovative strategies that bridge education and workforce gaps for targeted populations, as well as initial implementation of promising models and practices in workforce system service delivery.

California's Strategic Workforce Development Plan 2013-2017 - "*Shared Strategy for a Shared Prosperity*" (Strategic Plan) prioritizes four major principles: 1) Regional coordination among business, labor, community, and government; 2) Industry sector strategies that focus resources on sectors with greatest job opportunities; 3) skill attainment through earn and learn and other effective training models (including apprenticeship); and 4) development of clear career pathways. The State Board is interested supporting diverse and industry-led regional coalitions that advance the goals of the Strategic Plan principles and that build workforce system infrastructure and capacity through:

- **Collaboration** among partners in the development of service delivery strategies and alignment of resources to better connect disadvantaged and disconnected job seekers to employment.
- **Innovation** that creates new or adapts existing approaches or accelerates application of promising practices in workforce development and skill attainment.
- **System change** that utilizes discretionary funds to incentivize adoption of proven strategies and innovations that are sustained beyond the availability of State funds.

Target Populations

Despite our state's overall prosperity, too many Californians are in danger of being left behind, not making ends meet and unable to create a middle class life for themselves and their families:

- *Long-Term Unemployed* – An unprecedented number of California workers have been out of work for more than 6 months and are struggling to find new jobs.
- *Returning Veterans* – Too many veterans, after performing essential services with great skill, are challenged in finding civilian jobs that capitalize on the skills they've built.
- *Individuals with Disabilities* – The labor force participation rate for Californians with disabilities is only 19%, lower than it was before passage of the Americans with Disabilities Act.
- *Low-Income Workers* – Thousands of Californians are trapped in poverty, often cycling through low wage, dead-end jobs and lacking the education, skills, and supports, needed to move into sustained, higher wage jobs.
- *Disconnected Youth* – Fewer young people 16-24 have jobs than at any time in years. Many of them are neither in school nor work and are in danger of being left behind.

- *Ex-Offenders* — Realignment has increased the visibility of the need for robust job services for the parole and ex-offender population in California.

WAF Goals

These are Californians who face substantial challenges in finding good jobs and supporting themselves and their families in an era with volatile, rapidly evolving labor markets. At the same time in regions across California, employers in key industry sectors are searching for qualified workers for occupations at all skill levels.

Traditional workforce and education strategies have had little impact in helping these workers to build relevant skills and connect to good jobs. Even promising strategies lack the speed, agility, or scale needed to accelerate employment for workers desperately in need of that help. We need to bring the creativity for which California is known to bear and create new strategies that achieve scalable impact with workers who face difficult employment prospects.

The Workforce Accelerator Fund Goals include:

- Improve labor market and skills outcomes for the target groups through the development of strategies that fill gaps, accelerate processes, or customize services to ensure greater access to workforce services and employment opportunities.
- Create new modes for service delivery and funding alignment that can be replicated across the state and tailored to regional needs.
- Leverage State investment with commitments from industry, labor, public, and community partners.

A New Model

This is a “venture fund” approach to creating new strategies and tools for the workforce system. The intent is not to create new programs that expire at the end of the grant period. The intent is to put existing resources to work in new ways to impact big employment problems.

The State Board and EDD will fund regional partnerships that seek to achieve the goals outlined above by designing, prototyping, and developing innovations that have the potential to substantially increase the effectiveness, scale, and/or capacity of existing workforce system programs and funding streams that serve the target populations.

Those projects that demonstrate significant impact and potential for replication and/or integration will be shared with partners at both the State and regional levels to infuse innovations and system improvements into the workforce system infrastructure.

Technical Assistance & Coordination

State Board Issues and Policies Committee

The Issues and Policies Committee, through its ad hoc working group on the Future of Workforce Development, will serve in an advisory role to the Executive Committee, State Board, EDD, and the WAF grantees. The committee will advise on how lessons learned and successful projects coming out of the Workforce Accelerator projects can be addressed through policies, practices, and special initiatives, including *SlingShot*.

WAF Learning Communities

The State Board is committed to implementing continuous improvement, innovation, and system change strategies. WAF grantees will participate in Learning Communities of grantees, staff, partners, and other key system stakeholders. Project teams will access peer and expert technical assistance, share successful program models, and coordinate performance criteria and evaluation activities through the Learning Community.

Performance

WAF applicants are required to propose project performance targets and goals, and metrics and deliverables that fit with identified target populations. Unique project strategies will be determined with each grantee.

Evaluation

The State Board will develop evaluation metrics of project effectiveness and produce reports on program activities and outcomes. Grantees will be required to submit reports on project progress and document outcomes, which will be made available to the State Board, EDD, and other stakeholders.

Matching Funds

WAF grants will require a 1:1 cash match of regional funding in support of the strategy. That match can come from any combination of sources, including public workforce funds, industry contributions, foundation grants, or others.

Item 3. Updates and Discussion

- a) **Future of Workforce Development**
- b) **CalJOBS – Implementation and Overview of the New System**
- c) **Rapid Response Layoff Aversion Directive**
- d) **Performance Negotiations for Program Year 2014-2015**
- e) **High Performing Board Designations – 2nd Round**
- f) **Waivers**
- g) **Additional Policy Areas**

Workforce Investment Opportunity Act (WIOA)

President Barack Obama signed the **Workforce Innovation and Opportunity Act (WIOA)** into law on July 22, 2014. WIOA is designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy. Congress passed the Act by a wide bipartisan majority; it is the first legislative reform in 15 years of the public workforce system and reauthorizes the Workforce Investment Act of 1998 (WIA) through fiscal year 2020.

The WIOA makes key improvements to the nation's workforce development system, helps workers attain the foundation skills necessary for 21st century jobs, and fosters a modern workforce to help make American companies be competitive. It emphasizes the creation of career pathway programs, improved integration and coordination of education and training services, development of sector based strategies, and streamlined service delivery to individuals, especially for underprepared youth and adults.

Key provisions include:

- requiring states to develop unified plans and to use common accountability measures
- eliminating the "sequence of services" provisions of WIA
- providing the ability to fund training services through contractual arrangements, opening expanded opportunities for community colleges to participate in the federal workforce program
- emphasizing regional planning and service delivery and sector based strategies

California has passed several pieces of workforce legislation, which implemented the WIA and included addition requirements beyond those contained in the federal law. State Board staff is developing a side-by-side matrix to identify new policy considerations and areas where state statutes expand the role of the State and local boards beyond those in the new law.

More information will be presented as it is developed.

Future of Workforce Development (ad hoc Committee)

State Board members Chris Hill and Steven Levy will co-chair this committee, which will begin work in July 2014. The initial charge of the group will be to develop an oversight structure for the Workforce Accelerator Fund grants, were awarded in June 2014. These grants will develop and prototype innovations in workforce service delivery for disadvantaged and disconnected jobs seekers, and implement, replicate, and scale the most promising practices state-wide. The committee will develop recommendations and

strategies for use of the grants to enhance the workforce system capacity to better serve these jobs seekers.

Additional Assistance Policy Revision

This is the second and final step in updating the State's Rapid Response Policy. The first activity is addressed below "Rapid Response Layoff Aversion". This workgroup will update the policy on when and how local boards can request Additional Assistance funds and is responsive to the needs of local boards and the role of state workforce agencies. The workgroup includes local board representatives, EDD and State Board staff and consultant. It is anticipated that the final policy will be issued by October 1, 2014.

Rapid Response Layoff Aversion Draft Directive

This document consolidates previous Workforce Investment Act (WIA) Rapid Response guidance into a single comprehensive directive, and distinguishes Rapid Response activities from Additional Assistance. This directive also provides Local Workforce Investment Areas (local areas) a policy framework to design and implement layoff aversion strategies as outlined in California's WIA 5-Year Strategic Workforce Development Plan and the local area strategic plans.

This directive does not make any changes to current formula allocation methods of Rapid Response funds, but it allows flexibility for using Rapid Response special project funds for layoff aversion activities.

A working draft of the document was presented at the February 2014 Building Workforce Partnerships Conference and published in draft form for public comment. The new policy is in clearance at EDD formula allocations were made available July 2014. A full version of the DRAFT can be accessed [here](#) and is also attached to this agenda for your information

Program Year 2014-15 WIA Performance Negotiations: State Goals

States are required to submit *proposed* levels of performance for the WIA and Wagner-Peyser Act Common Measures no later than May 31, 2014 and finalize the negotiations with the Department of Labor Regional Office by June 28, 2014. The State's objective in the development of these performance targets is to reflect year-over achievements and provide continuous improvement for our clients and customers. The State Board is responsible for negotiating the WIA Title IB performance goals, and the EDD negotiates the Wagner-Peyser Act performance goals. Proposed performance goals are aligned with current economic indicators and reflect statewide participant outcomes. The negotiated goals will constitute a modification to *California's Strategic Workforce Development Plan 2013-2017 (State Plan)*, which requires a public comment period. The Draft Directive soliciting public comment is located here: [State Performance Goals PY 2014-15](#).

WAGNER-PEYSER ACT COMMON MEASURES			
	ENTERED EMPLOYMENT	RETENTION RATE	AVERAGE EARNINGS
STATEWIDE GOAL PY 2014-15	54.0%	83.5%	\$18,750

PROPOSED ADULT WIA TITLE IB COMMON MEASURES			
ADULT	ENTERED EMPLOYMENT	RETENTION RATE	AVERAGE EARNINGS
STATEWIDE GOAL PY 2014-15	64.0%	81.5%	\$14,573
PROPOSED DISLOCATED WORKER WIA TITLE IB COMMON MEASURES			
DISLOCATED WORKER	ENTERED EMPLOYMENT	RETENTION RATE	AVERAGE EARNINGS
STATEWIDE GOAL PY 2014-15	70.2%	85.5%	\$19,201
PROPOSED YOUTH WIA TITLE IB COMMON MEASURES			
YOUTH	PLACEMENT	ATTAINMENT	LITERACY & NUMERACY
STATEWIDE GOAL PY 2014-15	74.9%	63.2%	54.4%

High Performing Board Designation Policy

The California Unemployment Insurance Code requires the State Board to designate high performing local boards every two years. The next designation is to be done by December 31, 2015. A new policy, including evaluation criteria, needs to be developed.

A workgroup is recommended to produce this policy and criteria. Recommended workgroup members: local directors, board members, state agency and legislative staff. State Board staff will be soliciting representatives in the coming weeks to begin this effort.

Waivers

The following waivers have been submitted to the Department of Labor for their review and consideration. These waivers support streamlined services delivery and provide

additional strategies to local boards and the California Job Center system to serve targeted populations. A short summary of the request is below.

➤ Long Term Unemployed

WIA Section 101(31)(B) and the WIA Regulations at 20 CFR 663.710 which limits to amount of wage reimbursement for OJT to fifty (50) percent of the wage rate of the participant.

Under this waiver, the following reimbursement amounts would be permitted; (1) up to 90 percent employer reimbursement for individuals dislocated from the workforce for 52 weeks or more, (2) up to 75 percent employer reimbursement for individuals dislocated from the workforce for 16-51 weeks, and (3) for individuals dislocated from the workforce for less than 16 weeks, the current statutory requirements would apply.

➤ Local Boards to Provide Youth Work Experience, Supportive Services and Follow-up

This would waive the requirement for local workforce investment boards to competitively procure youth providers. Specifically, the requirement for provision of youth program elements; supportive services, paid and unpaid work experience and follow-up services included in WIA Section 129(c)(2).

A waiver will maximize resources by allowing grant recipient/fiscal agent staff who are already providing framework services to provide work experience, supportive services, and follow-up services to youth, instead of requiring a separate competitive bidding process and different partner/service provider.

Providing a greater continuity of service, greater monitoring of progress, and further supporting the needs of each youth participant based on their individual service strategy will allow the local workforce investment boards to develop and strengthen, through education and training, a highly skilled workforce. This is consistent with State of California's WIA/Wagner-Peyser Strategic Plan.

➤ OJT for Target Populations: Veterans and Disabled

A new waiver request is being developed that specifically targets Veterans and disabled clients who are experiencing barriers in returning to the workforce. This waiver will allow local boards to establish OJTs with any employer, without consideration of the size of the business, and authorize up to 90% reimbursement to the employer for the OJT.

Eligible Training Provider List

The ETPL policy was fully implemented with the rollout of the new CalJOBS system on May 5, 2014. The new policy established minimum performance standards for

programs to be included and retained on the ETPL and incorporated California's licensing and annual reporting requirements from the Bureau of Private Postsecondary Education. Managers from the Employment Development Department with oversight responsibility of the CalJOBS system will provide a brief summary of their efforts and challenges to implement the new policy.

ADDITIONAL POLICY AREAS

➤ Informed Customer Choice and the ETPL

This directive will provide guidance and direction to local boards and their American Job Centers of California (AJCC) operators, in the administration of the Workforce Investment Act (WIA) requirement for informed customer choice and the Eligible Training Provider List (ETPL).

During the development of Directive 13-10 "Eligible Training Provider List Policies and Procedures" local boards and regional advisors expressed concerns regarding the local administration of the informed customer choice requirement and the ETPL. WIA requires the client to have access to the complete ETPL; it is understood by many local boards and their AJCC operators that any program chosen by the client from the ETPL must be funded by the local board. The State Board is issuing this directive to ensure local boards and their partners are administering this provision consistently across the WIA funded workforce system.

It is anticipated that the final policy will be issued by September 30, 2014.

Item 4. Other Business

Item 5. Public Comment

TO: WORKFORCE DEVELOPMENT COMMUNITY

SUBJECT: RAPID RESPONSE AND LAYOFF AVERSION ACTIVITIES

IMMEDIATE ACTION

Bring this draft to the attention of the appropriate staff.

SUBJECT MATTER HIGHLIGHTS:

This directive provides the California Workforce Investment Board's policy framework for Local Workforce Investment Boards to develop and implement layoff aversion, and it articulates the role of layoff aversion within effective Rapid Response systems.

This directive consolidates prior State Rapid Response guidance and introduces a new report to capture layoff aversion activities. There is no change to any of the existing Rapid Response formula allocation methodology.

Number:
Date:
69:184:df:16947

TO: WORKFORCE DEVELOPMENT COMMUNITY

SUBJECT: RAPID RESPONSE AND LAYOFF AVERSION ACTIVITIES

EXECUTIVE SUMMARY:

Purpose:

This document consolidates previous Workforce Investment Act (WIA) Rapid Response guidance into a single comprehensive directive, and distinguishes Rapid Response activities from Additional Assistance. This directive also provides Local Workforce Investment Areas (local areas) a policy framework to design and implement layoff aversion strategies as outlined in California's WIA 5-Year Strategic Workforce Development Plan and the local area strategic plans.

This directive does not make any changes to current formula allocation methods of Rapid Response funds, but it allows flexibility for using Rapid Response special project funds for layoff aversion activities.

Scope:

This directive applies to all recipients of WIA 25 Percent Dislocated Worker funds.

Effective Date:

This directive is effective upon release.

REFERENCES:

- WIA Sections 101(38), 133(a)(2), and 134(a)(2)(A)
- Title 20 Code of Federal Regulations (CFR) Sections 639, 665.316, 665.320(d), and 667.262(b)
- U.S. Department of Labor (DOL) Training and Employment Guidance Letter (TEGL) [27-12](#), Funds Administration Flexibility for WIA Title I and Wagner-Peyser Act (WPA) of 1933 Funds (May 10, 2013)

The EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities.

- DOL [TEGL 26-09 Change 1](#), WIA Waiver Policy and Waiver Decisions for Program Year (PY) 2009 and 2010, Change 1 (August 16, 2012)
- DOL [TEGL 33-11](#), Annual Program Guidance for the PY 2012 WIA Adult, Dislocated Worker, and WPA programs (June 8, 2012)
- DOL [TEGL 30-09](#), Layoff Aversion Definition and the Appropriate Use of WIA Funds for Incumbent Worker Training (IWT) for Layoff Aversion Using a Waiver (June 8, 2010)
- DOL Training and Employment Notice (TEN) [09-12](#), Layoff Aversion in Rapid Response Systems (August 31, 2012)
- DOL [TEN 31-11](#), The Rapid Response Framework (March 1, 2012)
- DOL [TEN 32-11](#), Rapid Response Self-Assessment Tool (March 1, 2012)
- DOL [TEN 03-10](#), The National Rapid Response Initiative (August 9, 2010)
- California Labor Code Sections [1400-1408](#)
- [California's Strategic Workforce Development Plan: 2013-2017](#), *Shared Strategy for a Shared Prosperity*
- [WSD13-8](#), WIA Statewide Waivers and State Plan PY 2013-2017 (January 8, 2014)
- [WSD12-3](#), Quarterly and Monthly Financial Reporting Requirements (July 18, 2012)
- [WSD13-1](#), Authorization to Work Verification Requirements (July 2, 2013)
- [WIAD05-18](#), Dislocated Worker 25 Percent Funding Policy (June 14, 2006)
- [WIAD04-22](#), State Required Surveys of Dislocated Workers (June 15, 2005)
- [WIAD04-18](#), Title I Eligibility (March 29, 2005)
- [WIAD02-9](#), Worker Displacement Prohibition (November 22, 2002)
- [WIAD01-14](#), Layoffs, Furloughs, Temporary Layoffs and Lockouts (March 11, 2002)
- [WSIN13-70](#), Program Year 2014 Rapid Response Funding (June 12, 2014)
- [WSIN13-9](#), Keep Your Home California Campaign and Rapid Response Events (August 9, 2013)
- [WSIN11-5](#), California Training Benefits (CTB) Program Changes, CTB Streamline Refresher Training and Forms Update (August 2, 2011)

STATE IMPOSED REQUIREMENTS:

This directive contains only State-imposed requirements.

FILING INSTRUCTIONS:

This directive supersedes Workforce Services Directive WSD09-13, dated March 4, 2010, WSD12-7, dated August 15, 2012, and WIA Directive WIAD02-13, dated April 24, 2003. Retain this directive until further notice.

BACKGROUND:

Federal law requires that states set aside not more than 25 percent of their WIA Dislocated Worker funding for two statewide activities:

- 1) Rapid Response to assist workers and businesses at risk of layoff or affected by layoff, and
- 2) Additional Assistance for Local Workforce Investment Boards (local boards) to apply for if there is a significant increase in unemployment in their areas caused by plant closure, downsizing, natural disaster, or “other events.”

Federal law provides discretion to the Governor to develop specific policy. In California current policy is to formula-allocate the Rapid Response funds (half of the total 25 percent funds) to local areas.

California’s Rapid Response system has evolved since the implementation of WIA, with several local boards leading innovative and proactive local Rapid Response systems. In addition, the DOL has continued to issue guidance encouraging states to include layoff aversion as an integral component of Rapid Response policy.

In response to this evolution, the California Workforce Investment Board (State Board) established a Rapid Response/Layoff Aversion Workgroup to consolidate various State guidance into a single comprehensive document and to recommend policy that promotes proactive layoff aversion strategies that can assist a business that wants to avoid layoffs or, in the event of layoffs, assisting workers in quickly re-entering the workforce.

Rapid Response

The primary purpose of Rapid Response as related in federal guidance is to enable affected workers to return to work as quickly as possible following a layoff, or to prevent layoffs altogether. To accomplish this, the workforce development system must be coordinated, comprehensive, and proactive in communicating with business. This includes providing labor market and workforce information, integrating industry requirements into training strategies and career pathways, brokering relationships and job connections, making services efficient and easy to access, and coordinating with regional partners to reduce duplication.

A sound Rapid Response infrastructure should include early warning systems, which are necessary to ensure a timely response to worker dislocations. Early indicators can be recognized in a variety of ways, including through close communication with employer representatives, industry groups, organized labor, utilities, or through local media. Rapid Response also tracks labor market trends, increased unemployment insurance claims, and public announcements through the [California Worker Adjustment and Retraining Notification Act \(WARN\)](#) notice. In each region, systems should be in place to regularly monitor all potential early warning indicators and notification

channels, and employers must be informed about their legal responsibilities to issue advance notifications of layoffs and closures.

It is critical that regional Rapid Response teams build relationships with employers, labor organizations, workforce and economic development agencies, training institutions, service providers and community-based organizations. Proactive Rapid Response systems rely on good intelligence. Their value to economic development efforts can be increased by providing ready access to information regarding available talent. States gain a competitive edge when they can leverage accurate information about regional economic trends, labor markets, new business development, impending layoffs, regional assets, and education and training resources.

The Role of Layoff Aversion in Rapid Response

[California's Strategic Workforce Development Plan: 2013-17](#), *Shared Strategy for a Shared Prosperity*, calls for the development and implementation of a "...layoff aversion strategy that helps retain workers in their current jobs and/or provides rapid transitions to new employment, minimizing periods of unemployment" (Chapter IV, under common goals for Adults). Layoff aversion is a central component of a high-performing Rapid Response strategy, requiring a shared responsibility among numerous partners at the state, regional, and local levels. The WIA Regulations (Title 20 CFR 665.310) describe required Rapid Response activities, including that Rapid Response teams assess, "...the potential for averting the layoff in consultation with the State or local economic development agencies, including private sector economic development entities." Section 665.320 provides more context for allowable layoff aversion activities.

It is important to emphasize that Rapid Response does not stop layoffs. Only a company can save jobs. The intent here is to offer assistance to companies that request it and that want to save jobs. Additionally, it is often too late to avert layoffs at the time a closure is announced. To save jobs, a Rapid Response team must be able to identify an at-risk company well in advance of layoffs, get executive level commitment to work together, assess the needs of the company, and deliver services to address risk factors. This requires a new Rapid Response culture of prevention and a strong infrastructure, including clarity of roles among regional partners. It requires data collection and analysis of trends, early warning mechanisms that can alert of problem areas, and well-trained staff.

Led by local boards, Rapid Response teams should be regional partnerships among a range of organizations and intermediaries that can help identify and design appropriate interventions. Partners should include the Department of Commerce's Trade Adjustment Assistance for Firms, the Manufacturing Extension Partnership (MEP), public and private economic development entities, Chambers of Commerce, Small Business Development Centers, community-based organizations, community colleges, local labor councils, and others.

Rapid Response activities such as those described in Title 20 CFR 665.320(d), customized training, dislocated worker services, employment services, and prefeasibility studies are among the many WIA funded components that the workforce system can deploy to assist companies in averting layoffs.

A valuable resource is the use of incumbent worker training (IWT), which can provide needed skills upgrading for existing workers. The Employment Training Panel is an important source of IWT funding. Additionally, California has been granted a waiver from the DOL to use a portion of local WIA funds to provide IWT as part of a layoff aversion strategy. Another important tool is California's Work Sharing program, which allows for the payment of unemployment insurance benefits to individuals whose wages and hours have been reduced. This program is an effective and practical alternative to layoffs.

As described in DOL [TEGL 30-09](#), when a layoff aversion works, significant benefits accrue to workers, employers, taxpayers, and communities when layoffs are averted:

- For workers, the loss of income and benefits associated with unemployment can be financially devastating. Retaining the same position or transitioning to a different position with retooled skills at a comparable wage maintains financial stability compared to the loss of income sustained when drawing unemployment compensation, which on average is 36 percent of the worker's average weekly wage when employed.
- For employers, retaining a known reliable worker can save costs associated with severance; costs associated with having unfilled, vacant job openings; costs associated with recruiting and orienting a new employee with requisite skills to the procedures, culture and systems of the company that the former worker already knew; and intangible costs such as avoiding lower overall company morale for remaining workers when their co-workers are laid off. Additionally, layoffs often lead to increases in that employer's unemployment compensation tax rates.
- For taxpayers, averting layoffs saves outlays from unemployment trust funds and other taxpayer-funded services that the unemployed worker may draw.
- For communities, averting layoffs is far less disruptive and costly compared to providing emergency food and health services to financially strained families, and the loss of property taxes associated with high home foreclosure rates. It also facilitates the maintenance of overall community economic wellness, which can be can be threatened when a mass layoff creates tertiary layoffs due to reduced overall consumption in the community.

Rapid Response-Related Terms and Resources

Layoff aversion - The process of using a series of activities, studies, and networks to examine a business or sector's cycle, logistics, organizational condition, markets, and broad community relationships, in an effort to determine a series of workforce interventions that can mitigate short or long-term job loss, or save jobs altogether.

Incumbent Worker - An employee of the business applying for IWT funds in accordance with WIA.

Incumbent Worker Training (IWT) - Developed with an employer or employer association to upgrade skills of a particular workforce. The employer agrees to retain the trained worker(s) upon completion of the training. Frequently, such training is part of an economic development or layoff aversion strategy.

Jobs Saved - A layoff is averted when: 1) a worker's job is saved with an existing employer that is at risk of downsizing or closing; or 2) when a worker at risk of dislocation transitions to a different job with the same employer or a new job with a different employer and experiences short term or no unemployment. **To be considered as a job saved, the maximum period of unemployment shall not exceed 1 week. This definition is based on the CUI Section 1253. See DOL [TEGL 30-09](#).**

Employer Contact (Rapid Response 121 Report) - A visit to an employer by staff for the purposes of conducting Rapid Response activities. This visit may be in person, by telephone or through the use of other interactive technology.

Employer Contact (Layoff Aversion 122 Report) - This may be an onsite or telephonic (conference call, online chat, Skype, etc.) engagement with a representative of the employer that is involved with the development of strategies or in a policy making position within the business contacted. The content of the discussion must include well-being of the business, training needs, etc. to determine how the local area may provide the range of available business service interventions and/or referrals.

Business Cycle - A business cycle is identified as a sequence of four phases:

- Contraction: A slowdown in the pace of economic activity
- Trough: The lower turning point of a business cycle, where a contraction turns into an expansion
- Expansion: A speedup in the pace of economic activity
- Peak: The upper turning of a business cycle

[Work Sharing Program](#) - Work Sharing is described in [Section 1279.5](#) of the California Unemployment Insurance Code and provides employers with an alternative to layoffs and provides their employees with the payment of reduced unemployment insurance benefits.

[Manufacturing Extension Partnership \(MEP\)](#) - The National Institute of Standards and Technology's (NIST) Hollings MEP works with small and mid-sized U.S. manufacturers to help them create and retain jobs, increase profits, and save time and money. The nationwide network provides a variety of services, from innovation strategies to process improvements to green manufacturing. The MEP also works with partners at the state and federal levels on programs that put manufacturers in position to develop new customers, expand into new markets and create new products.

[Employment Training Panel \(ETP\)](#) - The ETP provides funding to employers to assist in upgrading the skills of their workers through training that leads to good paying, long-term jobs. The ETP is a funding agency, not a training agency. Businesses determine

their own training needs and how to provide training. ETP staff is available to assist in applying for funds and other aspects of participation.

Economic Development - There are probably as many definitions for economic development as there are people who practice it. The [International Economic Development Council](#) defines economic development as a program, group of policies, or activity that seeks to improve the economic well-being and quality of life for a community, by creating and/or retaining jobs that facilitate growth and provide a stable tax base. For a good resource, see the [California Association of Local Economic Development](#).

[Small Business Development Centers of California](#) - SBDC model is simple: (1) provide training to small business owners and aspiring entrepreneurs, and (2) provide high quality, no-cost one-on-one counseling to help small business and entrepreneurs overcome obstacles to growth. Topics range from: start-up assistance, planning for growth and expansion, technology and innovation, and perhaps most important, access to capital. California has a long history of launching entrepreneurial start-ups, and the California SBDC program has played an important role in that history.

POLICY AND PROCEDURES:

On May 18, 2004, the State Board adopted a Dislocated Worker 25 Percent funding policy, which includes the following components and related recommendations:

Dislocated Worker 25 Percent Set-aside

State Board policy specifies that the State will set aside 25 percent of the State's WIA Dislocated Worker funding for California's Rapid Response System and for Additional Assistance to dislocated workers in local areas. Of this 25 percent, one-half (12.5 percent) is reserved for Rapid Response activities and one-half (12.5 percent) is reserved for Additional Assistance to local areas.

1. Rapid Response Funding

The Rapid Response set-aside funds will be distributed based on a three-part formula and layoff aversion component as described below:

- **Formula Allocation:**

- Baseline funding allocated equally among local areas to ensure, at a minimum, that some capacity exists in each local area for the coordination and conduct of Rapid Response activities. Allocations to local areas comprised of more than one county will include an additional allocation of \$50,000 for each additional county. Of the Rapid Response set-aside funds, 30 percent will be reserved for this baseline funding
- Layoff-based (121 Report) funding for local areas that serve regions where significant numbers of dislocation events occur. This allocation will be based on quantitative layoff data. Funds will be allocated to local areas in proportion to the number of affected workers offered Rapid Response

services in response to layoffs reported to the State. This methodology will ensure California meets WIA requirements to provide services to assist groups of workers affected by mass layoffs, permanent business closures, and natural or other disasters. Of the Rapid Response set-aside funds, 45 percent will be reserved for this layoff-based funding.

- Hold-Harmless minimizes funding losses from year-to-year. A portion of the Rapid Response set-aside funds will be used to ensure that no local area receives less than 75 percent of their prior-year share of statewide funds distributed for baseline and layoff-based activities. This policy also limits any local area's year-over funding increase to 100 percent of their prior-year allocation.

- **Layoff Aversion (122 Report) funding:**

Funding for these activities will be from the previously State held Rapid Response Competitive Solicitation Fund and will be distributed to local areas for PY 2014-15, based on the local area's relative share of the PY 2014-15 Rapid Response formula allocations. For PY 2015-16 forward, this funding will be distributed to local areas based on each local areas' proportionate share of the total number of jobs saved annually and reported on the Layoff Aversion 122 Report.

2. Additional Assistance Funding

These funds will continue to be available to local areas as currently outlined in Workforce Services Directive [WSD13-2](#), Dislocated Worker Additional Assistance Projects. A future policy directive will be issued to separate Additional Assistance from Rapid Response guidance and clarify the policy and procedures for local areas to request and use these funds.

Uses of Rapid Response 25 Percent Funds

Attachment 1 describes the required and allowable uses of Rapid Response funds. The State has expanded the list of activities local areas may fund with formula-allocated Rapid Response dollars to include employer outreach and job development activities authorized by WIA Regulations at Title 20 CFR Section 667.262(b). These alternative uses of Rapid Response funds for allowable activities, including those covered by Section 667.262(b), do not mitigate the fact that it is the State's policy priority that the full scope of required Rapid Response activities, as described in Section 665.310, must be provided in each local area.

The scope of services that may be provided at Rapid Response events is not restricted to the activities described in WIA Regulations Sections 665.310, 665.320, and 667.262(b) (though only costs of activities described there may be charged to the Rapid Response account). Local boards are encouraged to leverage other local funding sources to provide a broader scope of services. Local boards are encouraged to provide and arrange for providing many other services for the affected workers. Examples include assisting with Trade Adjustment Assistance, unemployment insurance claim filing, economic development, financial assistance counseling, and mental health counseling.

Workforce Services Directive [WSD13-8](#), WIA Statewide Waivers and State Plan PY 2013-17, includes information regarding the DOL approved waivers that provide additional tools and flexibility to local Rapid Response practitioners to address the needs of employers and their employees (e.g., IWT, On-the-Job Training, Work Sharing Program, etc.).

REPORTING:

Baseline, layoff-based, and hold-harmless Rapid Response funds will continue to be issued to each local board, in the master subgrant, as Grant Codes 540 and 541. These formula funds may be spent on the wide range of required and/or allowable activities. Participants receiving Additional Assistance services must be enrolled in grant code 241. Local boards shall continue to report participant enrollments receiving IWT using Rapid Response formula funds under Grant Code 274.

Layoff Aversion funding will be issued under Grant Codes 292 and 293 in each local board's master subgrant. These funds are to be spent exclusively on layoff aversion activities (except IWT).

Rapid Response Reporting Requirements (121 Report)

Activities to be included on the Rapid Response 121 Report are those relating to employer contacts in response to layoffs or closures, as defined by the State Board. The Rapid Response 121 Report must be completed to report employer contacts by local area staff when conducting layoff/closure orientations with 10 or more affected workers ONLY, and or layoff/closure planning meetings. Planning meetings are for information only and will not be used in the calculation of the dislocation-based formula funding factor.

Complete a separate line item entry for each employer contact occurring on different days, locations, or employers. Complete a single line item entry if multiple sessions are conducted on the same day, for a single employer with the note of how many multiple orientations were made that day.

The Rapid Response 121 Report and line item instructions are included as Attachments 2 and 3. The Rapid Response 121 Report must be completed quarterly and submitted via e-mail by the 20th of the month following the quarter's end to the local area's assigned Regional Advisor, with a "cc" to the local area administrator.

Layoff Aversion Reporting Requirements (122 Report)

This is a new report, specifically developed to capture and report layoff aversion activities and jobs saved resulting from those activities. A 122 Report may include a "single" job saved at an individual employer. Activities reported are those relating to employer contacts when an activity or resource is introduced, planned, or involves follow-up or wrap-up of a prior activity. It is important that local area staff consider and document how layoff aversion activities will result in a positive outcome before allocating resources.

For completion of the layoff aversion activity, documentation of outcomes must be retained for audit purposes. Please note that the local board's administrative, fiscal, and program activities will be subject to the State's monitoring processes.

The Layoff Aversion 122 Report and line item instructions are included as Attachments 4 and 5. The Layoff Aversion 122 Report must be completed quarterly and submitted via e-mail by the 20th of the month following the quarter's end to the local area's assigned Regional Advisor, with a "cc" to the local area administrator.

ACTION:

Bring this directive to the attention of all relevant parties.

INQUIRIES:

If you have questions, please contact your [Regional Advisor](#) at 916-654-7799.

JOSÉ LUIS MÁRQUEZ, Chief
Workforce Services Division

Attachments are available on the Internet:

1. [List of Required and Allowable Rapid Response Activities](#) (PDF)
2. [Rapid Response 121 Report \(revised 01/2014\)](#) (XLS)
3. [Rapid Response 121 Report Line Item Instructions](#) (PDF)
4. [Layoff Aversion 122 Activity Report](#) (XLS)
5. [Layoff Aversion 122 Activity Report Line Item Instructions](#) (PDF)
6. [Examples of Categorization of Rapid Response Activities](#) (PDF)
7. Public Comments and Responses

The Workforce Innovation and Opportunity Act

Investing in America's Competitiveness

KEY IMPROVEMENTS FROM CURRENT LAW

Changes to the Workforce Development System:

- Eliminates 15 programs; 14 within WIA and one higher education program.
- Applies one set of accountability metrics to every federal workforce program under the bill.
- Requires states to produce one strategic plan describing how they will provide training, employment services, adult education and vocational rehabilitation through a coordinated, comprehensive system.
- Reduces the number of required members on state and local workforce boards.
- Strengthens alignment between local workforce areas and labor markets and economic development regions.
- Strengthens evaluation and data reporting requirements.
- Specifies authorized appropriation levels for each of the fiscal years 2015-2020.
- Adds a minimum and maximum funding level to the dislocated worker formula beginning in fiscal year 2016 to reduce volatility.

Changes to Training and Employment Services:

- Eliminates the “sequence of services” and merges “core and intensive activities” into a combined “career services.”
- Emphasizes access to real-world training opportunities through:
 - Increasing the ability to use on-the-job training (*reimbursement rates up to 75 percent for eligible employers*), incumbent worker training (*may use up to 20 percent of local funds*), and customized training;
 - New opportunities to utilize prior learning assessments;
 - Pay-for-performance training contracts for adults and youth (*local boards may use up to 10 percent of funds*); and
 - Requirements for implementation of industry or sector partnerships and career pathway strategies.
- Requires 75 percent of youth funding to support out-of-school youth, of which 20 percent is prioritized for work-based activities.

Changes to Job Corps:

- Improves the procurement process for center operators to support high-quality services by:
 - Collecting information on key factors indicating the ability of an applicant to operate a center;
 - Providing the operator of a high-performing center the opportunity to compete for contract renewal; and
 - Placing limits on the ability of an operator of a chronically low-performing center to compete for a contract renewal, or to continue to operate that center.
- Allows the U.S. Department of Labor to provide technical assistance to Job Corps operators and centers to improve operations and outcomes.
- Collects more data on Job Corps operations and financial management to better inform Congress and the public about the program.

Changes to Adult Education:

- Strengthens the connection between adult education, postsecondary education, and the workforce.
- Improves services to English language learners.
- Requires evaluations and additional research on adult education activities.

Changes to State Vocational Rehabilitation Services:

- Sets high expectations for individuals with disabilities with respect to employment.
- Provides youth with disabilities the services and supports necessary to be successful in competitive, integrated employment.