

WIOA Subcommittee for Local Governance & Sector Strategies

Washington State Labor Council

906 Columbia Street, SW – 3rd Floor Conference Room

Olympia, WA 98501

June 1, 2015 from Noon – 4PM

Call in number: 866-339-6644 | Meeting number: *9563025*

AGENDA

- Noon Welcome/Introductions – Creigh H. Agnew**
- Agenda Review
 - Meeting goals:
 - o Clarify current status and next steps
 - o Provide guidance to local governance task force regarding local board certification
 - o Approve process for development of Incumbent Worker Training Policy
- 12:10 pm Update and Review of Next Steps (page 2)**
- 5/28/15 WTECB decisions and review of progress toward committee deliverables: Caitlyn Jekel
- 12:30 Regions Information Item (page 3)**
- Process for finalizing regions recommendation – Agnes Balassa
- 12:40 Local Governance Action Item: Local Board Certification (pages 4 to 8)**
- Introduction: Caitlyn Jekel
 - Overview: Agnes Balassa
 - Presentation on the current process: Terri Colbert
 - Discussion and Action: Provide guidance to the Task Force on how to proceed
- 1:45 pm Break**
- 2:00 pm Sector Strategy Action Item: Incumbent Worker Policy (page 9)**
- Introduction and overview: Agnes Balassa
 - Discussion
 - Action: approve components of draft policy
- 2:45 pm Sector Strategies Action Item: Outcomes for Sector Strategies (pages 10 -11)**
- Introduction: Dave Wallace
 - Discussion: How would we know whether sector strategies are making a difference?
 - What would the subcommittee like to know in terms of the effectiveness of sectors?
- 3:30 ADDITION - Sector Strategies Action Item: language related to jobs that are accessible for those with barriers (See Attachment) – Carolyn**
- Recommend additional language for the sectors framework
- 3:50 pm Public Comment Period**
- *Please limit public comments to no longer than 3 minutes.*
- 4:00 pm Review Next Steps and Adjourn – Creigh Agnew**

Staff Contact:

- Dave Wallace, Workforce Board, dwallace@wtb.wa.gov, 360-709-4613
- Agnes Balassa, ESD, abalassa@esd.wa.gov, 360-902-9571

Next meeting:

July 27 from noon to 4:00 location TBD

Sept 2, from noon to 4:00 location TBD

Progress toward committee deliverables

Topic	Recommendation	Task Force Rec.	LG&S approval	Steering Comm approval	WETCB approval
Sectors	Create Framework - Definitions - Processes - Criteria - Connection to statewide sectors	✓	✓	✓	5/28/15
	Identify outcomes for sector strategies				9/17/15
	Develop incumbent worker training policy - Approve process for policy development - Recommend policy additions	n/a	6/1/15		9/17/15
	Clarify State Role in Sectors				9/17/15
Local Gov.	Identify criteria for board member appointment - Nomination - Wearing of two hats	✓	✓	✓	5/28/15
	Determine whether to support approval of alternative entities	✓	✓	✓	5/28/15
	Develop process and criteria for local board certification				9/17/15
Regions	Develop letter to gather input on identification of regions	n/a	✓	✓	5/28/15
	Develop recommendation for regions				9/17/15

Information Item: Process for finalizing regions recommendation

TASKFORCE: Regions Taskforce TBD

ISSUE: The WTECB will not be able to develop significant sections of the state strategic plan and local will not be able to bring their regional planning until the identification of workforce regions is finalized.

BACKGROUND: A letter has been sent to local workforce areas to gather input to inform a recommendation on regions. That feedback will be available in early July.

The Subcommittee intends to convene a task force on a one-day meeting to use that feedback to develop a recommendation to send back to local areas for comment prior to the September 17 WTECB meeting.

The task force will consist of:

- up to 6 WDC directors from small, medium and large providing a good representation of urban and rural areas throughout the state, to be identified by WWA.
- 2 labor representatives (subcommittee co-chairs)
- 2 business representatives (subcommittee co-chairs)
- One economic development representative selected by co-chairs
- One local elected official selected by co-chairs
- One agency director selected by co-chairs

Staffed by: Agnes Balassa, Dave Wallace, Cynthia Forland and Scott Wheeler

Requested Action: This is an information item. No action is requested at this time.

Acton Item: Recommend Parameters for Local Governance Taskforce

TASKFORCE: Local Governance

ISSUE: The Local Governance Task Force requests that the subcommittee clarify expectations regarding the development a process and criteria for local board certification.

BACKGROUND: The subcommittee has been tasked with developing the certification process for local workforce boards. At minimum, that process must include a way to validate that local boards have the appropriate members and is meeting performance goals and fiscal integrity requirements. The certification process should also verify whether the board is meeting the functions listed above. The process may add other criteria, like state performance measures.

Certification of local boards was largely an administrative task under WIA. The state certified local workforce boards based on whether they met performance goals, maintained fiscal integrity and had the proper membership. WIOA includes these requirements. The Act also states that a Governor may decertify a local board that does not carrying out the 13 board functions required in the Act (listed on the bottom of page 5 and the top of page 6).

Under WIOA, the local board certification process could continue to be largely an administrative function. Or certification could be used as a mechanism to identify the characteristics of high performing boards based on the 13 required functions. Illuminating best practices and providing technical assistance related to these functions could provide a vehicle for continuous improvement, and a culture that recognizes and promotes excellence in the workforce system.

Requested Acton: Provide guidance to the task force:

- Does the subcommittee want the taskforce to narrowly focus on the core requirements of the Act (met performance, maintained fiscal integrity, and had the proper membership), or should the taskforce take a broader approach that includes consideration of the 13 board functions?
- Should the taskforce approach this strictly as a compliance activity, or should the taskforce approach this as a way to support continuous improvement?

Background on Local board certification

CITATION: Section 107(c)

(2) CERTIFICATION.—

(A) IN GENERAL.—The Governor shall, once every 2 years, certify 1 local board for each local area in the State.

(B) CRITERIA.—Such certification shall be based on criteria established under subsection (b)[membership and committees], and for a second or subsequent certification, the extent to which the local board has ensured that workforce investment activities carried out in the local area have enabled the local area to meet the corresponding performance accountability measures and achieve sustained fiscal integrity, as defined in section 106(e)(2).

(C) FAILURE TO ACHIEVE CERTIFICATION.—Failure of a local board to achieve certification shall result in appointment and certification of a new local board for the local area pursuant to the process described in paragraph (1) and this paragraph.

(3) DECERTIFICATION.—

(A) FRAUD, ABUSE, FAILURE TO CARRY OUT FUNCTIONS.—Notwithstanding paragraph (2), the Governor shall have the authority to decertify a local board at any time after providing notice and an opportunity for comment, for—

(i) fraud or abuse; or

(ii) failure to carry out the functions specified for the local board in subsection (d).

(B) NONPERFORMANCE.—Notwithstanding paragraph (2), the Governor may decertify a local board if a local area fails to meet the local performance accountability measures for such local area in accordance with section 116(c) for 2 consecutive program years.

(C) REORGANIZATION PLAN.—If the Governor decertifies a local board for a local area under subparagraph (A) or (B), the Governor may require that a new local board be appointed and certified for the local area pursuant to a reorganization plan developed by the Governor, in consultation with the chief elected official in the local area and in accordance with the criteria established under subsection (b).

Interpretation: Certification of a local board (WDC) is separate from and in addition to designation of the local area. To become certified and recertified a WDC must meet the following criteria:

- The board meets membership criteria (see briefing #4 Criteria for board member appointment)
- The board is meeting its performance requirements.
- The board is sustaining fiscal integrity.

A board may be decertified for fraud, abuse, failure to meet performance accountability measures for two consecutive years. The Act add that board can also be decertified for failure to carry out the functions required under the Act.

The 13 functions that a local board must perform are as follows:

- Developing the local plan/regional plan.
- Conducting workforce research and regional labor market analysis (with the state).
- Convening, brokering, leveraging system stakeholders to develop the local plan, identifying non-federal expertise/resources to support workforce development activities.
- Leading employer engagement with other entities to promote business representation on the board, support utilization of the workforce system and workforce investment activities, meet business needs, support economic growth, and develop/implement proven/promising strategies to

meet the skill needs and expand employment and career advancement in in-demand industry sectors or occupations.

- Leading implementation of career pathways with secondary and postsecondary education.
- Leading efforts to identify, promote and disseminate proven/promising strategies for meeting the needs of employers, workers and jobseekers (including individuals with barriers to employment), including providing physical and programmatic accessibility.
- Developing strategies to use technology to maximize the accessibility and effectiveness of the local workforce development system for employers, and workers and jobseekers.
- Conducting program oversight for youth and employment and training activities, and the one-stop delivery system.
- Negotiating/reaching agreement on regional/local performance with Chief Local Elected Officials and the Governor.
- Selecting one-stop operators, providers of youth activities, eligible providers of training services and providers of career services.
- Coordinating activities with education and training providers, including adult education and literacy, Carl Perkins and the Rehabilitation Act.
- Developing a budget for the local board consistent with the local plan and the duties of the local board, subject to the approval of the chief elected official.
- Annually assessing the physical and programmatic accessibility of one-stop centers in the area.

If a Governor decertifies a board, s/he must create a plan for a new board, in consultation with the Chief Local Elected Official.

Key decisions: The taskforce has been tasked with developing the certification process for local workforce boards. At minimum, that process must include a way to validate that local boards have the appropriate members and is meeting performance goals and fiscal integrity requirements. The certification process should also verify whether the board is meeting the functions listed above. The process may add other criteria, like state performance measures.

Any criteria that are added should promote statewide goals, and add value, rather than just creating additional administrative tasks.

Considerations for the development process and criteria development:

- Well-designed criteria can be used to support, recognize and promote high performance among WDCs.
- Well-designed criteria can clarify expectations for the state board, the governor and the WDCs.
- Additional criteria can also support state goals, while allowing for local creativity in meeting these.
- Adding the wrong criteria, or poorly designed ones, creates an administrative burden without adding value.
- Adding criteria adds complication, and therefore time and effort at the local and state level.
- Adding poorly designed criteria can send the wrong message about what is important to the state and the locals.

Questions for the taskforce to consider

- What should be included in the certification process?
- Should additional performance criteria be added to the list?
- Can criteria be developed that help the state and locals support, recognize and promote high performance?

- Are there certain board functions that should receive more attention in the development of criteria?
- If, so, should there be a baseline for all to meet and the opportunity for each local board to identify those areas where it wants create greater expertise?

LG TF notes re: Board certification on 5/11/15

Materials needed to prep TF/subcommittee

- Develop visuals and timeline to clarify various certifications/designations under WIOA
- Find 2014 WTECB certification information to

Questions re: the Board Certification process

- What is the end state that we are look for? Can certification be a tool to get us there?
- What does it take to run a high performing WDC? Is that our goal in the certification process?
- Are there national models under WIA or WIOA that we can learn from?
- What does the current process look like? What works/doesn't work from the State board and the local perspective (see 2014 WTECB policy)
- Timeline: How many boards are planning to go to WIOA membership? How does that impact the timeline? Should certification take a "phased approach"? Something for those in the interim, something for 2016-18 and something more for 2018-2020?
- Should there be one or two policies – 1 for certification and 1 for decertification?
- Where does the board certification policy cross over into other areas of policy?
- What is the appropriate process to support those who are challenged to meet the requirements? What might TA look like? How do we use this as an opportunity to build a culture of excellence rather than a punitive one?

Initial thoughts...

- Define terms like "leadership" and "lead" in a way that doesn't imply WDCs must be the owners of all efforts in order to have a leadership role?
- Beyond the required elements of certification (board membership, fiscal integrity and performance) consider using the list of 13 functions that a local board must perform as part of the process? If so select those functions that have the greatest relevance rather than all 13?
- Align a board certification policy with the initial designation policy.

Action Item: Sector Strategy Action Item: Incumbent Worker Policy

TASKFORCE: This item has not yet been assigned to a task force

ISSUE: As the administrative entity for Title 1 of the Opportunity Act, ESD needs to have a policy in place on July 1, 2015 for a new provision of the Act: incumbent worker training.

BACKGROUND: WIOA allows local workforce areas to set aside up to 20% of the Adult and Dislocated Worker Funds for incumbent worker training. This is a new aspect of the Act. The Sectors task force was assigned to develop incumbent worker policy, but has not yet had the opportunity to take up this issue. In the interest of time, ESD is developing a policy that meets the *minimum requirements* of the Act. In the meanwhile, the task force and subcommittee can continue their efforts to discuss and make recommendations regarding higher level policy issues to assure that incumbent worker training is part of a systemic approach to worker development, without disadvantaging other target populations.

Current components of ESD's draft policy:

- Local boards may reserve up to 20 percent of their combined adult and dislocated worker formula allotments for incumbent worker training.
- State may use state Rapid Response funds [WIOA Section 134(a)(3)(A)(i)] and Rapid Response funds for statewide incumbent worker training activities.
- Participating employer must meet eligibility criteria, including:
 - o occupations for which incumbent worker training is being provided must be in demand based
 - o the industry to which the employer is assigned, as determined by its North American Industry Classification System (NAICS) code, must be in demand
 - o The employer must be in good standing re: taxes, workers compensation,
- Employers must share up to 50% of the costs of training.

ESD follow a process for the development of state policy. Once policies are drafted, they are released for public comment. A final version of the policy is only adopted after a review and consideration of comments, and may be amended as needed.

RECOMMENDED ACTION: Clarify which questions the subcommittee would like the taskforce consider regarding recommendations for incumbent worker training policy.

Action Item: Sector Strategy Action Item: Outcomes for Sector Strategies

TASKFORCE: Sector Strategies

ISSUE: As the state and locals invest to support sector strategies, how would they know if those investments were making a difference? What should the state and local boards know in terms of the effectiveness of sector strategies in terms of supporting workforce goals?

BACKGROUND: The sector strategies taskforce met to discuss the question: how would we know if you sector strategies are making a difference. They were asked to brain storm a list of possible indicators of success, which are listed below. The subcommittee is asked to review this list, recommend possible additions, and suggest next steps for the task force.

RECOMMENDED ACTION: provide input to the taskforce regarding the list of possible measures for sector strategies and recommend next steps.

List of possible measures of success for sector strategies

- Results Washington goals for growing income and jobs.
 - o Thriving Washingtonians –
 - Increase the average earnings of Washington workers from \$52,000 in 2012 to \$56,000 by 2015
 - Increase the number of Jobs in state by 150,000 by 2015
- Living wages/self-sufficiency
 - o Self-sufficiency – the ability to survive on what you earn without significant public supports varies significantly from place to place
 - o A calculator is in use in some parts of the state to provide location and family specific estimates of self-sufficiency
- Wages for those who are placed into jobs in a sector
 - o Some sectors offer mostly survival jobs not necessarily upward mobility...)
 - o Should this be about wage increases rather than just wages
- Higher wages in the region over time
- A measure of employment of job seekers within the sector
 - o A comparison of how are we doing at getting businesses skilled employees within a targeted sector
 - o Business satisfaction with the workforce provided to them as a result of sector strategies
 - o # of WA residents employed increasing over time
- Business growth – have more businesses been recruited into the region within a given sector?
 - o Are targeted sectors growing/businesses expanding?
 - o # of companies with mid to high wages increasing over time
 - o # of replacement openings filled.
- Industry investment – are companies investing along with the public sector to meet needs within a targeted sector.
- Skill gas – are critical real and perceived skill gaps being closed
 - o Certifications are more individuals getting certifications necessary to obtain in-demand jobs in targeted sectors?
 - o Is there another way to measure this?
 - o What about perceived skill gaps?

ADDITION - Sector Strategies Action Item: language related to jobs that are accessible for those with barriers (See Attachment)

ISSUE: Members of the WTECB requested that the sectors framework address the issue that sectors need to also provide opportunities for those with barriers to employment. The Subcommittee is asked to recommend a way to do this.

BACKGROUND: Sector strategies are intended as a mechanism to better align the needs of business with the skills of local workforce. Sector strategies are not specifically an approach to serving individuals with barriers to employment, although there are many examples of sector initiatives leading to specific efforts to employ targeted populations and help them progress in their jobs.

The framework approved by this subcommittee and the WTECB includes principles and a process and criteria for selection of sectors at the local level. These criteria include the ability to focus on sectors that create opportunities low income, low skilled and populations with barriers. Staff does not recommend that additional criteria be added at this time. Staff does recommend the addition of a bullet in the statement of principles to strengthen the intent for local areas to look consider sectors that provide opportunities to employ those with barriers to employment.

Sample statements have been inserted into the approved framework on the attachment below.

REQUESTED ACTION: Approve a **statement to clarify that sector strategies may be used as a tool to assure that those with barriers to employment have opportunities for employment and upward mobility.**

Sectors Framework (approved by WTECB on 5/28/15)

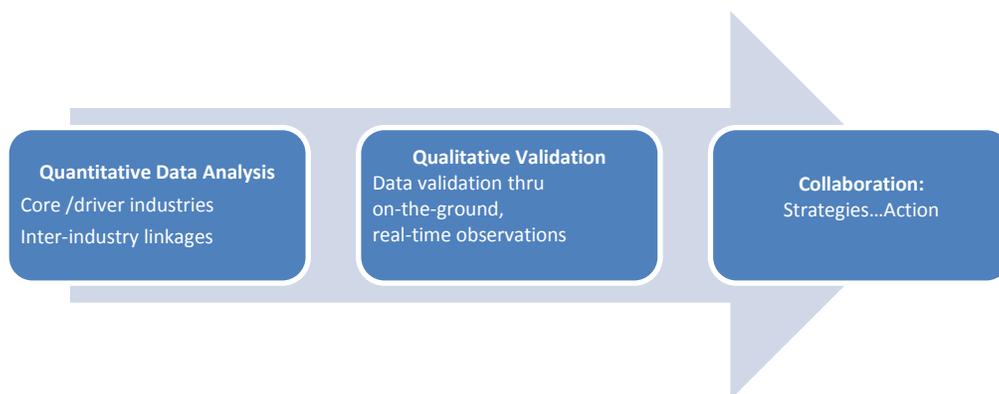
Guiding Principles

- Sector strategies are but one of many strategies for workforce and economic development.
- Statewide and local sector strategies can co-exist in mutually-reinforcing and beneficial ways. They are not mutually exclusive of one another.
- Critical factors for identifying sectors to be targeted for sector strategies include employment opportunities (*including opportunities for those with barriers to employment*), wage levels (including career and wage progression potential), and the economic impact of the industry.
- Because policy objectives vary, workforce and economic development partners may work from different lists of targeted sectors. That being said, collaboration and coordination is imperative when economic and workforce strategies target the same sectors.
- Nascent or emerging sectors, as well as mature or plateaued ones, have a role in workforce and economic development initiatives.
- Both traded sectors and local services sectors have a role in workforce initiatives. Traded Sectors generally include export or innovation-based industries – agriculture, manufacturing, scientific Research and Development. Local services sectors are more population-based. Retail, health care, educational services, food services, public administration – tend to locate based on population and are prevalent in almost all communities.
- Targeted sector lists should be updated periodically to keep pace with changing economic conditions.
- As sector strategies are developed, there should be an emphasis on data-driven outcomes (e.g., employment placements) *for businesses, job seekers and workers, including individuals with barriers to employment.*
- Sector strategies are developed,

Process and criteria for identifying and prioritizing target sectors

- Conduct quantitative data analysis: Identify core/driver industries and inter-industry linkages. Measure and rank criteria relating to industry concentration, employment, and opportunities for wage and career progression. Criteria should include, but not be limited to:
 - Industry concentration – Using employment location quotient for the local area relative to the nation. (Possible Data Sources: *ESD's Quarterly Census of Employment and Wages*, *Bureau of Labor Statistics location quotient calculator at http://data.bls.gov/location_quotient/ControllerServlet*)
 - Recent and projected employment growth – Looking for positive projected growth potential. (Possible Data Source: *ESD's employment projections for projected data and ESD's Quarterly Census of Employment and Wages for recent employment data*)
 - Opportunities for wage progression – As indicated by range between 25th and 75th percentiles in wages observed within a given occupation in the sector (Possible Data Source: *ESD's Occupational Employment Survey wage data.*)

- Opportunities for career progression – As indicated by percent of occupations in the middle- and high- wage ranges and other indicators of occupational mobility within a given sector. (Possible Data Sources: *ESD's occupational wage data and industry-occupation matrix.*)
- Conduct qualitative validation: Validate quantitative findings through conversations with industry (business and labor) and regional economists. Criteria may include just should not be limited to:
 - Quantitative factors such as employment projections relating to retirements and turnover; output; earnings per worker; commuting patterns; change in establishments; change in wages; exports as percent of output; traded versus local services sectors. (Possible Data Sources: *ESD's Employment projections, Bureau of Labor Statistics national replacement rates for occupations at http://www.bls.gov/emp/ep_table_110.htm, comparisons between job openings and numbers of unemployed from sources like Help Wanted on Line at <https://fortress.wa.gov/esd/employmentdata/reports-publications/occupational-reports/employer-demand-report>, Department of Revenue's Quarterly Business Income at <http://dor.wa.gov/content/aboutus/statisticsandreports/TID/StatisticsReports.aspx?query=gbinatics>, commuting patterns from the Census Bureau's county to county migration flows, *change in establishments and changes in wages reported on ESD's Quarterly Census of Employment and Wages; Occupational Employment Survey.*)*
 - Qualitative Factors such as industry-recognized certifications and related opportunities for career progression, policy/regulatory/legislated issues, resources at-hand, and factors of chance and special circumstances, as identified by companies within the sector.
- Develop strategies for action through collaborative planning with economic development, business and education partners.
- Define intended outcomes and measure results.



Common definitions

- Sector: A group of industries with similar business processes, products or services like construction or health services; formerly categorized by the Standard Industrial Classification (SIC) system, now categorized by the North American Industry Classification System (NAICS). Traded sectors – those that produce goods - often locate where near the resources

necessary to create products, while local services sectors – retail, healthcare, education - tend to exist throughout the state since these are population based.

- **Industry Cluster:** A geographic concentration of interdependent competitive firms that do business with each other, including firms that sell inside and outside of the geographic region as well as support firms that supply new materials, components, and business services. (RCW 43.330.090)
- **Targeted Industries or Clusters:** Industries and industry clusters that are identified based on a strategic economic development consideration or other public concerns.
- **High Employer Demand Program of Study:** Postsecondary or Industry Recognized Certificate or degree program in which the number of students prepared for employment per year (from in-state institutions) is less than the number of projected job openings per year in that field—statewide, or in a sub-state region.
- **High-Demand Occupation:** An occupation with a substantial number of current or projected employment opportunities.
- **High Student Demand Program of Study:** Postsecondary or Industry Recognized Certificate or degree program in which student demand exceeds program capacity.