LOCAL GOVERNANCE AND SECTORS COMMITTEE BRIEFING PACKET: OVERVIEW

THE GOVERNOR'S GOALS:

- *Help more people find and keep jobs that lead to economic self-sufficiency, with a focus on disadvantaged populations.*
- *Close skill gaps for employers, with a focus on in-demand industry sectors and occupations.*
- *Work together as a single, seamless team to make this happen.*

HOW THE SUBCOMMITTEE WILL HELPS TO MEET THESE GOALS

Sectors: Sector strategies are about supporting the growth of local labor markets by better matching the skills of the workforce to the needs of industry. They are a driver for greater alignment across programs and administrative boundaries. Effective sector strategies create:

- Greater regional collaboration - businesses and job seekers don't care about our administrative boundaries.
- Greater service integration - businesses and job seekers don't care which program provides the service as long as it is effective.
- A mechanism for resolving skill gaps - businesses do care that employees have the right skills.

Based on good data, vetted by local experts working with groups of businesses within industries, sector strategies guide program development, help more people (including those with barriers to employment) become employed and move along career paths, fill in-demand jobs, and help businesses find, keep and grow the talent they need to succeed in a highly competitive market place.

Washington is considered a leader in many sector related practices. However, like the rest of the nation, the differences between rural, urban and suburban economies create challenges, and local areas are in different phases of implementation.

Subcommittee responsibilities related to sectors include:

- Identifying workforce regions based on labor markets (including commute data, demographics data and local expertise) and economic development strategies. Once regions are identified, WDCs in these regions will be required to work together to develop regional plans.
- Developing guidelines related to sectors for regional planning, including how to target state and local sectors.
- Clarifying how sectors help close skill gaps.
- Creating guidelines for incumbent worker training.
- Creating some consistency in the implementation of sector strategies, especially around the use of data, not only to report on outcomes, but to make course corrections as needed to achieve goals and inform best practices.

Local Governance: Decisions related to local governance are equally important in the implementation of the Act. These ultimately determine what WDCs need to have in place in order to receive and spend resources to produce outcomes and meet the goals of the Act, the Governor/State Board and the

DRAFT

region/local area. WDCs are given a strong leadership role in the new Act. Therefore, decisions related to local governance should create the conditions for a strong local leadership role. These include getting the right regions defined, designating local areas, defining the criteria that will get the right people onto WDC boards and establishing board certification criteria. The subcommittee must provide recommendations regarding:

- Designation of Local Areas within the regions – based on the data, some local areas are likely also regions, some may be part of larger regions consisting of 2 or more WDC's, and some could be part of multi-state regions. A WDC is required to provide services within the local area it serves, and to work with other WDCs on a regional plan if it is part of a larger region. The development of regions is not the same as creating local areas. Changes in local area boundaries must be supported by the Chief Elected Official in the affected area(s).

  NOTE: Local Elected Officials determine which organization serves as the WDC, administers the Adult, Dislocated Worker and Youth grants, and who serves on the Board.

- Establishment of criteria Chief Local Elected Officials will use in the appointing local board members. The new Act sets forth several types of criteria for local board membership:
  - Composition criteria - clarifies the categories that must be represented on the board - business, labor, etc.
  - Qualifications criteria - clarifies the type of person that should fill a seat in a specific category – exec w/optimum decision making power, a training director, etc.
  - Appointment criteria - clarifies who nominates the member.

  NOTE: under the new Act, a local workforce board may ask to be designated as an alternative entity, (aka grandfathered) thereby keeping the membership categories it currently has under WIA.

- Development of the WDC certification process. While the CLEO appoints the board and identifies the grant recipient (the WDC), the Governor must certify the WDC. The subcommittee has been tasked with making a recommendation for WDC certification. The Act lays out a number of requirements for certification, including appropriate appointment of membership, establishment of committees, achievement of performance accountability measures and sustained fiscal integrity.

WHAT'S IN THIS PACKET

The following pages provide briefs on each of the issues the subcommittee needs to address in the next four months

DRAFT

LOCAL GOVERNANCE AND SECTORS COMMITTEE BRIEFING PACKET

#1 Recommend workforce regions.

CITATION: *Section 106 (edited for simplicity)**:***
(a) REGIONS.—
(1) IDENTIFICATION.—Before 7/1/16, in order for a State to receive youth, adult and dislocated worker allotments and as part of the process for developing the State plan, a State shall identify regions in the State after consultation with the local boards and chief elected officials in the local areas and consistent with the designation of local areas.

(2) TYPES OF REGIONS.—For purposes of this Act, the State shall identify regions
(A) comprised of 1 [entire] local area that is aligned with the region;
(B) comprised of 2 or more [entire]local areas that are [collectively] aligned with the region (referred to as planning regions); and
(C) interstate areas contained within 2 or more States, and consisting of labor market areas, economic development areas, or other appropriate contiguous subareas of those States.

Explanation: The first item under "Local Areas" in the New Act is the requirement for the state to identify regions. Regions should be based on labor market data that can include commute patterns, demographic data, the prevalence of industry sectors/clusters, and economic development goals. A region can consist of one local workforce area, several local workforce areas within a state or several workforce areas across state boundaries that share a labor shed and economic development goals.

Identification of regions does not eliminate local areas or redraw their boundaries. However, identification of regions ***may*** indicate where local area boundaries are misaligned with labor markets. Chief Local Elected Officials may ask for new boundaries, or may ask to maintain existing local boundaries. Both Chief Elected Officials and WDCs must be consulted in the development of regional boundaries.

The state cannot change the boundaries of local areas unless:

- Local elected officials agree; or
- The local area is underperforming in specific areas established in the law.

Why regions are important: Regions form the basis for planning, coordination, cooperation, and service delivery in labor markets. Regions provide a tool for increased collaboration among WDCs and partners that operate in the same labor market, which can result in strong outcomes and services for customers.

Increased coordination also requires additional work. The local board within regions must:

- Establish regional (not just local) service strategies, including use of cooperative service delivery agreements;
- Develop and implement sector initiatives for in-demand industry sectors or occupations;
- Collect and analyze regional labor market data (in conjunction with the State);
- Establish administrative cost arrangements, including the pooling of funds for administrative costs, as appropriate;

DRAFT

- Coordinate transportation and other supportive services, as appropriate;
- Coordinate services with regional economic development services and providers; and
- Determine how the region will collectively negotiate local levels of performance for, and report on, the performance accountability measures for local areas or the planning region.

Key Decisions: the subcommittee should develop recommendations for the following

- Criteria for the identification of regions
    - What data will the subcommittee consider to identify regions?
    - What criteria/principles will be used to identify regions?
    - Should certain data be weighed more heavily in the identification of regions?
    - Should regions be intentionally drawn to support implementation of sector strategies?
    - Can regions be drawn to support stronger outcomes for customers?
- Initial recommendation of regions based on data presented for vetting with local elected officials and WDCs.
- Vetting of regions with local elected officials and WDCs.
    - How will the subcommittee gather input regarding its proposed regions?
    - How will the subcommittee work with chief elected Officials in areas that may want to consider changing local boundaries based on regional data?
    - What changes will be made based on the vetting process?
- Final recommendation of regions.

DRAFT

LOCAL GOVERNANCE AND SECTORS COMMITTEE BRIEFING PACKET

#2 Support Sectors

CITATION 1: **State focus on sectors**

In a letter to the State Workforce Board dated October 27, 2014, Governor Inslee charged the Board to "establish a clear focus across three fundamental goals for the workforce development system:

- *Help more people find and keep jobs that lead to economic self-sufficiency, with a focus on disadvantaged populations.*
- *Close skill gaps for employers, with a focus on in-demand industry sectors and occupations.*
- *Work together as a single, seamless team to make this happen.*

Washington has a history of legislative action related to sectors and clusters, including:

- *SHB 1091 which established Innovation Partnership Zones and required a process and criteria for identifying industry clusters*
- *2SHB 1323 which established Centers of Excellence and established industry clusters as a central organizing framework to coordinate planning and service delivery among workforce and economic entities.*

Washington also has a history of WDCs conducting Industry Skill Panels and other sector related activities resulting in a variety of initiatives to serve specific industry sectors, from transportation and logistics to IT to marine towing, and in-demand occupations, like nursing and professional services.

In addition to establishing Centers of Excellence, institutions of Higher Education have been engaged in a variety of efforts to develop courses and programs to meet the need for in-demand occupations.

CITATION 2: Opportunity Act focus on sectors

There are more than 50 references in the Opportunity Act to strategies for meeting the needs of employers, workers, and job seekers through sector partnerships related to in-demand industry sectors and occupations. Specifically, the Opportunity Act states that:

- *The State Board is responsible for the development and continuous improvement of the workforce development system in the State, including "the development and expansion of strategies for meeting the needs of employers, workers, and jobseekers, particularly through industry or sector partnerships related to in-demand industry sectors and occupations." (Sec. 101(d)(3)(D))*
- *Local Boards (WDCs) must engage in regional planning that results in the development and implementation of sector initiatives for in-demand industry sectors or occupations. (Sec 106 (c)(1)(C))*
- *WDCs are also required to use a locally-determined portion of Adult and Dislocated Worker formula funds to develop, convene, or implement industry or sector partnerships (Sec. 134(c)(1)(A)(v)).*

Explanation: Sector strategies focus on the common needs of firms in an industry (such as biotech or ship building). Sector strategies are about supporting the growth of local labor markets by better

DRAFT

matching the skills of the workforce to the needs of industry. They are a driver for greater alignment across programs and administrative boundaries to create comprehensive solutions to workforce and other employer needs.

Sectors also provide a powerful mechanism for identifying and resolving skill gaps by convening groups of employers in similar industries for the purpose of clarifying their needs. Closing skill gaps makes our economy more competitive and enables people to move up into skilled jobs that are in high demand. Closing skill gaps helps companies grow. At both the statewide and local level, closing specific skill gaps for industry sectors involves:

- identifying which skill gaps should be prioritized,
- identifying how the entire community (or state) will work together to close them, and
- measuring whether we are successfully closing the gap.

The Opportunity Act emphasizes sector strategies as a model practice. Over the last decade, sector strategies have been proven effective at closing skills gaps and moving people, including those with barriers to employment, onto career pathways.

The Opportunity Act also emphasizes the leadership role of WDCs in the planning, implementation and funding of sector strategies.

Key Decisions: The Opportunity Act focuses on the integration of sector strategies into state and local planning and implementation. The Act requires local areas to use a portion of their resources (defined locally) to support sector initiatives. The Governor has asked the state workforce board to close skill gaps for businesses, with a focus on industry sectors.

The subcommittee is tasked with making recommendations for the following:

- ***Identify targeted sectors, including required data analysis.*** The Department of Commerce, under the Governor's direction, has identified a statewide set of key industries (see attachment A) that should form the starting point for this discussion. The committee is asked to review the list and make a recommendation about how to best use the list for the purposes of workforce development.

- ***Recommend guidelines for local sector targeting.*** Under SHB1091, a set of factors were identify to be considered in the targeting of sectors (see attachment B). The subcommittee is asked to consider whether these criteria are sufficient for the development of guidelines to target sectors at the local level. Such guidelines would also provide the process for locals interested in serving sectors that might not be on the state list.

- ***Identify critical skill gaps and recommend solution strategies.*** Critical skills gaps could be local or statewide. At a minimum, the subcommittee could recommend that all WDCs have an approach to

identify the primary or most significant skill gaps in their regions, clarify how their community is working together to close these skill gaps, and whether they are impacting these skill gaps. The subcommittee should make recommendations on how to develop or build on existing strategy to close statewide skill gaps.

- ***Recommend guidelines for incumbent worker training programs.*** The Opportunity Act requires WDCs to implement sector strategies with local funding and also allows for WDCs to serve incumbent workers with WIOA funding. In addition to a state level incumbent worker training fund, investments into incumbent worker training are made by WDCs, local businesses, community and technical colleges, and others.

Work has already been done on creating some consistent definitions related to sectors and clusters. The subcommittee has the opportunity to look across all these efforts, identify where there are gaps, overlaps and inconsistencies, and recommend how to address these.

By addressing these four issues, the subcommittee has the opportunity to create greater consistency in the implementation of sector strategies, without eliminating opportunities for local creativity and responsiveness.

DRAFT

LOCAL GOVERNANCE AND SECTORS COMMITTEE BRIEFING PACKET

SECTORS ATTACHMENT A

Current list of Washington's Key Sectors

Under Governor Inslee and Department of Commerce Director Brian Bonlender's leadership, the Department of Commerce supports key sectors of Washington's economy with a professional team of Sector Leads and related initiatives.

The following sectors have been identified as key sectors to receive such support:

- Aerospace
- Agriculture & Food Processing
- Clean Technology
- Life Sciences & Global Health
- Information Communication Technology
- Advanced Manufacturing
- Marine Technology
- Military and Defense

DRAFT

SECTORS ATTACHMENT B

Washington's Current Approach to Targeting Sectors/Clusters

As a result of SHB 1091, thirteen variables have been identified to serve as criteria for identifying clusters and, as a subset, strategic clusters for targeted workforce and/or economic development efforts:

- Location quotient
- employment level
- output
- earnings/worker
- % of occupations in middle wage range
- % of occupations in high wage range
- change in establishments 2001-2007
- change in employment 2001-2007
- change in wages 2001-2007
- % employment increase 2006-2016
- R&D occupations as a percent of total employment
- exports as a percent of output
- output/employment.

DRAFT

LOCAL GOVERNANCE AND SECTORS COMMITTEE BRIEFING PACKET

#3 Initial and subsequent designation of local areas

Citation: WIAO Sec 106(b)(2) & Sec 106(b)(3)
(B) CONSIDERATIONS.—The Governor [after consultation with the state board, WDCs and Chief Elected Officials] shall designate local areas (except for those local areas described in paragraphs (2) and (3) [below]) based on considerations consisting of the extent to which the areas—
(i) are consistent with labor market areas in the State;
(ii) are consistent with regional economic development areas in the State; and
(iii) have available the Federal and non-Federal resources necessary to effectively administer activities under subtitle B and other applicable provisions of this Act, including whether the areas have the appropriate education and training providers, such as institutions of higher education and area career and technical education schools.
(2) INITIAL DESIGNATION.—During the first 2 full program years following the date of enactment of this Act, the Governor shall approve a request for initial designation as a local area from any area that was designated as a local area for purposes of the Workforce Investment Act of 1998 for the 2-year period preceding the date of enactment of this Act, performed successfully, and sustained fiscal integrity.
(3) SUBSEQUENT DESIGNATION.—After the period for which a local area is initially designated under paragraph (2), the Governor shall approve a request for subsequent designation as a local area from such local area, if such area—
(A) performed successfully;
(B) sustained fiscal integrity; and
(C) in the case of a local area in a planning region, met the requirements described in subsection (c)(1).

Interpretation: While the Act states that the Governor may designate new areas with the support of the state board, it also states that the Governor shall approve requests for initial and subsequent designation for existing local areas that are performing successfully. Within the first two program years of the Act (7/1/15 thru 6/30/2017), the Governor **must designate** any local area that existed prior to the Act that makes a request for initial designation. The Act does not state that the initial designation must be for two years. The Governor may make subsequent designations at any time. In order for an area to receive subsequent designation, it must perform successfully, sustain fiscal integrity and, if the area is part of an identified region, participate in the development of a regional plan.

The Governor/State Board can initiate discussions of new boundaries. Regional data ***may*** point out reasons for such discussion. However, neither the Governor nor the state board can designate ***new*** local areas unless the Chief Local Elected Official in the area supports such a request. Chief Local Elected Officials may request boundary changes at any time, regardless of whether an area has been issued initial or subsequent designation. Under WIA, such a change was made when Skamania County moved from the Southwest workforce development area to South Central workforce development area.

The State Board asked Governor Inslee to provide initial designation to all existing local areas through 6/30/16.

Key Decisions: If the Governor concurs with the state board's request for initial designation, no further decisions regarding initial designation need to be made. If the identification of regions creates interest from one or more Chief Local Elected Official in forming new areas, the committee may be asked to make a recommendation, after consultation with the Chief Local Elected Officials and the WDCs.

DRAFT

LOCAL GOVERNANCE AND SECTORS COMMITTEE BRIEFING PACKET

#4 Criteria for local board member appointment

CITATION: *Section 107(b) MEMBERSHIP.—*
(1) STATE CRITERIA.—The Governor, in partnership with the State Board, shall establish criteria for use by chief elected officials in the local areas for appointment of members of the local boards

Discussion: The Opportunity Act establishes a number of criteria for the appointment of local board members (see Attachment A). The Governor has the option to simply adopt the criteria in the Act or add more criteria.

The Opportunity Act reduces the large number of board members required under WIA while attempting to assure appropriate representation on WDCs. It establishes three types of criteria:
- Membership categories (e.g. business, labor, higher education, etc.)
- Criteria for members in these categories (e.g. must have optimum decision making capacity, etc.)
- Clarification of who nominates members (e.g. trade associations, labor federations, etc.)

Under the Act, all board members must have optimum decision making authority and represent the geography of the local area.

Washington added several criteria for board member appointment under WIA. These do not carry forward to the Opportunity Act unless the state board and the Governor decide to add them.

WIA requirement	Additional Washington Requirement
Business majority (51%) who are owners, CEOs, COOs or other business executives or employers with optimum policymaking or hiring authority, representing businesses with employment opportunities reflective of employment opportunities of the local area.	- Must include at least three representatives of businesses with substantial employment and at least three representatives of small businesses employing fewer than fifty employees. - Business defined: Members are owners, chief executives, or operating officers of businesses, and their private sector executives (including business contractors) with maximum "within region" policy or hiring authority. - Additionally, CLEOs are encouraged to select representatives from key economic sectors in the area and employers with highly regarded human resource practices.
At least two representatives of labor	At least three labor representatives, from among those nominated by central labor councils
At least two representatives of education	at least two representatives of K-12 education, and at least two representatives of postsecondary education from among those nominated by local education institutions

A full description of these criteria appears in Attachment B.

Key Decisions: there are two options for the subcommittee to consider - to add criteria, or not to add criteria.

- **Reasons to add criteria:**
  - To better align board composition with the sectors prioritized in a region.

- To assure membership for critical partners that are not represented on the board under the Opportunity Act, such as advocates for specific populations, K-12, etc.
- To increase representation within certain membership categories.
- To specify the types of members within a category – like requiring small businesses within the business majority.
- To maintain criteria that were added under WIA

- **Reasons not to add criteria**
  - The Act already provides a significant number of membership criteria.
  - Adding criteria can make it more difficult to recruit at the local level, especially in rural areas where there are fewer potential members to choose from in the first place.
  - Because of the new requirement to maintain both a business majority and 20% representation for the voice of the job seeker, adding members grows the size of the board. Adding even one member can require additional members in both categories.
  - The Act specifically reduced the size of large, unwieldy local boards at the request for board directors and chairs.
  - This is intended to be a new Act, so past criteria may not apply.

Possible added criteria	**Comments**
Some or all of business representatives should be selected from targeted sectors	Aligns the local boards with targeted sectors May be done without increasing the size of the board May lead to over representation of some industries on the board
Maintain requirement for at least 3 businesses representatives from businesses with substantial employment	Continues the current practice Assures that major employers help guide the work of the board Does not have to increase the size of the board Adds complexity to assuring business majority
Maintain requirement for at least 3 businesses be small businesses	Continues the current practice Assures that the voice of small businesses are present Does not have to increase the size of the board Adds complexity to assuring a business majority
At least 3 reps from organized labor should serve on every WDC	Assures that Labor continues to have a strong voice on boards Can be included in the 20% without increasing board size May reduce representation of CBO's which are in the same membership category
Add a K-12 Rep	Allows greater alignment of community efforts to create workforce pipelines Increases the size of the board
Add reps for specific populations	Allows to additional voices representing hard to serve populations Increases the size of the board.
Other…	

NOTE: In addition to having diverse representation on their boards, WDCs have a number of mechanisms they can use to make sure all voices are heard.

DRAFT

LOCAL GOVERNANCE AND SECTORS COMMITTEE BRIEFING PACKET

Membership Criteria Attachment A: WIOA Membership Criteria

Categories	Number of reps	Criteria ***(all must have optimum policy making authority in their organizations, and represent the diverse geography of the local area)***	Who nominates
Business Majority	Businesses or organizations representing businesses, including small businesses. Majority required	For businesses: must be owners, chief execs or operating officers or other execs ***with optimum decision making power***. For organizations representing businesses: must represent businesses that provide employment opportunities that, ***at a minimum include high-quality, work relevant training and dev't in in-demand industry sectors or occupations***.	Local business organizations and business trade associations
At least 20% represent the workforce in the area	At least 2 reps of labor organizations.	If no employees are represented by organized labor other representatives of employees may fill these seats	Local Labor Federations
	A representative or training dir. for a joint labor mgmt apprenticeship program	If no joint labor mgmt. apprenticeship program exists, an apprenticeship rep may fill this seat	Not specified
	May include reps of Community Based Organizations (CBOs)	With expertise serving those with barriers to employment and/or eligible youth	Not specified
Education and Training	One rep providing Adult Ed		If more than one org provides each of these services in a local area, the reps shall be selected from among nominees from each org.
	One rep of an institute of higher ed	That provides workforce investment activities	
	May include a rep of local educational entity or CBO	With expertise in addressing training needs of those with barriers to employment	
Gov't and economic and community Dev't	One rep for economic and community dev't		Not specified
	One rep of state employment service		Not specified – assume state agency will provide
	One rep of voc rehab program		Not specified – Assume state agency will provide
	May include reps from housing and transportation programs		Not specified
	May include philanthropic orgs		Not specified
Any local additions	As selected by the Chief Local Elected Official		

ATTACHMENT B

WASHINGTON STATE'S 2014
WORKFORCE DEVELOPMENT COUNCIL
MEMBERSHIP CRITERIA

(1) Business. Section 117(b)(2)(A) of the Workforce Investment Act (WIA) requires a majority (at least 51 percent) of Workforce Development Councils (WDCs) must be representatives of business. The WDC shall include representatives of business in the local area, who are owners, chief executives or operating officers, and other business executives or employers with optimum policymaking or hiring authority. The business members shall represent businesses with employment opportunities that reflect the employment opportunities of the local area. They must also be appointed from among individuals nominated by local business organizations and business trade associations.

Additional state criteria established in 1999: Business members must include at least three representatives of businesses with substantial employment and at least three representatives of small businesses employing fewer than fifty employees. Local business organizations and associations must nominate individuals, and the Chief Local Elected Officials (CLEOs) must appoint members from among the nominees. Business defined: Members are owners, chief executives, or operating officers of businesses, and their private sector executives (including business contractors) with maximum "within region" policy or hiring authority. Additionally, CLEOs are encouraged to select representatives from key economic sectors in the area and employers with highly regarded human resource practices.

(2) Labor. WIA Section 117 requires that there be at least two representatives of labor. Washington's criteria, established in 1999, require that the WDC membership include at least three labor representatives. [1] The central labor councils must nominate individuals, and the CLEOs must appoint members from among the nominees.

(3) Education. WIA Section 117 requires that there be at least two representatives of education. Washington's criteria, established in 1999, require that there be at least two representatives of K-12 education, and at least two representatives of postsecondary education. Local education agencies, institutions, or organizations must nominate representatives. The CLEOs must appoint members from among the nominees.

(4) There must also be at least one member who represents each of the following:

- The state's public vocational rehabilitation agency
- Public assistance agencies
- Economic development agencies
- Community-based organizations
- The public employment services

[1] Business and labor members whose term on a WDC has not expired on June 30, 2014, do not need to be renominated by the appropriate nominating entity. CLEOs will need to ask the appropriate nominating entity to renominate any business or labor member whose current term ends on or before June 30, 2014, if the member seeks to serve for another term.

Local Governance and Sectors Subcommittee
Issue Briefing:

Note: Federal CFR 661.315 requires WDCs, other than those established under WIA Sec.117(i) Alternative Entity, to have two or more representatives of community-based organizations, two or more representatives of economic development, and one member representing each One-Stop partner. An entity administering two or more of the required One-Stop programs may be represented on a WDC by a single individual (WIA 12-16-98 rule).

(5) If any of the membership criteria requires a change in the membership categories represented on a pre-existing entity or in the charter of a pre-existing entity, per Department of Labor rule (CFR 661.330), then that criterion is null and void for that entity.

(6) Meeting annual WIA Title I-B levels of performance is a council certification criteria (WIA Sec. 117(c)(3)(B)).

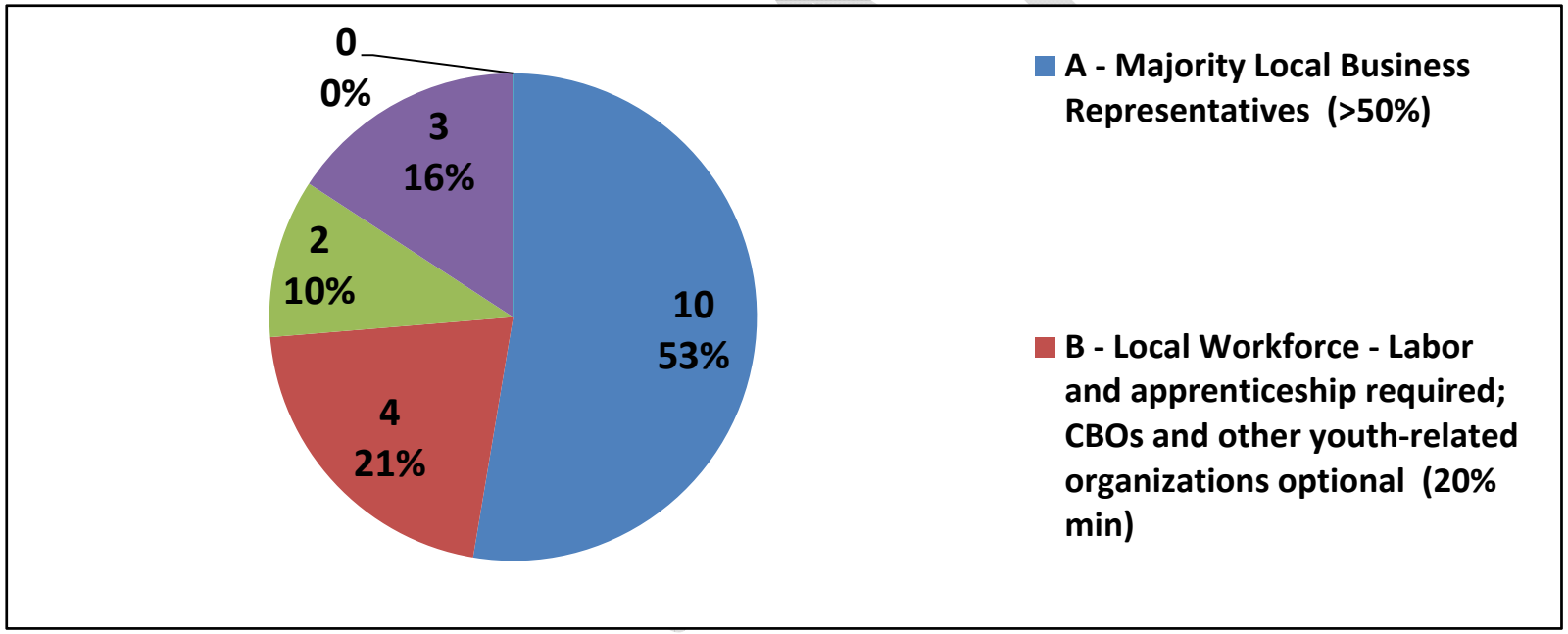
DRAFT

Local Governance and Sectors Subcommittee
Issue Briefing:

ATTACHMENT C

Board Membership Calculator (note: an excel version of this will be provided to the task force on membership criteria)

Minimum Representation (Master)	**# of Members**
Category	
A - Majority Local Business Representatives (>50%)	10
B - Local Workforce - Labor and apprenticeship required; CBOs and other youth-related organizations optional (20% min)	4
C - Education and Training - Title II and higher education required; local education and CBOs helping barriered individuals optional	2
D - Government, Economic, and Community Development - Eco/Dev, Wagner-Peyser, and Voc Rehab required; philanthropic and others optional	3
E - Others as determined by chief elected official	0
Total	19



Local Governance and Sectors Subcommittee
Issue Briefing:

#5 Alternative entities

CITATION: Section 107
(i) ALTERNATIVE ENTITY.—
(1) IN GENERAL.—For purposes of complying with subsections (a), (b), and (c), a State may use any local entity (including a local council, regional workforce development board, or similar entity) that—
(A) is established to serve the local area (or the service delivery area that most closely corresponds to the local area);
(B) was in existence on the day before the date of enactment of this Act, pursuant to State law; and
(C) includes—
(i) representatives of business in the local area; and
(ii)(I) representatives of labor organizations (for a local area in which employees are represented by labor organizations), nominated by local labor federations; or
(II) other representatives of employees in the local area (for a local area in which no employees are represented by such organizations).

Interpretation: WDC's that were in place prior to the passage of the new Act, may petition to keep their board membership the same as it was under WIA. This is known being an alternative entity, although it is often referred to as "grandfathering". The only difference between alternative entities and WDC's is the composition of the board membership. Under the Act, all WDCs are eligible to apply for alternative entity status.

The new Act offers no criteria for approval of a request for alternative entity status, nor a requirement to approve such a request. While there has been discussion about a technical fix to the Act that would limit approval of alternative entities only to those WDCs that were in place prior to WIA, not WIOA, such a fix would require an Act of Congress. Additional research would be needed to identify which WDC's would qualify if such a "fix" made to the law.

Key decisions: the subcommittee should make a recommendation to the Governor about whether to approve alternative entities.

- **Pros:** approving an alternative entity provides stability in a local area. In many cases WDC's have added members based on local needs. Adding these same members under WIOA's membership criteria would significantly increase the size of the board. Grandfathering allows a board to keep member categories not included in the new Act without further growing the size of the board.
- **Cons:** WIOA is an opportunity for change. The authors of the Act worked to reduce the size of local boards to make them more easily manageable. Grandfathering goes against this principle.

DRAFT

Local Governance and Sectors Subcommittee
Issue Briefing:

#6 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 operating the following standing committees: one-stop operations, youth services, services for individuals with disabilities.
- 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, or failure to carry out the functions required under the Act. If a Governor decertifies a board, s/he must create a plan for a new board, in consultation with the Chief Local Elected Official.

These 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.

Local Governance and Sectors Subcommittee
Issue Briefing:

- 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.

Key decisions: The subcommittee has been tasked with developing the certification process. At minimum, that process must include a way to validate that local boards have the appropriate members and committees, 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 a subcommittee to consider
- What should be included in the certification process?
- Should additional performance criteria be added to the list?

DRAFT

Local Governance and Sectors Subcommittee
Issue Briefing:

- 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?

DRAFT