

HOUSE BILL REPORT

HB 2348

As Reported by House Committee On: Labor & Workforce Development

Title: An act relating to strengthening Washington's workforce development system by providing greater focus and better alignment of roles and responsibilities, and transferring administration of title I-B of the workforce investment act to the workforce training and education coordinating board.

Brief Description: Strengthening Washington's workforce development system by providing greater focus and better alignment of roles and responsibilities, and transferring administration of title I-B of the workforce investment act to the workforce training and education coordinating board.

Sponsors: Representatives Reykdal, Probst, Sells, Anderson, Ormsby, Kenney, Moscoso, Hunter, Ladenburg and Tharinger.

Brief History:

Committee Activity:

Labor & Workforce Development: 1/27/12, 1/31/12 [DP].

Brief Summary of Bill

- Expresses legislative findings and intent about strengthening the state's workforce development system.
- Transfers powers, functions, and duties pertaining to administration of Title I-B of the Workforce Investment Act from the Employment Security Department to the Workforce Training and Education Coordinating Board.
- Requires the Workforce Training and Education Coordinating Board and local workforce development councils to establish as their primary mission: developing a workforce for top industries; and increasing the percentage of Washington households living in the middle-income bracket or higher.

HOUSE COMMITTEE ON LABOR & WORKFORCE DEVELOPMENT

Majority Report: Do pass. Signed by 10 members: Representatives Sells, Chair; Reykdal, Vice Chair; Fagan, Green, Kenney, Miloscia, Moeller, Ormsby, Roberts and Warnick.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Minority Report: Do not pass. Signed by 3 members: Representatives Condotta, Ranking Minority Member; Shea, Assistant Ranking Minority Member; Taylor.

Staff: Jill Reinmuth (786-7134).

Background:

Congress enacted the federal Workforce Investment Act of 1998 (WIA) to prepare youth, dislocated workers, and adults for entry into the labor force and to provide for the planning, implementation, and ongoing oversight of a comprehensive state workforce development system designed to improve workforce training, employment, literacy, and vocational rehabilitation. The WIA Title I-B provides a framework for state and local workforce investment systems. This framework includes a state board and plan, local boards and plans, one-stop delivery systems, and employment and training providers. Governor Locke then issued Executive Order 99-02 relating to workforce development.

The Workforce Training and Education Coordinating Board (Board) acts as the state workforce investment board and develops the state unified plan for workforce development. The Board provides planning, coordination, evaluation, monitoring, and policy analysis for the state training system as a whole.

The Employment Security Department (Department) administers the state employment service unemployment insurance programs. The Department is the administrative lead for WIA Title I-B and employment statistics.

Twelve local workforce development councils act as local workforce investment boards and develop local unified plans for workforce development. These organizations oversee the local one-stop systems and select local one-stop operators to manage the day-to-day functioning of one-stop centers. The one-stop operators may be postsecondary educational institutions, local employment service offices, community-based organizations, for-profit entities, or government agencies.

Congress appropriates funds for youth, dislocated worker, and adult activities under WIA Title I-B and the federal Department of Labor sets allotments for the states based on statutory formulae. The states then distribute most funds among local areas and reserve other funds based on those formulae and the provisions of the state plans. Washington's total allotment for Program Year 2011 was \$52.5 million, with at least \$44.4 million allocated for local activities, about \$5.5 million reserved for rapid response activities, and about \$2.6 million reserved for statewide activities.

Summary of Bill:

Findings and Intent.

The Legislature finds that the workforce development system may be strengthened by focusing on the key roles and responsibilities of state partners, ensuring cohesive governance

and management of the state's workforce system, improving accountability and performance, and eliminating possible conflicts of interest.

The Legislature expresses its intent that greater focus and better alignment will strengthen the ability of state partners to develop a workforce needed by top industries such as aerospace, biotechnology, and information technology, and to increase the percentage of Washington households living in the middle-income bracket or higher.

The Legislature also expresses its intent that:

- policy, planning, and performance continue to be the Workforce Training and Education Coordinating Board's (Board) core business;
- the Board assume administrative and operational responsibility for funds received under Title I-B of the Workforce Investment Act (WIA Title I-B); and
- employment services and unemployment insurance continue to be the Employment Security Department's (Department) core business.

Administration of WIA Title I-B.

The powers, functions, and duties of the WorkSource Standards and Integration Division (WorkSource Division) pertaining to the administration of Title I-B are transferred from the Department to the Board. These powers, functions, and duties include:

- compliance, assistance, research, and grant origination;
- related technical assistance, education, and support;
- related quality assurance and compliance; and
- related system performance.

All assets and personnel of the WorkSource Division are transferred from the Department to the Board, including records, appropriations, and employees. Transferred employees in an existing Department bargaining unit become part of the existing Board bargaining unit.

Mission of State and Local Boards.

The Board must establish as its primary mission the following: developing a workforce for top industries such as aerospace, biotechnology, and information technology; and increasing the percentage of Washington households living in the middle-income bracket or higher. Workforce development councils must do the same.

The Board must assume the administrative lead for WIA Title I-B, and oversee the WorkSource service delivery system. The Board also must develop strategies to expand cohort training in fields with critical skill shortages.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on October 1, 2012.

Staff Summary of Public Testimony:

(In support) The Workforce Training and Education Coordinating Board (Board) is in charge of developing a vision for the workforce development system and offering directives to local workforce development councils. However, it does not have the resources to implement that vision. The workforce development councils feel like they have two bosses because they try to serve the Board's vision and the Employment Security Department's (Department) expectations. There is a better way to organize the missions and the resources of these agencies.

Another concern is that the Department grants federal funds to local workforce development councils, and then a separate part of the Department applies for those funds from the councils. The Department also audits this entire cycle. This is an inherent conflict. Although the Department tries to create a clear buffer within the agency between grantors and grantees, there is some risk.

(Opposed) Sections 1 and 2 of the bill will move administration of the funds used to support low-income adult, youth, and dislocated worker programs from the Department to the Board. As written, this bill will make it more difficult to provide comprehensive services to employers and workers.

The bill organizes these services by federal funding silo, rather than by function or customer need. The Department is organized around functions rather than funding source to increase services to customers. The Department works with local workforce development councils to provide services in the WorkSource centers. Services funded through the Workforce Investment Act (WIA) are coordinated with those funded through other silos to avoid duplicating assessments, career planning, and job search services. If reorganized by federal funding source, it will be much more difficult to leverage these funds.

When major layoffs occur, the Department coordinates the state's rapid response by bringing together available resources to provide help to both the workers and the employer. Local workforce development council staff and the Department staff join together to respond to these events. If this bill passes, both the Department and the Board would be responsible for portions of the state's rapid response. This would make coordination more difficult, reducing service to the customer.

Sections 3 and 4 are good, with the exception of one subsection. The Department should be added to section 3 to make the effect of that policy clear. There would be no difficulty in reporting on progress made to ensure training dollars go to high-demand occupations.

There are some specific ways to address the core problem of being able to make sure that training can be targeted to the high-demand occupations, particularly with federal WIA funds. The current administration of the program provides for good coordination and efficiency by combining different streams of federal funding.

There is concern that loading the Board down with grants and administrative tasks will take them away from their core mission as the convener of labor, business, and state agencies to focus on the state's workforce training needs.

Persons Testifying: (In support) Representative Reykdal, prime sponsor.

(Opposed) Leslie Goldstein, Governor's Executive Policy Office; Paul Trause, Employment Security Department; and Deb Merle, State Board for Community and Technical Colleges.

Persons Signed In To Testify But Not Testifying: Suzanne Nicols.