

**The American Reinvestment and Recovery Act
(The Recovery Act)
Workforce Guidance Memo #3**

To: Pennsylvania's Local Workforce Investment Boards (LWIBs)

From: Fred Dedrick
Deputy Secretary for Workforce Development
PA Department of Labor and Industry

Re: Recommendations regarding use of Recovery Act Funds

Date: 3/31/09

The purpose of Workforce Guidance Memo #3 is to provide you with the PA Department of Labor and Industry's recommendations regarding how Recovery Act funds should be used to achieve the goals described in the Recovery Act legislation as well as those described in L&I Workforce Guidance Memo #2. Many of you are currently employing a variety of very effective and innovative practices that greatly assist your workers and businesses. We hope to build on those practices and share them with the entire system.

The Training and Employment Guidance letter (TEGL) No. 13-08, dated March 6, 2009 provides some important guidance to the states, including a host of goals that Congress and the President wants to achieve with the Recovery Act funding. Among these goals are:

- Preserve and create jobs and promote the nation's economic recovery
- Provide USDOL with unprecedented levels of funding ... to help Americans acquire new skills and get back to work
- Expeditiously and effectively implement the Act, with full accountability for expenditure of funds
- Advance transformational efforts by demonstrating a capacity to innovate and implement effective One-Stop delivery strategies
- Take an expansive view of how the funds can be integrated into efforts to improve the effectiveness of the public workforce system
- Consider the needs of workers and employers as equally important
- Leverage changes in the system's basic operation to develop a strong, innovative public workforce system
- Align adult education , job training, postsecondary education, registered apprenticeships, career advancement and supportive services with economic and community development strategies

- Align education and training at every level to industries important to local and regional economies
- Link education, training, assessments and certifications to the requirements of the next level of education and employment

In addition, this TEGL provides a clear mandate regarding spending:

It is the Congress' intent, as well as that of the Administration, that the majority of these funds will be utilized within the first year of availability

The Training and Employment Guidance letter (TEGL) No. 14-08, dated March 18, 2009 provided much additional information with regard to authorized funding as well as specific instructions regarding the requirements for states to modify their WIA and Wagner-Peyser Strategic State Plans. The TEGL also provides important guidelines for summer youth employment activities. We strongly urge all LWIB directors and their Boards to be very familiar with these guidance letters from USDOL.

This Workforce Guidance Memo #3 will focus primarily on WIA Adult and Dislocated Worker funding. A future Guidance Memo will focus particularly on WIA Youth funding.

Increase in Demand for Services

Understandably there is considerable public interest in how these funds will be allocated and what outcomes they will produce. Therefore, we expect that as Recovery Act funding is provided to Pennsylvania and as the funds are made available to you, there will be many questions about your intentions for the use of these dollars. Moreover, many people will be referring hundreds of individuals to PA's CareerLinks and expecting good service. Please be sure that you can accurately answer the basic questions about transparency, reporting and accountability.

Wagner-Peyser Funds

Because of the provisions in the Recovery Act affecting Wagner-Peyser funding, Pennsylvania will be required to significantly increase the number of UI claimants called into to the PA CareerLinks for reemployment services (PREP program). With the associated increase in WIA funding for training, we expect that the number of individuals recommended for training will increase. We would like to work with you and your Title I contractor staff to determine how state staff can assist in the development of training options, the determination of who should be referred to training and the use of assessments to determine suitability for training.

Responding to Those Seeking Assistance

These are difficult times for many families and individuals. We must be ready to respond positively and professionally to people as they come into the PA CareerLinks. A major objective of the Recovery Act is "to assist those most impacted by the recession." We should be ready to respond to our fellow citizens by providing them with the assistance they need to take

advantage of emerging and future opportunities. We must ensure the availability and distribution of any information that can assist people. This could include information and applications for: food stamps, the Low Income Energy Assistance Program (LIHEAP), the Earned Income Tax Credit (EITC), mortgage counseling services, etc. We thank those of you who are planning or have already completed **Here to Help** events. Governor Rendell, Acting Secretary Vito and L&I very much appreciate your willingness to help organize and hold these events.

Personal and Systemic Approach

With all these challenges, it will be important to establish a responsive, transparent and fair system for engaging and responding to the people who come into the PA CareerLinks. Labor & Industry, the WIBs and Title I operators, in conjunction with the Operator Consortia, will need to work very closely together to ensure that people seeking help know how to access training and other services. We recommend that you develop a system for identifying and responding to those interested in training. Your recommendations on how to manage “customer flow” are welcome.

Other WIA Funds

It is absolutely clear that the Recovery Act funds be used to substantially increase the number of people who are receiving services from the workforce system. This means that these funds will be an addition to your current WIA spending. Recovery Act funds cannot be used to substitute or replace current WIA funding. Current WIA spending must continue, or even increase, as the Recovery Act dollars are received. The U. S. Department of Labor (USDOL) has stated that it will look critically at states that lag in spending of PY08 funds. Consequently, PA Labor & Industry will closely monitor the spending levels of your PY08 funds.

Reporting

Providing accurate and detailed information on all Recovery Act expenditures cannot be over emphasized. All draw down of funds must include an explanation. We are currently developing how we will be implementing this new procedure. Please note that Pennsylvania is among a core group of 16 states selected by the Government Accountability Office (GAO) to provide an ongoing longitudinal analysis of the use and impact of Recovery Act funds. In addition, the USDOL has indicated that it will be conducting a “readiness” review of L&I and Governor Rendell has appointed a Pennsylvania Stimulus Oversight Commission, as well as a Chief Accountability Officer. A future guidance memo will focus on reporting and accountability.

Training

We strongly recommend that at least 60 percent of Recovery Act formula funding be used for training. Since the inception of the Workforce Investment Act, the workforce system has been criticized for the low percentage of funds spent on training. Using 30-40 percent of funding for training is not an acceptable level of “workforce investment.” The ultimate goal of any and all training must be a recognized skills certification, academic credential and/or employment. L&I recommends that all Recovery Act funding be used to prepare and/or move people into demand-driven training, post-secondary education and/or employment. We urge you to keep any

administrative expenses to a minimum. As was previously noted, every dollar of Recovery Act funding must be publicly reported.

Assessments

We recommend that no one should be referred to training without first taking a skills assessment. Individuals should not be referred to training and/or educational courses without a strong indication that they will be successful. Therefore, the assessment should be a key ingredient of your intensive services and the customer flow system that you design. To assist in this effort L&I is considering the purchase of a statewide license for certain assessment tools.

Connection to Industry Partnerships

We strongly recommend that you align your training plans with the needs defined and/or expressed by the employer members of your industry partnerships. Your business service teams should already have a good relationship with these partnerships. As job openings generated by Recovery Act dollars are posted on Commonwealth's Workforce Development System (CWDS) your business service teams should reach out and make sure that employers in your area know of the services provided by Workforce Investment Boards and the PA CareerLinks. Encourage all employers to post all openings to the CWDS system.

Working with Education and Training Providers

The Recovery Act allows LWIBs to contract with education and training partners for "slots" or classroom seats. Working closely with these providers will enable you to develop a variety of training opportunities that can be geared to certain populations and certain types of job seekers: former workers on UI, disadvantaged adults, younger adults, those interested in specific sectors such as health care, green jobs, or construction, etc. By proactively working with these partners you can organize classes or programs that will open up for new members at reasonable time periods. As you well know, training for jobs that do not exist and/or will not likely exist in the near future is not a good way to help people. But this economy may make predictions of job openings particularly challenging. Take the time to interview employers about when and where Recovery Act spending may create demand for certain workers. These contracts should be performance-based, recognizing the longer time it may take to place people into employment. Please note that you do not have to approve all requests to provide training slots.

Recovery Act Generated Openings on CWDS

Labor & Industry has requested that all openings created by Recovery Act funds be posted to the CWDS system. If this is mandated by the Governor, someone should be assigned to work with employers who want to post jobs. This will be a very important responsibility and must be handled professionally and efficiently. Placing these job orders on the CWDS system will be an extraordinary opportunity for PA CareerLinks to provide critical information to our fellow citizens.

Affirmative Attention

We ask that you pay particular attention to any small business owners who may come into the PA CareerLink looking for assistance, but please pay special attention to minority, women, or disabled owned businesses that may be new to the public procurement system. Direct them to where they can receive assistance. Also, please be aware that there may be disabled individuals who come to the PA CareerLink, but who cannot be served by the Office of Vocational Rehabilitation (OVR) because of “priority of service” considerations. Please ensure that they have access to all services available to any other customer of the PA CareerLink.

Demand Driven Workforce Strategy

Since 2003 Pennsylvania has rooted its workforce system in labor market information to reflect the real needs of our jobseekers and employers. The targeted industry cluster analysis, the high priority occupations list and industry partnerships have been the foundation of our demand-driven system. Labor market information will continue to guide us as we consider ways to:

- Identify those businesses and sectors of your regional economy that are still in need of workers;
- Identify industries/employers that will begin to grow as the economy recovers;
- Analyze the transferable skills for workers who have lost their jobs and need to transition to new careers.

We encourage you to enhance your workforce and economic information availability and use, with particular focus on supporting regional and local workforce investment board planning for the use of Recovery Act funds.

Draft Set of Priorities

Before we make the Recovery Act funds available to you, L&I would like an understanding of your plans for these funds. We are requesting that you submit to Deputy Secretary Dedrick by April 10, 2009, a three page draft outline of your Recovery Act funding priorities. Please have these priorities reviewed by your board prior to submission. Make sure that the outline answers the following questions:

- What are the most important current and expected skill needs of your regional employers?
- How did you determine this and how will you update the information?
- What types of skills training do you see as a priority?
- What percent of your adult and dislocated funding will be allocated to training?
- How will you develop this training?
- What organizations will be your key training providers?
- How will you attract interested individuals to this training?
- What are the key characteristics of the individuals whom you will try to serve?
- What plans do you have to assist those who are not ready for training, education or job search?

- What needs do you have in your PA CareerLinks which, if addressed, would help to carry out your plans for Recovery Act funds?
- What assessments do you plan to use to determine the likelihood of success in training and/or education?
- How will you work with your regional Industry Partnerships?
- Are you interested in working with other LWIBs to pursue a competitive grant?
- What is your greatest area of interest for a competitive grant?

We expect that you will use this draft as the initial basis for the development of your revised annual plan that will be due to us on May 15, 2009. Additional guidance on the development of the local plan will be forthcoming.

Our intention is that these L&I Guidance Memos will assist you in planning for the receipt, spending and reporting of these funds. We welcome your ideas and suggestions.