

DIRECTIVE
WORKFORCE SERVICES

Number: WSD12-7

Date: August 15, 2012

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TO: WORKFORCE DEVELOPMENT COMMUNITY

SUBJECT: RAPID RESPONSE ALLOCATION METHODOLOGY AND EXPANDED FLEXIBILITY

EXECUTIVE SUMMARY:

Purpose:

The purpose of this directive is to inform the workforce development community of changes related to the allowable uses of the Program Year (PY) 2011-12 and 2012-13 Workforce Investment Act (WIA) 25 percent formula-based Rapid Response (RR) set-aside funding.

Scope:

This directive applies to the formula-based RR set-aside funds received by Local Workforce Investment Areas (LWIA).

Effective Date:

This directive is effective on date of issuance.

REFERENCES:

- WIA Sections 101(9) and (38), 133(a)(2), 134(a)(2)(A)
- Title 20 of the Code of Federal Regulations (20 CFR), Part 665
- SB 734 (DeSaulnier), Chapter 498, Statutes 2011
- DOL Training and Employment Notice (TEN) 31-11 (March 1, 2012)
- Department of Labor (DOL) Training and Employment Guidance Letters (TEGL) 17-05, Change 1 (August 13, 2007)
- WIA Directive WIAD11-9, Subject: WIA Training Expenditure Requirements (May 17, 2012)

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- WSD07-3, Subject: Dislocated Worker Additional Assistance Projects (September 27, 2007)
- WIA Directive WIAD05-18, Subject: Dislocated Worker 25 Percent Funding Policy (June 14, 2006)
- WIA Directive WIAD02-13, Subject: Dislocated Worker 25 Percent Fund Requirements (April 24, 2003)

STATE-IMPOSED REQUIREMENTS:

This directive contains only State-imposed requirements.

FILING INSTRUCTIONS:

This directive finalizes Workforce Services Draft Directive WSDD-72, issued for comment on July 10, 2012. The Workforce Services Division received five comments during the draft comment period. This resulted in one change to the directive, whereby the word “long-term” was deleted on page 4 under the heading “Leveraged Resource per the WIA Training Expenditure Requirement.” A summary of the comments is provided as an attachment. Retain this directive until further notice.

BACKGROUND:

The WIA Sections 101(38), 112(b)(17)(A)(ii), and 134(a)(2)(A), as implemented by the CFR Sections 665.300 through 665.330, require states to provide funds for RR activities and Additional Assistance grants to LWIAs which experience a demand for services that exceeds the capacity of existing resources. These funds are apportioned from the WIA Dislocated Worker (DW) 25 percent funding stream. The current California Workforce Investment Board (State Board) policies, which are published in directives, WIAD02-13, WIAD05-18, and WSD07-3, specify that 50 percent of the DW 25 percent funds are to be allocated based on a formula for providing RR activities and competitive-priority projects. These combined funds are the RR set-aside funds. The other 50 percent of the DW 25 percent funds are retained at the State level to provide Additional Assistance grants through an application process.

The State announced the RR formula allocations on July 10, 2012 via Workforce Services Information Notice WSIN12-1. These funds were provided to LWIAs for the period of July 1, 2012 through June 30, 2013, to defray the cost of required and allowable RR activities in response to layoffs, business closures, and natural disasters. These RR formula funds were placed into grant codes 540 and 541 in each LWIA’s K3XXXX subgrant.

POLICY AND PROCEDURES:

Rapid Response Funding

The State Board policies (published in directives WIAD02-13, WIAD05-18, and WSD07-03) specify that 50 percent of the DW 25 percent funds are to be allocated based on a formula for providing RR activities and competitive-priority projects.

The competitive-priorities portion of the RR set-aside funds historically has been retained at the State level to support allowable RR projects proposed by LWIAs that submit applications according to the RR priorities recommended by the State Board and adopted by the Governor. While the RR formula funds have been depleted each year, the competitive-priorities portion remaining from the RR set-aside funds has been under-utilized. This directive suspends the policy of setting aside a competitive-priorities portion of the RR set-aside funds. Under the new policy, the entire amount of RR set-aside funds will be allocated by formula. The remaining 50 percent of the DW 25 percent funds reserved for DW Additional Assistance projects will remain the same.

Formula Allocation (50 percent of the DW 25 percent funds as permitted in WIA):

30 Percent

- Baseline funding is allocated among local areas to ensure, at a minimum, that some capacity exists in each local area for the coordination and conduct of RR activities. Allocations to local areas comprised of more than one county will include an additional allocation of \$50,000 for each additional county. The remaining funds in this 30 percent pool will be equally distributed to all local areas.

45 Percent

- Layoff-based funding is for LWIAs that serve regions where significant numbers of dislocation events occur. This allocation will be based on quantitative layoff data. Funds will be allocated to local areas in proportion to the number of workers offered RR services in response to layoffs reported to the State (based on 121 reported affected worker counts). This methodology will ensure California meets WIA requirements to provide services to assist groups of workers affected by mass layoffs, permanent business closures, and natural or other disasters.

25 Percent

- Hold-Harmless funding is to minimize funding losses from year-to-year. A portion of the RR set-aside funds will be used to ensure that no local area receives less than 75 percent of their prior-year share of statewide funds distributed for baseline and dislocated/layoff-based activities. This policy also limits any local area's year-over funding increase to 100 percent of their prior-year allocation.
- Competitive-Priorities funding will no longer be awarded on an application basis. Instead, these funds will be allocated using the same formula as the WIA Dislocated Worker formula funds. The amount of funds available will be the balance remaining in the RR set-aside funds after other formula allocations described above are completed.

Additional Assistance Funding (50 percent of the DW 25 percent funds as permitted in WIA):

- The funds reserved for the DW 25 percent Additional Assistance will remain consistent with the policy outlined in WIAD05-18.

Expanded Flexibility of Rapid Response Funds

- **Flexibility of formula-based RR Set-aside Funds:**

Recognizing that local communities continue to see inordinate numbers of dislocated workers seeking services (including Emergency Unemployment Compensation claimants), use of PY 2011-12 and PY 2012-13 funds is hereby expanded to allow a provision of direct services to these workers. The funds may be used for either RR or Additional Assistance purposes. When serving Additional Assistance participants with these funds, they are to be registered in the Job Training Automation system under grant code 241. As a reference, allowable Additional Assistance activities are referenced in Directive WIAD05-18.

- **Leveraged Resource per the WIA Training Expenditure Requirement:**

The RR set-aside funds used for training services, when serving participants in Additional Assistance activities, qualifies as “leveraged resources.” It is the State’s hope that, to the extent possible, LWIAs will use these funds to provide training to the large number of unemployed individuals seeking services and consequently, this will assist LWIAs in meeting the 25 percent training expenditure requirement as specified in WIA Directive 11-9.

- **Extension of PY 2011-12 formula-based RR Set-aside Funds:**

The PY 2011-12 RR funds are extended to June 30, 2013. These funds can also be used for RR or Additional Assistance as determined by local needs.

ACTION:

Please bring this directive to the attention of all relevant parties.

INQUIRIES:

If you have any questions regarding this directive, please contact your assigned [Regional Advisor](#).

/S/ MICHAEL EVASHENK, Chief
Workforce Services Division

Attachment

Summary of Comments
Draft Directive “PY 2011-12 and 2012-13 Rapid Response Funds – Allocation Methodology and Expanded Flexibility”

There were five commenters to the draft version of this directive:

Commenter #1 indicated that while the Competitive-Priorities Funding is being made available to all local boards on a statewide basis, an allocation methodology for Rapid Response funds based on formula funding seems to disregard the linkage to Rapid Response services. The commenter thought a more appropriate method to allocate these funds should be based on the relative percentage of layoff-based funding received in each local area, specifically to serve area businesses and individuals impacted by layoffs.

Resolution: The EDD feels that the historically used allocation methodology provides sufficient Rapid Response funding for Rapid Response activity. The purpose for the allocation is to provide additional funding to local areas. Accordingly, the joint Workforce Services Branch/California Workforce Investment Board allocation methodology decision was made to be consistent with the Dislocated Worker allocation methodology.

Commenter #2 indicated that the \$50,000 of baseline funding automatically allocated for each additional county appears somewhat disproportionate for multi-county workforce investment areas given the limited displacements that occur in these areas. Geographically large, single county workforce investment areas are, in essence, penalized because these areas do not receive the additional baseline funds even though these large counties face many of the same challenges that multi-county workforce investment areas are compensated for under the proposed directive.

Resolution: The \$50,000 allocation per additional county is part of the statewide funding methodology developed by an advisory committee comprised of Local Workforce Investment Board directors and has been consistently used since it was adopted.

Commenter #3 inquired if Additional Assistance purposes refer to allowable Additional Assistance activities referenced in ATTACHMENT 2 “25 Percent Additional Assistance Funding Approach” in the WIA Directive WIAD05-18, “Dislocated Worker 25 Percent Funding Policy”?

Resolution: Yes, the WIA Directive 05-18 ATTACHMENT 2 was the principle reference for Additional Assistance activities for this directive.

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Commenter #4 inquired if Additional Assistance purposes refer to allowable Additional Assistance activities in compliance with ATTACHMENT 1 “Priorities for Rapid Response Competitively Funded Projects Funding Approach” in the WIA Directive WIAD05-18?

Resolution: Yes, the WIA Directive 05-18 ATTACHMENT 1 was the principle reference for Additional Assistance activities for this directive.

Commenter #5 requested that the EDD define the term long-term unemployed as referenced in “Leveraged Resource per the WIA Training Expenditure Requirement” section of the directive.

Resolution: The word “long-term” was meant in a generic way in this section; however, to reduce confusion the EDD deleted the word “long-term.”