TO: WORKFORCE DEVELOPMENT COMMUNITY

SUBJECT: SUBSEQUENT DESIGNATION OF TEMPORARY AND STATE BOARD RECOMMENDED LWIAs

EXECUTIVE SUMMARY:

Purpose:
The purpose of this directive is to communicate State of California policy and procedures regarding the subsequent designation of temporary Local Workforce Investment Areas (LWIA).

Scope:
This directive applies to the 31 temporarily designated LWIAs, including California Workforce Investment Board (State Board) recommended designations. A list of the 31 affected LWIAs is attached to this directive.

Effective Date:
This directive is effective on the date of its issuance.

REFERENCES:
• Workforce Investment Act (WIA), Section 116
• WIA Directive WIAD01-11, Subject: Exemplary Performance Incentive Award (March 11, 2002)
• WIA Directive WIAD02-4, Subject: LWIA Nonperformance Policy (September 18, 2002)

STATE-IMPOSED REQUIREMENTS:
This directive contains State-imposed requirements, which are indicated in bold, italic type.

FILING INSTRUCTIONS:
This directive finalizes Draft Directive WIADD-41, issued for comment on August 21, 2002. Retain this directive until further notice.
BACKGROUND:

The **WIA Section 116** provides the rules for automatic designation, temporary designation, state workforce investment board recommended designation, and the duration and subsequent designation of LWIAs. It requires the Governor to approve any request for designation from any unit of general local government with a population of 500,000 or more. It further requires the Governor to approve any request made for temporary designation by any unit of general local government (including a combination of such units) with a population of 200,000, or more that was a service delivery area under the Job Training Partnership Act (JTPA) if the area:

(1) Had performed successfully in each of the two years prior to the request in the delivery of JTPA Title II and Title III services; and

(2) Had sustained the fiscal integrity of the funds used to carry out those JTPA activities.

In addition, on the recommendation of the State Board, the Governor could approve designations (including temporary designations) for units of local government (including combinations of units) with populations of less than 200,000, if they met certain conditions stated in Section 116(a)(1)(B).

Thirty-four of California’s 50 LWIAs received temporary designations when California implemented the WIA in July of 2000. Since then, three of these applied for and were granted permanent status, leaving 31 with temporary status. Section 116(a)(3)(B) states that a temporary designation cannot exceed two years. After two years, the designation shall be extended until the end of the period covered by the five-year State plan (through June 30, 2005) if the Governor determines that, during the temporary designation period:

(1) The area substantially met (as defined by the State Board) the local performance measures for the local area; and

(2) Sustained the fiscal integrity of the funds used by the area to carry out WIA Subtitle IB activities.

“Sustained fiscal integrity” is defined in WIA Section 116(a)(3)(E).

The LWIAs with formal automatic permanent designations are exempt from this process.

To assist the Governor in making decisions regarding the subsequent designation of the 31 temporary LWIAs, the State Board convened a Local Area Work Group. Discussions focused on issues such as the definition of “substantially meeting the local performance measures,” the mandated local measures to use for determining that the threshold was met, and the tools or reports to use in determining performance levels as well as fiscal integrity.
POLICY AND PROCEDURES:

Policy:

On May 30, 2002, the State Board adopted the following policy for subsequent designation of temporary and State Board recommended LWIAs:

Subsequent designation of temporary or State Board designated LWIA shall be granted until June 30, 2005, on a temporary LWIA’s achievement of at least 80 percent of 9 out of 11 locally negotiated performance measures (excluding 2 customer service measures and 4 credential and diploma measures).

The 11 performance measures include:

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<th>DISLOCATED WORKER</th>
<th>OLDER YOUTH</th>
<th>YOUNGER YOUTH</th>
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<td>Entered Employment Rate</td>
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<td>Skill Attainment Rate</td>
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<td>Earnings Change</td>
<td>Earnings Replacement</td>
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Based on the requirements in WIA Section 116(a)(3)(E), the State of California adopts the following definition of “sustained fiscal integrity:”

“Sustained fiscal integrity” means the temporary LWIA has had no final determination findings(s) from audits, evaluations, or other reviews conducted by State or local governmental agencies or the Department of Labor (DOL) identifying issues of fiscal integrity during its period of temporary designation that involved:

1. Willful disregard of the requirements of the Workforce Investment Act,
2. Gross negligence, or
3. Failure to observe accepted standards of administration.

Procedures:

Based on any information available in Workforce Investment Division (WID) and/or any findings from State, local, or federal audits, fiscal monitoring, or other reviews of the financial management systems in the 31 temporary LWIAs, the WID will determine if the temporary LWIAs have exhibited “sustained fiscal integrity,” as defined above.

Based on the performance outcomes reported to DOL in the State’s WIA Annual Report, WID will make the determinations of the achievement or nonachievement by the current 31 temporary LWIAs of a minimum of 80 percent in 9 of the 11 designated performance measures stipulated in the State policy. If a LWIA is not performing at 80 percent in 9 of the designated 11 performance measures, WID staff will work with LWIA staff to identify the LWIA’s needs relative to improving performance. This will include requiring the local area to develop and submit a corrective action plan, and working as necessary with the LWIA to help the LWIA
improve its performance. The corrective action plan must be completed as required by WIA Directive WIAD02-4, Subject: LWIA Nonperformance Policy.

As defined by DOL for the purposes of the Annual Report, the measurement period for the Exemplary Performance incentive awards (see WIA Directive WIAD01-11), and on which nonperformance will be determined, is the following:

For the 13 performance measures evaluated with data from the Unemployment Insurance wage record file, the 12-month measurement period begins October 1, prior to the beginning of the program year and ending the following September 30. For example, the measurement of the 13 performance measures is derived from the wage record file for participants who exit the program from October 1, 2000, through September 30, 2001. This is the reporting period for the Program Year 2001-2002 Exemplary Performance incentive award.

This measurement period applies to the following measures:

- **Adult and Older Youth**: entered employment rate, employment retention rate, wage gain, and the employment and credential rate; and
- **Dislocated Worker**: entered employment rate, employment retention rate, wage gain, and the employment and credential rate; and
- **Younger Youth**: retention rate.

As stated in the policy, the employment and credential rates as well as the Younger Youth diploma rate and Participant and Employer customer satisfaction measures will not be included among the measures used to determine the subsequent designation of temporary LWIAs.

A summary report of the nonperformance regarding each applicable LWIA will be provided by WID to the State Board. The temporary LWIAs will be notified in writing of their designation status by December 31, 2002.

**ACTION:**

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

**INQUIRIES:**

If you have questions concerning this directive, contact your assigned Regional Advisor.

/S/ BILL BURKE
Chief
Workforce Investment Division

Attachment
TEMPORARY LOCAL WORKFORCE INVESTMENT AREAS

Temporary Designation:

• Anaheim City
• Carson, Lomita, Torrance Consortium
• Foothill Consortium
• Marin County
• Merced County
• Monterey County
• North Central Counties Consortium (NCCC)
• Oakland City
• San Luis Obispo County
• Santa Ana City
• Santa Barbara County
• Santa Cruz County
• South Bay Consortium
• Solano County
• Sonoma County
• Southeast Los Angeles County (SELACO) Consortium
• Stanislaus County
• Tulare County
• Verdugo Consortium

Temporary Designation on Recommendation of State Board

• Humboldt County
• Imperial County
• Kings County
• Long Beach City
• Madera County
• Mendocino County
• Mother Lode Consortium
• Napa County
• Richmond City
• San Benito County
• San Bernardino City
• Yolo County