C A L I F O R N I A
Labor & Workforce Development Agency

Governor
Arnold Schwarzenegger

Acting Secretary
Douglas Hoffner

Agricultural Labor Relations Board

California Business Investment Services

California Unemployment Insurance Appeals Board

California Workforce Investment Board

Department of Industrial Relations

Economic Strategy Panel

Employment Development Department

Employment Training Panel

April 14, 2009

Janet Sten
Federal Coordinator for Plan Review and Approval
Division of Workforce System Support
Employment and Training Administration
US Department of Labor
200 Constitution Ave., NW., Room S – 4231
Washington, DC 20210

Dear Ms. Sten,

The State of California Workforce Investment Board respectfully requests an extension of our Strategic Two-Year Plan for Title I of the Workforce Investment Act of 1998 and the Wagner-Peyser Act (Plan) for the period of July 1, 2009 to June 30, 2010. As a part of this extension we request continuation of our existing waivers and re-negotiation of the State's WIA performance goals for Program Year 2008-09. Governor Arnold Schwarzenegger's vision of a broad workforce system that will prepare future and current workers for the new economy continues to guide our public and private partners in improving the quality of life for all Californians and their communities. During this final year of the five-year planning cycle, California is making efforts to reach this goal and the priorities set forth in the Plan. We would like to take this opportunity to highlight California's accomplishments since the last Plan was adopted:

- **Recent State legislation** further advances the Governor's vision in two ways: 1) by requiring California to establish a Special Committee on Green Collar Jobs to address the growing workforce need (Chapter 312, Statutes of 2008), and 2) by including high-wage, high-growth industry sectors in the workforce investment system (Chapter 376, Statutes of 2008).

- California has also adopted a **sector strategies** approach to assist Local Workforce Investment Areas (local areas) in developing their workforce solutions. The California Regional Economies Project introduced the Industry Clusters of Opportunities Methodology to local areas throughout the State. Also, a series of Transformational Roundtables brought together Local Workforce Investment Boards (local boards), representatives from the State's educational system, community based organizations and business leaders to participate in a regional discussion of economic circumstances and develop foundations for future regional sector strategy initiatives.

- California began piloting an **Integrated Service Delivery Model** for the workforce system and the One-Stop Career Centers. Select local areas are serving as learning labs where approaches to better integrate Workforce Investment Act and Wagner-Peyser program services will be examined. These local areas will help build the prototype for the overall system. Evaluation of the pilot centers will be conducted and the results will inform future integration efforts.

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- The results of the **One-Stop Cost Study** provided objective descriptions of operations and finances across the various local areas, as well as a model for Activity-Based Costing. Subsequent work on the Cost Study will enhance the application and compliment the integration of service delivery.

- California now has **49 local areas instead of 50**. In the interest of resource sharing, a 3-city local area in southern California (Carson/Lomita/Torrance Consortium) disbanded and disbursed between two larger consortiums.

- A **Memorandum of Understanding** (MOU) between California's Labor and Workforce Development Agency and Department of Corrections and Rehabilitation (CDCR) was signed in 2008. The MOU serves to document the preliminary relationship between the signatories as they work to develop continuity among internal and external training programs provided to parolees. Known as Project New Start, this effort is central to CDCR's attempt to reduce recidivism rates and promote effective reintegration of parolees into the workforce.

- In the past year, **the Governor has addressed the needs of at-risk youth, veterans, and laid-off workers** through grants and awards of Statewide Workforce Investment Act Funds. Specifically, the State awarded almost $13 million for support of the **Governor's California Gang Reduction, Intervention and Prevention Initiative which provides job training and education programs for youth who are at risk of joining gangs or seeking to leave them.** In addition, the Governor awarded almost $24 million to agencies under the **Veterans Employment- Related Assistance Program which combines job training and counseling services for former service men and women, many of them returning from Iraq and Afghanistan,** to transfer their military skills to good civilian jobs. Finally, the Governor awarded over $20 million to cities, local organizations, and local workforce boards to provide employment and training services for individuals who lost their jobs as a result of the weak economy, especially those hard hit by the downturn in residential housing.

Like many other states, California is experiencing turbulent economic times. We are moving from a housing-driven slow-down to a consumer-driven recession with a substantial loss of jobs. Unemployment has already reached over 10 percent this year. We look forward to the beginning of next year's five-year planning cycle, when we will expand upon our workforce direction and if necessary, include a redirection of program focus in light of the economic downturn.

Thank you,

DOUG HOFFNER, Acting Secretary
Labor and Workforce Development Agency

Enclosures: Attachment A - Request for Extension of Current Waivers
Attachment B - Performance Goals for PYs 2008 and 2009
Attachment C - Program Administration Designees and Plan Signatures
Attachment D - List of Local Workforce Investment Areas

cc: Ralph Zackheim, Regional Administrator, U.S. Department of Labor/ETA

State of California
Workforce Investment Act Request for Extension of Current Waivers for the Period of July 1, 2009 - June 30, 2010

The California Workforce Investment Board requests a one-year extension of all six (6) of the currently approved waivers included in California's Strategic Two-Year Plan for Title I of the WIA of 1998 and the Wagner-Peyser Act, and the "common measures" waiver approved separately for the period of July 1, 2007 through June 30, 2009. These waiver extension requests are as follows:

1. Subsequent Eligibility of Training Providers

This waiver request continues the suspension of subsequent eligibility certification requirements of WIA Section 122(c) granted during the 2007-2009 Program Years. These requirements are an impediment to the participation of the State's educational system on the Eligible Training Provider List (ETPL). As such, the primary goal in requesting the extension of the waiver is to continue to increase the availability of training and the accountability of training providers so to enhance the customer choice and the use of Individual Training Accounts (ITA).

This waiver encourages broader participation on the ETPL and minimizes the management burden for the local workforce investment areas. In these lean economic times, participation by the Community College system and the Apprenticeship programs is critical to developing the skills of our workforce. Discontinuing this waiver will create an impediment to the workforce system's partnership with education and business and our limit our efforts to train staff in emerging occupations.

2. Youth WIA Dollars to fund ITAs for Older Youth

This waiver of 20 CFR 664.510 was approved during the 2003 waiver plan and has been extended three times, through June, 2009. This waiver is helping to maximize the service capacity of the One-Stop Career Centers by allowing the use of Youth funds to serve older youth, who are focused on employment, to have the same advantage of ITAs as adult and dislocated workers. Without this waiver, the workforce system would be forced to co-enroll older youth in the adult and dislocated worker programs to provide training opportunities through the use of ITAs. The continuation of this waiver streamlines customer service and avoids the need for an unnecessarily bureaucratic process.

3. Use of Local Formula Funds for Incumbent Worker Training WIA Section 134

The waiver of WIA Section 134, originally implemented in November, 2006 allows Local Boards to use up to 50 percent of local formula funds for incumbent worker training, allowing them to respond better to local economic changes and serving employers and their

employees who require training. During the national economic down turn, the Local Boards need this flexibility to assist employers retain employees and to provide incumbent workers the opportunity to gain necessary skills to maintain employment. By continuing this waiver, the Local Boards will be able to effectively market incumbent worker training to the private sector, thus expanding partnerships with employers in growth and demand industries. This will reduce the risk of layoffs of employees who need skill upgrades and allow employers to create opportunities for new workers to take the place of existing workers who have moved up the career ladder.

4. Transferability of Adult and Dislocated Worker Formula Funds WIA 133(b)(4)

The waiver of WIA Section 133(b)(4) was originally approved in October, 2006 authorizing the transfer of up to 50 percent of funds between the Adult and the Dislocated Worker funding streams. That waiver was extended and expanded in the 2007-2009 WIA Plan, allowing transfer of up to 100 percent of those funds between the funding streams. This waiver will continue to provide needed flexibility to Local Boards to respond to changes in their local labor markets and will help ensure that WIA funds are used in a way that maximizes customer service and other demand-driven needs of the business community. The need for this waiver is critical given the current economic shifts occurring in our state.

Finally, the waiver has been especially important for California's efforts toward full integration of the Employment and Training Administration programs. This waiver has eased the paperwork burden at the local level allowing for improved services to more clients. In California's integrated local learning labs, we have enrolled about nine times as many job seekers in program year 2008 compared to the same period in program year 2007. Almost half of those clients have received a skill development service within 30 days of enrollment. The funding flexibility afforded by this waiver has been critical to this effort.

5. Customized Training Sliding Scale

This waiver of WIA 101(8)(C), implemented in November, 2006 strives to serve small businesses that may find it difficult if not impossible to provide a full 50 percent match. In California, a majority of private sector employment is provided by small businesses. This waiver, along with the waiver of Section 134, will continue to provide a valuable tool to Local Boards in their support of California's small businesses and their employees. The sliding scale for employer match provides the necessary flexibility for small businesses to participate in the WIA customized training program, thereby increasing participation and employment rates for skilled job seekers. Employers benefit from the waiver by having a labor pool with the marketable skills they require.

6. Common Measures

This waiver of WIA 136(b), implemented in December of 2007, authorizes the State to report the Department of Labor Common Measures instead of the 17 performance measures for the Workforce Investment Act Title 1B programs. The streamlined common measures allow for

increased program integration and improved evaluation of employment and training programs.

This waiver simplifies youth accountability and focuses the system on partnership with the education system. The movement to the youth common measures aligns the youth services system with education in an effort to improve basic skills and assure that young people leave our programs with at least a high school diploma or equivalent and the occupational skills necessary to enter the workforce and retain employment. Discontinuing this waiver will create confusion in the youth services system and may lessen the incentive to leverage resources though effective partnerships with the education community.

State of California
Renegotiation of Performance Goals for Program Year 2008-09 and Continuation of these Goals in PY 2009-10

California is requesting renegotiation of the State's Workforce Investment Act (WIA) Common Measures goals for Program Year 2008-09. Also, we request that these revised levels remain unchanged for Program Year 2009-10. This request is based on the unprecedented downturn in the economy and California's implementation of a new service delivery design by a number of our Local Workforce Investment Boards (Local Boards).

California has led the recession that is currently griping the country and the world. During the performance period for Program Year 2008-09, California's unemployment rate rose from a low of 5.2 percent in April 2007 to 7.8 percent by September of 2008. This climb has continued to 10.5 percent for February 2009. Economists indicate that unemployment rate may continue to climb.

In the midst of this significant increase in demand for our services, California has continued on the path of system transformation. Our goal is to assure that all customers entering our One-Stop Career Centers have the opportunity to improve their skills and receive the full range of Career Center services. In PY 2008-09 we implemented this Integrated Service Delivery model in 12 Local Learning Labs and expect that at least three additional Local Boards will put this model into practice in PY 2009-10. This new model engages all One-Stop customers in career coaching with access to core and intensive services. A subset of customers with the greatest skill development needs move on to training services. This results in a large increase in WIA enrollments with many customers receiving a "light-touch" and exiting our program in a short period of time. Ignoring the added complication of the declining economy, experience indicates that this new service design lowers entered employment levels significantly, but for those obtaining employment, retention and wage levels remain stable.

Given the combination of these economic and systemic changes, California is requesting the following performance levels for PY 2008-09 and PY 2009-10. Although some of these levels are below our performance reported for December 31, 2008, the increase in the level of unemployment is expected to have a significant affect on outcomes for the balance of the program year and into the next program year.

Proposed Performance Goals PY 2008-09 and PY 2009-10

PERFORMANCE MEASURE	CURRENTLY NEGOTIATED GOAL	PROPOSED PERFORMANCE LEVEL
ADULT		
Entered Employment	78%	65%
Employment Retention	83%	81%
Average Earnings	$12,500	$12,500
DISLOCATED WORKER		
Entered Employment	86%	81%
Employment Retention	88%	83%
Average Earnings	$15,900	$14,900
YOUTH		
Placement in Employment or Education	67%	63%
Attainment of a Degree or Certificate	47%	47%
Literacy and Numeracy	30%	30%

PROGRAM ADMINISTRATION DESIGNEES AND PLAN SIGNATURES

Name of WIA Title I Grant Recipient Agency:
California Employment Development Department
Address: P.O. Box 826880, Sacramento, CA 94280-0001
Telephone Number: (916) 654-8210
Facsimile Number: (916) 657-5294
E-mail Address: phenning@edd.ca.gov

Name of State WIA Title I Administrative Agency (if different from the Grant Recipient):
California Labor and Workforce Development Agency
Address: 801 K Street, Suite 2101, Sacramento, CA 95814
Telephone Number: (916) 327-9064
Facsimile Number: (916) 327-9158
E-mail Address: Doug.Hoffner@labor.ca.gov

Name of WIA Title I Signatory Official:
Doug Hoffner, Acting Secretary, California Labor and Workforce Development Agency
Address: 801 K Street, Suite 2101, Sacramento, CA 95814
Telephone Number: (916) 327-9064
Facsimile Number: (916) 327-9158
E-mail Address: Doug.Hoffner@labor.ca.gov

Name of WIA Title I Liaison: Patrick Henning, Director, California Employment Development Department
Address: P.O. Box 826880, Sacramento, CA 94280-0001
Telephone Number: (916) 654-8210
Facsimile Number: (916) 657-5294
E-mail Address: phenning@edd.ca.gov

Name of Wagner-Peyser Act Grant Recipient/State Employment Security Agency:
Patrick Henning, Director, California Employment Development Department
Address: P.O. Box 826880, Sacramento, CA 94280-0001
Telephone Number: (916) 654-8210
Facsimile Number: (916) 657-5294
E-mail Address: phenning@edd.ca.gov

Name and title of State Employment Security Administrator (Signatory Official):
Patrick Henning, Director, California Employment Development Department
Address: P.O. Box 826880, Sacramento, CA 94280-0001
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Facsimile Number: (916) 657-5294
E-mail Address: phenning@edd.ca.gov

As the Signatory Official, I certify that for the State/Commonwealth of California, the agencies and officials designated above have been duly designated to represent the State/Commonwealth in the capacities indicated for the Workforce Investment Act, Title I, and Wagner-Peyser Act grant programs. Subsequent changes in the designation of officials will be provided to the U.S. Department of Labor as such changes occur.

I further certify that we will operate our Workforce Investment Act and Wagner-Peyser Act programs in accordance with this Plan and the assurances herein.

Typed Name of Signatory Official: Doug Hoffner, Acting Secretary

Signature Doug Hoffner Date 4/15/09

Local Workforce Investment Areas	Business City
Alameda County	Hayward
City of Anaheim	Anaheim
City of Long Beach	Long Beach
City of Los Angeles	Los Angeles
City of Oakland	Oakland
City of Richmond	Richmond
City of San Bernardino	San Bernardino
City of San Jose/Silicon Valley Workforce Investment Area	San Jose
City of Santa Ana	Santa Ana
Contra Costa County	Concord
Foothill Consortium	Pasadena
Fresno County	Fresno
Humboldt County	Eureka
Imperial County	El Centro
Kern, Inyo, and Mono Consortium	Bakersfield
Kings County	Hanford
Los Angeles County	Los Angeles
Madera County	Madera
Marin County	San Rafael
Mendocino County	Arcata
Merced County	Merced
Monterey County	Salinas
Mother Lode Consortium	Sonora
Napa County	Napa
NorTEC	Paradise
North Central Counties Consortium	Yuba City
NOVA	Sunnyvale
Orange County	Anaheim
Riverside County	Riverside
Sacramento County/City	Sacramento
San Benito County	Hollister
San Bernardino County	San Bernardino
San Diego County/City	San Diego
San Francisco County/City	San Francisco
San Joaquin County	Stockton
San Luis Obispo County	San Luis Obispo
San Mateo County	Belmont
Santa Barbara County	Santa Barbara
Santa Cruz County	Santa Cruz
SELACO	Cerritos
Solano County	Suisun
Sonoma County	Santa Rosa
South Bay Consortium	Hawthorne
Stanislaus County	Modesto
Tulare County	Visalia
Ventura County	Ventura
Verdugo Consortium	Glendale
Yolo County	Woodland