

DEED Workforce Development Fund Proposal

Background for MAWB Legislative Committee

DEED is proposing a change to how the Workforce Development Fund is utilized. See background paper from the Minnesota House staff for history of the fund and the chart which shows current appropriations.

It is important to note that due to the way the funds flow, any appropriation made by the Legislature results in a \$.50 cut to resources available to the Local Workforce Development Boards for the State Dislocated Worker Program.

Themes driving this proposal (verbal per Commissioner Grove):

- We need to better align systems, processes and programs
- We need to reimagine how the fund can be more equitably distributed to address disparities
- Performance metrics should be in place for all initiatives receiving appropriations from the WDF. This is particularly an issue for direct appropriations. Metrics will focus primarily on adult programs
- Want to promote competitive grants and innovation
- Needs to be more transparent (not Legislators deciding who should get funding during late night closed door sessions)
- Would like Legislators and others to trust DEED to be good stewards of the funds, and discourage the rush for direct appropriations. Would like to increase partnerships with nonprofits and local workforce development boards
- Would like to increase number of participants served, quality of services, wrap around services
- There is currently a substantial balance in the Workforce Development Fund.

"What Does Success Look Like?" (directly from slide)

- Agreed-upon metrics for all adult and youth programs
- A grant-making model that tracks performance and equity measures
- A funding track for new, innovative approaches
- An approach that considers the whole person and includes "adjacent" issues such as housing, transportation, childcare, health, etc.
- Strengthened focus on partnerships with nonprofits
- Rooted in principles of equity
- Provides resources in response to the pandemic

"Big Picture Workforce Development Proposal" (directly from slide)

- Makes changes and adds funding and services to directly address racial disparities
- Makes changes and adds funding and services to directly address the global pandemic that displaced thousands of workers, moved more training online, and reshaped jobs in demand
- Makes resources available to reduce the digital divide
- Creates a new "Bridge to Success" program to support on-ramps to training
- Adds to support Services funds because people's needs for childcare, housing support and other services have risen
- Creates MORE fund in DW that has a regional approach and allows more entities to apply for funds
- VRS, SSB and DLI funding from the WDF stays the same

"Focus on Metrics: Adult Programs" (directly from slide)

Performance of adult workforce development grants are set by DEED and included in statute. After consultations with providers, and based on our workforce impact pilot, we propose:

- Training rates
 - Initial metrics: Number Served & Training Engagement
 - Exit metrics: Percent Exited, Training Outcomes and Enrollment Duration
- Job placement and retention rates
 - Employment metrics: Percent Employed Before Enrollment, 90 days after exit, and 3 & 8 quarters after exit
- Wage Rate, relative to living wages for that region
 - Wages metrics: percent employed before enrollment, 90 days after exit, and 3 & 8 quarters after exit
- Certificate attainment

Each grantee works with DEED to develop benchmarks adjusted by population target, i.e. we base your benchmarks on results of interventions with population with characteristics of target market

Performance metrics developed by DEED for all Support Services Programs.

Performance metrics for youth programs are still being developed.

MAWB Questions/Concerns/Suggestions

OVERALL PROPOSAL

- We appreciate DEED being transparent by bringing this to us for feedback prior to the start of the Legislative session and/or a bill being introduced.
- MAWB would like to ensure that as DEED is talking about this proposal, there is care taken in how we talk about the current Dislocated Worker Program. Let's not "bash" DW as a means to getting funding redirected to other DEED priorities. It works well for the purposes for which it was designed.
- Employers should be engaged in this discussion as well. Is it meeting their needs? Do they wish to prioritize these other initiatives over the current uses of the fund? Local Boards are 51% private industry representatives, we could help engage employers in this discussion.

FEE

No change to current Workforce Development Fee rate, who pays in, how it is collected.

LEGISLATIVE APPROPRIATIONS

General Questions

- Will DEED encourage Legislators to refrain from making Direct Appropriations outside of the three designated pots of money?
- What is the overall amount of funding DEED is recommending for the three categories outlined?
- Will these programs have "tails" (meaning they are a more permanent change for future funding), or will these programs be one-time funding?
- How will DEED ensure geographic equity across all competitive/innovation/support services grants? Employers from across the state all pay into the Workforce Development Fund at the same rate.

Workforce Competitive Grants

- Do the Minnesota Youth Program and the Rural Career Counseling Coordinator Programs fit in this bucket? Currently funded by the WDF, but they are not competitive programs. Perhaps create a new "bucket" or rename this one for clarity/transparency.

- Will Local Workforce Development Boards be eligible applicants for competitive grants? (We were not eligible for the most recent competitive grant opportunity funded by the Job Skills Partnership Board).
- Will RFPs encourage alignment with WIOA State, Regional, Local plans and/or intentional coordination with Adult/Dislocated Worker/Youth formula funded programs?
- How do we ensure competitive grants meet current employer needs? Will RFPs require LMI, other analysis?

Workforce Innovation Grants

- Will Local Workforce Development Boards be eligible applicants for competitive grants? (We were not eligible for the most recent competitive grant opportunity funded by the Job Skills Partnership Board).
- If so, we support having access to funding that will allow us to do things that we aren't able to do via current formula dollars (either federal or state).

Workforce Support Services

- Need a better idea of the details for this category. I think there was mention of technology in this category, along with childcare, housing, etc.?

DISLOCATED WORKER PROGRAM

- Increases threshold for small layoffs from current number (50) to 100.
- If local areas are now responsible for layoffs of 100 or more (rather than 50), will we receive an increase in our initial allocation for small layoffs? Currently we receive 50% of the funding that remains after Legislative Appropriations are made. MAWB strongly recommends increasing the initial allocation to 60%.
- Is there any need to adjust the current mandated cost categories if we are serving more participants and/or participants from larger layoffs? How will our population look different in COVID recovery (those being laid off may be workers with lower skills or greater barriers than we typically see.) Currently we are required by statute to spend 30% of our funds on training.
- Will DEED still choose to provide funding to Small Independent Layoff Grantees (SLIGs)? (This is not in statute so wouldn't be a legislative change but affects amount available for mass layoffs).

REGIONAL COMPETITIVE GRANTS (MORE... Minnesota Opportunity, Response and Equity)

"Any carryover is distributed regionally via competitive grants." This would be done after March 1 of any given year.

- How will DEED ensure a balance remains for potential layoffs? Mentioned this would be "tied to the unemployment rate"... so assuming there are some guardrails in place?
- Current state statute states that the JSPB can, after March 1, utilize funding for additional appropriations to local boards for small layoffs, the Job Skills Partnership Program, the Pathways Program, and Incumbent Worker Training Program. Will the Regional Grants replace these programs, or be in addition to those allowable uses? (See appendix for state statute re: March 1, current allowable uses after March 1).
- Will Local Workforce Development Boards be eligible applicants for competitive grants? (We were not eligible for the most recent competitive grant opportunity funded by the Job Skills Partnership Board).

OTHER

JSPB Membership

- Deputy Commissioner Warfa noted that DEED will recommend two additional Community Based Organization Representative seats be added to the JSPB.

- This is being done at the same time the Governor's Workforce Development Board is looking to reduce the number of seats on their board.
- Should there be greater alignment between the GWDB and the JSPB? Should the JSPB be a subcommittee of the GWDB?

116L.05 FUNDING.

Subd. 5.Use of workforce development funds.

After March 1 of any fiscal year, the board may use workforce development funds for the purposes outlined in sections 116L.02 and 116L.04, or to provide incumbent worker training services under section 116L.18 if the following conditions have been met:

(1) the board examines relevant economic indicators, including the projected number of layoffs for the remainder of the fiscal year and the next fiscal year, evidence of declining and expanding industries, the number of initial applications for and the number of exhaustions of unemployment benefits, job vacancy data, and any additional relevant information brought to the board's attention;

(2) the board accounts for all allocations made in section 116L.17, subdivision 2;

(3) based on the past expenditures and projected revenue, the board estimates future funding needs for services under section 116L.17 for the remainder of the current fiscal year and the next fiscal year;

(4) the board determines there will be unspent funds after meeting the needs of dislocated workers in the current fiscal year and there will be sufficient revenue to meet the needs of dislocated workers in the next fiscal year; and

(5) the board reports its findings in clauses (1) to (4) to the chairs of legislative committees with jurisdiction over the workforce development fund, to the commissioners of revenue and management and budget, and to the public.

116L.02 JOB SKILLS PARTNERSHIP PROGRAM.

(a) The Minnesota Job Skills Partnership program is created to act as a catalyst to bring together employers with specific training needs with educational or other nonprofit institutions which can design programs to fill those needs. The partnership shall work closely with employers to prepare, train and place prospective or incumbent workers in identifiable positions as well as assisting educational or other nonprofit institutions in developing training programs that coincide with current and future employer requirements. The partnership shall provide grants to educational or other nonprofit institutions for the purpose of training workers. A participating business must match the grant-in-aid made by the Minnesota Job Skills Partnership. The match may be in the form of funding, equipment, or faculty.

(b) The partnership program is authorized to use funds to pay for training for individuals who have incomes at or below 200 percent of the federal poverty line. The board may grant funds to eligible recipients to pay for board-certified training. Eligible recipients of grants may include public, private, or nonprofit entities that provide employment services to low-income individuals.

116L.04 PARTNERSHIP POWER.

Subdivision 1.Partnership program.

(a) The partnership program may provide grants-in-aid to educational or other nonprofit educational institutions using the following guidelines:

(1) the educational or other nonprofit educational institution is a provider of training within the state in either the public or private sector;

(2) the program involves skills training that is an area of employment need; and

(3) preference will be given to educational or other nonprofit training institutions which serve economically disadvantaged people, minorities, or those who are victims of economic dislocation and to businesses located in rural areas.

(b) A single grant to any one institution shall not exceed \$400,000. A portion of a grant may be used for preemployment training.

(c) Each institution must provide for the dissemination of summary results of a grant-funded project, including, but not limited to, information about curriculum and all supporting materials developed in conjunction with the grant. Results of projects developed by any Minnesota State Colleges and Universities system institution must be disseminated throughout the system.

Subd. 1a. Pathways program.

The pathways program may provide grants-in-aid for developing programs which assist in the transition of persons from welfare to work and assist individuals at or below 200 percent of the federal poverty guidelines. The program is to be operated by the board. The board shall consult and coordinate with program administrators at the Department of Employment and Economic Development to design and provide services for temporary assistance for needy families recipients.

Pathways grants-in-aid may be awarded to educational or other nonprofit training institutions or to workforce development intermediaries for education and training programs and services supporting education and training programs that serve eligible recipients.

Preference shall be given to projects that:

(1) provide employment with benefits paid to employees;

(2) provide employment where there are defined career paths for trainees;

(3) pilot the development of an educational pathway that can be used on a continuing basis for transitioning persons from welfare to work; and

(4) demonstrate the active participation of Department of Employment and Economic Development workforce centers, Minnesota State College and University institutions and other educational institutions, and local welfare agencies.

Pathways projects must demonstrate the active involvement and financial commitment of private business. Pathways projects must be matched with cash or in-kind contributions on at least a one-half-to-one ratio by participating private business.

A single grant to any one institution shall not exceed \$400,000. A portion of a grant may be used for preemployment training.

Subd. 2. Information.

The board may collect and disseminate information concerning areas of projected employment need. The board may also prepare and publish studies, organize conferences, and conduct special projects which will increase knowledge and communication in the areas of employment need, skills training, and education.

116L.18 SPECIAL INCUMBENT WORKER TRAINING GRANTS.

Subdivision 1. Purpose.

The purpose of the special incumbent worker training grants is to expand opportunities for businesses and workers to gain new skills that are in demand in the Minnesota economy. The board shall establish criteria for incumbent worker grants under this section and may encourage creative training models, innovative partnerships, and expansion or replication of promising practices.

Subd. 2. Definitions.

(a) For the purposes of this section, the following terms have the meanings given them.

(b) "Incumbent worker" means an individual employed by a qualifying employer.

(c) "Qualifying employer" means a for-profit business or nonprofit organization in Minnesota with at least one full-time paid employee. Public sector organizations are not considered qualifying employers.

(d) "Eligible organization" has the meaning given in section [116L.17](#).

Subd. 3. Amount of grants.

A grant to an eligible organization may not exceed \$400,000.

Subd. 4. Matching funds.

The board shall require matching funds from qualifying employers in the form of funding, equipment, or faculty.

Subd. 5. Use of funds.

Eligible organizations shall use funds granted under this section for direct training services to provide a measurable increase in the job-related skills of participating incumbent workers. Eligible organizations may also provide basic assessment, counseling, and preemployment training services requested by the qualifying employer. No funds may be used for support services as described in section [116L.17](#), [subdivision 4](#), clause (2).

Subd. 6. Performance outcome measures.

The board and the commissioner of employment and economic development shall jointly develop performance outcome measures and standards for this program. The commissioner and board shall consult with eligible organizations in establishing standards. Measures at a minimum must include posttraining retention, promotion, and wage increase. The board and commissioner shall provide a report to the legislature by March 1 of each year on the previous fiscal year's program performance. Eligible organizations must provide performance data in a timely manner for the completion of this report.