

Senate Jobs and Economic Development Bill Talking Points

Dislocated Worker Program

The Minnesota Workforce Council Association opposes the shift of Formula Dislocated Worker Workforce Development Fund dollars to the General Fund. We ask the Senate to adopt the House position on financing the Dislocated Worker Program which maintains current dedicated levels of dislocated worker funding and does not add formula allocated funds to the competitive process. The Dislocated Worker Program served the largest number of individuals in program history in SFY 2010, and many WorkForce Centers still have long waiting lists for Dislocated Worker Program services.

The Association has the following concerns related to the competitive process for the formula allocated dislocated worker funds:

- The Senate bill is in contradiction to the Legislative Auditor's report. The Auditor's Office does not recommend a competitive grant process be established for the dislocated worker funds allocated to Workforce Investment Boards. The Auditor only recommends a competitive process be established for special funds given to independent grantees.
- Each workforce service area has a local Workforce Investment Board, appointed by Local Elected Officials and made up of private industry representatives, and it is their role to direct local formula allocated resources to activities that address the greatest needs in their communities. Boards have the flexibility and do establish competitive processes at the local level with the dollars they receive. This bill sets up a process where these decisions would be made at the state level versus local areas.
- Local Workforce Investment Boards are in the best position to allocate formula resources where they are needed. Local business leaders are the majority members on the local boards. They are keenly aware of industry needs, and they ensure that the local systems remain responsive to job seeker needs.
- The process, as outlined in the bill, will simply not work for the Dislocated Worker Program. A competitive process does not allow the Workforce Service Areas to be responsive to the needs of displaced workers impacted from small layoffs that walk into WorkForce Centers every day in need of services.
- The funds are generated by a tax on employers who expect the dollars to be used specifically for the training of Dislocated Workers. Opening this pot of money to competitive processes could in fact erode employer support for the fund. If anything, due to current demand, we should be working even more diligently to ensure the original intention of this special funding is maintained.
- Training services to dislocated workers crosses multiple fiscal years and it would be difficult to have continuity of services between funding years.
- State Dislocated Worker funding is highly integrated with Unemployment Insurance, Federal Workforce Investment Act and other local services offered through the Workforce Center. Separating the State Dislocated Worker program from these services would compromise the efficiencies that Minnesota has gained under the local Workforce Investment Boards and the WorkForce Center service model.

- The State Dislocated Worker Program has established performance requirements that are imposed by the State and regularly monitored by DEED. This program was recognized by the State Auditor as having significant positive outcomes when compared to a control group.
- Our Return on Investment model indicates that \$3.28 was returned for every \$1 invested this past year.

Minnesota Youth Program

We are concerned that the Minnesota Youth Program is included in the competitive grant process outlined in the bill, beginning FY2012.

- The Legislative Auditor's Office (OLA) did not include the Minnesota Youth Program in the list of pass-through grants that may benefit from the additional oversight that a competitive process may provide.
- DEED regularly monitors the Minnesota Youth Program and there are specific outcomes that must be achieved by each provider.
- The program dollars are distributed by a formula that directs funding based on need in all of Minnesota's 87 Counties. This ensures that disadvantaged youth from all counties of the state are served.
- Local Workforce Investment Boards, appointed by Local Elected Officials and made up private industry representatives, direct the resources to address the greatest needs in their communities. Local boards can and do implement a competitive process at the local level with the dollars they receive.
- The local boards have Youth Advisory Councils which assist them with determining how programs are administered. This process ensures strong community input with program design and delivery. Turning this function over to a State Board which is not focused on youth, would jeopardize the quality of the program.
- Youth services are designed to provide youth with long term interventions that often cross multiple years. Continuity in services is essential in building relationship with youth and key professional in the community. This integrated service model is focused on reducing barriers, building self-esteem, gaining workplace competencies, and promoting education completion. The competitive grant process would negatively impact this effective local model.
- Minnesota Youth Program services are integrated with other funds in the local area such as Workforce Investment Act and Department of Human Services. A competitive grant process could seriously jeopardize local areas ability to maximize these resources.