

Action Item 2

Reallocation of Business Competitiveness Council Funds to WFI's Incumbent Worker Training Program

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Background:

On April 13, 2009, the Business Competitiveness Council approved funding proposals resulting from the solicitation of projects by the four committees of the Council: New & Emerging markets, Sustainability/Infrastructure, Growth Markets and Entrepreneurship and Small Business. This action was contingent on the Business Competitiveness Council receiving funding allocations from the WFI Board at its May 2009 meeting. Staff was directed to take action to implement the initiatives contingent on WFI Board Council allotments. At the May 28th WFI Board meeting, the Council received \$3 million in stimulus funding and another \$3 million in regular workforce allocation from WFI's 15% state-set-aside for Council Projects.

The approved projects were deployed via by 1) direct NFAs (Notice of Financial Availability to the awarded Regional Workforce Boards; 2) Requests for Proposals and 3) contracting with individual entities. Two projects, however, did not come to fruition in whole or in part. These are: \$250,000 allocated directly to the Business Competitiveness Council for the "Returning Jobs to America & Florida" project and \$600,000 to the Sustainability and Infrastructure Committee for the establishment of the Construction Workforce Development Center (CWDC).

In an effort to collaborate and partner on the "Returning Jobs to America and Florida" - focusing on bringing back off-shored jobs, WFI reached out to Enterprise Florida. Evidently there appears to be a trend that the market is driving off-shored jobs to come back home with companies already trying to find a domestic locations for formerly off-shored jobs. Many of these jobs went off shore for a reason and now are slowly coming back for a reason. With this said, it appears that the timing for this project is not right.

In July, 2009 Workforce Florida issued a Request for Proposal for the Florida Energy and Industrial Construction Workforce Foundation grant in the amount of \$600,000. No responses were received for the proposal. In November, 2009, with revisions to the proposal and approval from the Sustainability Infrastructure Committee, Workforce Florida published and requested proposals again for the Florida Energy and Industrial Construction Workforce Foundation in the amount of \$300,000.

This second round of requests resulted in one response requesting the full \$300,000. After thorough review and rating by four reviewers through the Agency for Workforce Innovation (AWI), it was decided not to award/fund the proposal. In light of this, on January 8, 2010, the Sustainability Infrastructure Committee recommended \$550,000 be released to the Incumbent Worker Training Program and \$50,000 be reserved by the Committee to be used to enhance the Green Jobs Survey grant.

WFI's flagship Incumbent Worker Training Program provides funding to qualified businesses for skills upgrade training. Since its inception in 1999, this program has grown in notoriety and has

proven its value to over 600 businesses in the state. This customer-driven program has enabled Florida to keep businesses competitive and most importantly, retain them in the state. Many of the businesses receiving awards have stated that without IWT funding they may have had to close their doors or relocate their business. In today's tight job market, retaining employees has become a critical issue for American companies. Now employers are seizing training as one of the most effective retention tools available.

Another strong consideration in transferring these funds to the WFI Incumbent Worker Training Program relates to the implementation of recently approved waivers by the US Department of Labor under the Workforce Investment Act. Previously approved waivers were reviewed and some were partially approved for the remainder of the program year – ending June 30, 2010. These revised waivers will greatly impact regional workforce boards in using their local funding for their local Employed Worker Training Programs. One of the previous waivers that had been in effect for several years that allowed for a 100% transfer between the Adult and Dislocated Worker funding has now been capped at 50%. Also the percentage of local funds that regional workforce boards can use for incumbent worker training at the local level has been reduced from 20% to 10% and several special conditions were added. Also, the use of Adult funding for incumbent worker training is restricted to low income individuals only. This will undoubtedly cause more companies to apply for statewide IWT funds.

This year the IWT program received its normal, annual allocation of \$2 million as set in Florida Statute. Additionally, with the infusion of ARRA (Stimulus Funding) to the state, an additional \$2 million in stimulus funding was allocated to the program. To date, 96 awards have been made and over 65% of the \$4 million has been awarded. There are currently 70 applications pending totaling more than \$1.9 million. On the average, 5-8 new applications are received each week. Without additional funding, the IWT program will not be able to fund \$546,000 of the pending applications and will not be able to accept any more applications for funding this fiscal year.

Staff recommends that the \$250,000 funds originally allocated for the “Returning Jobs to America & Florida” project and \$550,000 from the Sustainability and Infrastructure Committee be transferred to the Incumbent Worker Training Program.

NEEDED ACTION

To approve transferring \$800,000 of the Business Competitiveness Council's funding to WFI's Incumbent Worker Training Program.