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## County of Los Angeles COMMUNITY AND SENIOR SERVICES

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*Enriching Lives Through Effective and Caring Service*

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May 17, 2012

**TO:** Members of the Los Angeles County Workforce Investment Board

**FROM:** Josie Marquez, Assistant Director  
Workforce and Community Services Branch

**SUBJECT: UPDATE ON SB 734 TRAINING REQUIREMENTS POLICY**

The purpose of this memo is to provide an update on the Training Set Aside Requirement for implementation of State Legislation SB 734 (De Saulnier).

### **BACKGROUND:**

SB 734, which passed on October 5, 2011, is a revision from the original bill SB 776 (DeSaulnier) which failed to pass in its original form.

The State law is effective July 2, 2012. It requires the Local Workforce Investment Boards (WIBs) to spend at a minimum 25% of their annual Adult and Dislocated Worker allocations on workforce training services. 10% can be leveraged funds from other authorized training sources. In 2016 and thereafter, the required training threshold increases to 30%.

On October 28, 2011, your Board directed CSS staff to engage the WorkSource Centers to assist in the development of a Directive to ensure the minimum requirement for training is achieved.

### **ACTIONS:**

In accordance to your WIB's direction, a taskforce comprised of WIA contractors and CSS staff met on numerous occasions in May, 2012 to analyze the bill and develop a training requirement policy. At the meetings, a 32% set-aside training requirement policy was shared with the contractors. The proposed percentage is against contractor

allocations after the 10% set aside administrative costs and costs associated with coordination of the system.

In addition, the following issues were discussed:

- Agencies would need to shift costs from universal access to training.
- Overhead expenditures would need to be reduced.
- Federal regulatory performance requirements will be a challenge since resources will be directed to training and not placement.
- Need for a revised individual training account (ITA) policy and cost per placement.

In FY 12-13, the County has available funding from the NEG Multi-Sector Program that can be used to meet the 10% leverage requirement. Essentially, Contractors' actual training costs could be 22-32% depending on the amount they can leverage from the NEG Multi-Sector Program and other allowable leveraging resources.

This policy is effective July 2, 2012 and will be reflected in the FY 2012-13 Adult and Dislocated Contracts. An amended policy will be issued in 2016 to reflect additional increases in the training requirement consistent with SB 734.

CSS will continue to work with the Taskforce to revise the Individual Training Account (ITA) to align with the new training requirements. These draft policies will be forwarded to your Board for approval at a later date.

Staff is available to answer any questions you may have.