

~ INACTIVE 7/8/14 ~

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May 1, 2012

Pam Harris, Director  
Employment Development Department  
P.O. BOX 826880, MIC 83  
Sacramento, CA 94280-0001

Dear Director Harris,

It has come to my attention that there is a question as to whether Local Workforce Investment Boards (LWIBs) are permitted to count supportive services as training expenditures under the bill I authored last year, SB 734 (Chapter 498, Statutes of 2011).

I originally introduced SB 776, the contents of which later became SB 734. An earlier draft of SB 776 included supportive services in the category of expenditures that would count toward the mandatory training minimums. However, when SB 776 was amended on August 15, 2011 to lower the training minimums, the definition of allowable expenditures that would count toward the training minimum was also narrowed, and supportive services were dropped from the definition.

While some states use a broader definition of training for allowable expenditures in their mandatory minimum training expenditure policies, and may include supportive services as qualified expenses, those states tend to have significantly higher training minimums.

The California policy under SB 734 couples a more restrictive definition of training with a lower expenditure floor and allows offsets for the use of leveraged funds, effectively only requiring that Local Boards spend 15 percent of their formula funds on training (and 20 percent beginning in program year 2016) provided that LWIBs are also taking full advantage of the leveraging provisions of the law. Allowing supportive services to also count toward the minimum would effectively reduce the training requirement to zero percent and runs counter to the intent of the statute. For this reason, supportive services should not count toward the mandatory training minimum set in SB 734.

I understand the desirability of providing supportive services to those who need them. LWIBs can still use formula funds to provide these services under SB 734. Depending on local programming choices, and assuming that the relevant LWIBs choose to take full advantage of the flexibilities granted to them under the leveraging provisions of the law, the relevant LWIBs may elect to use a portion of the remaining 85 percent of their budgets (and 80 percent beginning in program year 2016) to provide these services.

If you need any additional clarification on this bill please contact me or Rosanna Carvacho, my Legislative Director, at (916) 651-4007.

Sincerely,



**Mark DeSaulnier**

cc: Marty Morgenstern, Secretary, California Labor and Workforce Development Agency  
Ralph Lightstone, Director of Legislation, California Labor and Workforce Development Agency  
Gregory M. Riggs, Deputy Director, Policy, Accountability and Compliance Branch, Employment Development Department  
Tim Rainey, Executive Director, California Workforce Investment Board