



# The Workforce Alliance

Recovery to Reauthorization White Paper  
June 2009

The passage of the American Recovery and Reinvestment Act (Recovery Act) creates an important new opportunity for the workforce development field. While significant new funding for workforce programs was included in the Recovery Act, Congress and the Administration also sent a clear message that their expectations for the system are high. Not only must the workforce field respond to the extraordinary demand for services and supports created by the current recession, but we have also been challenged to begin transforming the workforce system in fundamental ways.

It is with this challenge in mind that The Workforce Alliance is proposing we begin a conversation examining both the obstacles and the opportunities for success the field will face in trying to meet this challenge. While the Recovery Act invested in workforce development across a range of programs—and truly transforming the workforce system would involve aligning numerous programs across multiple agencies—the reauthorization of the Workforce Investment Act (WIA) looms large on the horizon both in terms of the immediacy of its timing and the potential scope of its impact. By intentionally and explicitly connecting work begun under the Recovery Act to on-going conversations about WIA reauthorization, we hope to support and reward the hard work already begun by states and the workforce field as well as highlight critical “lessons learned” for Congress and the Administration as they move forward from here.

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## Introduction

Faced with our nation’s worst economic crisis since the Great Depression, Congress and the Obama Administration passed the Recovery Act in February 2009. The \$787 billion law is expected to create or save as many as four million jobs through significant new federal investments in infrastructure, energy, education, and health care. Many of these jobs will be middle-skill jobs, requiring at least some post-secondary education and training to help workers master new skills necessary to begin rebuilding the economy. For the millions of unemployed and underemployed workers most heavily impacted by the economic crisis, access to job training and related services is a critical first step in securing family-supporting jobs and careers, and contributing to our nation’s economic recovery.

From the outset, Congress recognized the importance of job training and education as part of any economic recovery strategy. As Sen. Debbie Stabenow (D-MI) observed, “investing in job creation should be accompanied by investments in workers, an essential component to strengthening our Nation’s productivity and long-term competitiveness.” Reflecting this belief, the Recovery Act made nearly \$4 billion in new funding available through the Department of Labor for job training programs. Just under \$3 billion of this funding has already gone out to states through formula grants under WIA. Another \$750 million will go out through competitive grants to train people in green jobs, health care, and other high-demand sectors.



The workforce development system will play a critical role in helping our nation's most valuable resource—its people—gain the skills they need to help begin rebuilding our economy. The system faces unprecedented demand as dislocated workers look for help reentering the labor market; low-skill workers look for help to succeed in the labor market; young people look for help to enter the labor market; and incumbent workers look for help to stay in the labor market. At the same time, years of federal disinvestment coupled with extraordinary state fiscal crises has badly weakened the workforce development system infrastructure and left the education and training capacity in many communities overtaxed.

It is incumbent upon the workforce field to approach this challenge thoughtfully, recognizing that Congress and the Administration are paying close attention to how the system responds to the current economic crisis. There is renewed interest in Washington in workforce development generally and in WIA specifically. As policymakers develop a framework for WIA reauthorization—whether they focus on reforming the current system or decide to undertake something much broader in scope—it is likely they will look to lessons learned, in part at least, as a result of significant new investments made in workforce development under the Recovery Act.

At the same time, federal policymakers must be equally thoughtful in their approach to these issues. While the recent influx of Recovery dollars was greatly needed and equally appreciated, there are larger policy issues that will constrain the innovative use of these monies—and federal workforce and education programs in general—without some transformative changes to the underlying statute that continues to structure how these funds can be spent. Federal policymakers need to recognize that they, too, must transform their thinking about WIA—as well as a whole range of related workforce, education, and industry-targeted job creation programs—if we hope to see innovations begun under the Recovery Act made a permanent part of the federal workforce development system. Unless Congress and the Administration begin to seriously reshape the policies that govern programs such as WIA, the investments made under the Recovery Act will be nothing more than a short-term fix to a long-term problem.

Toward this end, The Workforce Alliance is proposing to begin a conversation focusing on “Recovery to Reauthorization.” By working to purposefully connect activities begun under the Recovery Act to on-going conversation around WIA reauthorization, we hope to both encourage innovation and transformation at the state and local level and ensure that such efforts are recognized and rewarded as part of WIA reauthorization.

### **An “Extraordinary and Unique Opportunity” vs. “Quickly and Effectively”**

While the challenge before the workforce field is great, so is the opportunity. Congress and the Administration have set the bar high, declaring that the infusion of new dollars represents an “extraordinary and unique opportunity” and urging the system to use the funding in a “transformational” way. Outlining an ambitious agenda that includes much more emphasis on training, a renewed focus on low-income and low-skill individuals, longer-term training, needs-based payments and supportive services so individuals can stay in training, and the development of new strategies such as career pathways and sector partnerships, federal policymakers have made clear their expectations for the workforce development system.

At the same time, a skyrocketing unemployment rate and the crumbling economy create an immediate need to act quickly and do everything possible to put people back to work—*right now*. Funding is, by definition, short-lived; the Recovery Act expires after two years. Congress and the Administration made clear the urgency of the situation, noting repeatedly that funds going out



under the Recovery Act should be spent “quickly and effectively.” Congress has mandated that certain funds be spent within 180 days, and even within 90 days in some cases. While such restrictions were not placed on workforce development funding, guidance from the Department of Labor has made clear an expectation that the majority of workforce funding should be spent within the first year of enactment.

Further complicating things is the stark reality that the states continue to experience extremely severe fiscal crises. It is becoming increasingly clear that Recovery Act dollars have somewhat buffered the impact of the recession at the state-level, but have not been able to fully address the enormous need. Budget shortfalls are driving states and localities to cut workforce development staffing levels at a time of increasing demand, and even to forgo federal funds for some programs because they cannot meet matching requirements. With federal funding for workforce programs likely reverting to pre-Recovery Act levels in Fiscal Year 2010 and state budget problems unlikely to be resolved in the short term, the impact may be an overall decrease in funding for workforce and employment services once Recovery Act funds expire.

In short, the workforce field is being asked to do something extraordinary under the most difficult circumstances: Begin to transform the system in 12 months—using funds that essentially disappear in 24 months—while serving millions of additional workers with fewer state-level resources than ever.

It’s not hard to imagine that even the most well-intentioned states might find this a daunting challenge. But the reality is that it needs to be done, and is long overdue. Yet the kinds of systemic changes proposed under the Recovery Act require substantial time and effort to implement successfully. Many states are already moving in these directions and have been for some time—there are sector partnerships in nearly 40 states already and career pathway approaches are increasingly common—but it is not an easy task. Because of the relatively short window for the use of Recovery Act funds—and the concurrent emphasis on significantly increasing training and related services for workers impacted by the economic downturn—state and local workforce systems may be understandably reluctant to commit recovery dollars to transformative efforts that may not be supported in federal law beyond June 2011.

The Workforce Alliance strongly supports both the short-term goals and the long-term vision articulated through the Recovery Act, and has long advocated for such strategies. However, it is hard to imagine a successful and sustainable transformation of the current system if the mandate for change begins and ends with the Recovery Act. Rather, it seems the only way this is going to work is if states, Congress and the Administration, and the workforce field see this as the beginning of a conversation—not the entirety of one—and WIA reauthorization provides an important marker in that conversation. The workforce field must demonstrate to federal policymakers that workforce funding invested under the Recovery Act is money well-spent. It is critical that Congress and the Administration have some confidence that the workforce field, if adequately resourced, is capable of implementing the vision articulated under the Recovery Act. At the same time, Congress and the Administration must demonstrate a real, long-term commitment to this vision by quickly moving to reauthorize the Workforce Investment Act, and doing so in a way that is consistent with the priorities and principles set forth in the Recovery Act. Doing so will send a strong message that Congress is serious about investing in the skills of the American workforce, not only to the workforce development system, but to the millions of U.S. workers and businesses that rely on the system to provide vital training and support services.