

# Workforce Investment Act, Title I

## Workforce Investment Systems for Adults, Dislocated Workers, and Youth

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**The Government Accountability Office (GAO) estimates that 90 percent of today's fastest-growing jobs will require some form of postsecondary education.** Meeting these increased demands will require a robust public workforce system that can address the needs of a diversity of jobseekers—including individuals with low literacy skills and limited English proficiency, dislocated workers transitioning to new occupations or industries, and young people seeking to enter the labor market—while responding quickly and effectively to the skill requirements of employers.

In 1998, Congress established a framework for the nation's workforce development system under the Workforce Investment Act (WIA). The law replaced multiple existing training programs with state formula grants, and created a nationwide network of locally administered "one-stop centers" where both workers and employers could access training, employment, and support programs administered through the U.S. Department of Labor (DOL) and other agencies, such as the U.S. Departments of Education and Health and Human Services.

Due to be reauthorized nearly a decade ago, WIA has failed to keep pace with changing economic conditions. The law's original emphasis on short-term training and rapid re-employment is increasingly inconsistent with growing demands for longer-term training aligned to high-growth and emerging industries. Administrative barriers make it difficult for local providers to help participants who require multiple services, undermining the law's vision for cross-program alignment. Steady declines in funding—formula funding decreased by nearly 30 percent<sup>1</sup> over the last decade—have made it more difficult to meet the needs of participants. Many state and local systems have adopted innovative strategies despite the limitations of current law, but these efforts could be greatly strengthened if federal policy was updated to reflect best practices in the field.

### Background

Administered at the federal level by the Employment and Training Administration (ETA) in the Department of Labor, WIA is the largest single source of federal funding for workforce development activities. WIA Title I addresses the needs of job seekers who are adults, dislocated workers, and youth; other sections of the law cover adult basic education and literacy programs (Title II), state employment services under the Wagner-Peyser Act (Title III), and vocational rehabilitation programs (Title IV).

Title I of WIA seeks to provide universal access to employment and training programs through a nationwide network of one-stop centers administered through state and local Workforce Investment Boards (WIBs). WIA Title I provides federal funding to support the provision of individual training and support services, establishes a governance and operations infrastructure, and sets performance and accountability standards for Title I-funded programs.

## WIA, Title I At-A-Glance

### Workforce Investment Systems for Adults, Dislocated Workers, and Youth

**Statute.** Title I, Workforce Investment Act of 1998 (Public Law 105-220).

**Administration.** U.S. Department of Labor, Employment and Training Administration.

**Reauthorization.** Authorization expired in 2003, though Congress has continued to appropriate annual funding for the program. The 112th Congress may consider reauthorizing legislation in 2011.

**Federal funding.** About \$2.97 billion in Fiscal Year 2010 for adult, dislocated worker, and youth formula grants.

**Type of program.** State formula grants.

**Institutions providing services.** Postsecondary institutions eligible to receive funding under Title IV of the Higher Education Act; institutions that provide a program leading to an associate's degree, baccalaureate degree, or certificate; entities that carry out programs under the National Apprenticeship Act; and other public or private providers of programs of training services, as defined by criteria set by the state.

**Participants served.** More than 8 million individuals received WIA-funded services in the twelve month period ending June 30, 2010, more than triple the 2.2 million reported for the comparable period ending June 2007.

#### Policy recommendations.

- ▶ Increase the number of individuals receiving training, supporting the creation of career pathways into well-paying jobs for all workers and increasing attainment of industry-recognized credentials.
- ▶ Invest in sector partnerships that bring together multiple businesses and other stakeholders to implement workforce strategies focused on key local or regional industries.
- ▶ Maintain and improve the public workforce infrastructure, and provide dedicated funding to support workforce system infrastructure.

## Current Legislative Status

The law authorizing WIA expired in 2003, but Congress' annual appropriation of WIA funding conveys on-going authority for ETA to administer the program. Both the House of Representatives and Senate passed WIA reauthorization legislation during the 108th and 109th Congresses, but the bills were never reconciled. Neither chamber approved reauthorization legislation in the 110th Congress.

Although the 111th Congress did not act on reauthorization, there were some important signs of progress. The Senate's Health, Education, Labor, and Pensions (HELP) Committee initiated a bipartisan drafting process in early 2009, conducting numerous hearings and meetings with stakeholders across the workforce development community, and may be positioned to introduce draft legislation in early 2011. House Education and Labor Committee Republicans introduced reauthorization legislation (HR 4271)—which would consolidate the Adult and Dislocated Worker funding streams; largely eliminate state employment services under the Wagner-Peyser Act; and provide Personal Reemployment Accounts individuals may use to purchase training services—that may serve as a starting point for discussions as Republicans assume the House majority. Unanimous, bipartisan passage of the SECTORS Act (HR 1855)—which would create designated capacity to support industry partnerships within the workforce development system—by the House in July 2010 demonstrated strong support for workforce development programs, and suggests that Congress is committed to addressing the need for a skilled workforce.

## Structure and Governance

WIA relies on state and local governance systems to address the specific needs of local labor markets. Responsibilities are divided between a state Workforce Investment Board and local Workforce Invest Boards, which administer one-stop centers within local workforce areas.

### State WIBs

The state WIB, appointed by the governor, must include representatives of business, labor, service delivery organizations, city and county elected officials, and state agencies. The board chair and more than half of the overall membership of the WIB must be representatives of business. Responsibilities of the state WIB include:

- ▶ Developing the state plan;
- ▶ Developing and continuously improving statewide activities;
- ▶ Designating local workforce areas;
- ▶ Developing allocation formulas for the distribution of funds to local areas;
- ▶ Developing and improving comprehensive state performance measures;
- ▶ Reviewing local plans; and
- ▶ Preparing an annual report to DOL.

## Local WIBs

Like state WIBs, local WIBs must have a majority of business representation, including the board chair. Local WIBs must also include representatives from labor, local educational agencies, community-based organizations (CBOs), economic development agencies, and other one-stop partners. Responsibilities of local WIBs include:

- ▶ Developing a local plan;
- ▶ Selecting and entering into Memoranda of Understanding (MOUs) with entities designated as one-stop operators;
- ▶ Identifying eligible training providers;
- ▶ Developing a budget and administering grants under the program;
- ▶ Overseeing the system; and
- ▶ Negotiating local performance measures with the governor.

Local WIBs are prohibited by statute from directly providing training services to WIA participants, although some exceptions can be made through a waiver process.

WIA requires that each local WIB appoint a youth council responsible for developing portions of the local plan relating to eligible youth, coordinating youth activities in the local area, and (upon WIB approval) recommending eligible providers for contracts and awards and conducting oversight of providers.<sup>2</sup>

## One-Stop Centers

WIA requires the establishment of one-stop centers designed to provide jobseekers and employers with a single location where they can access information about, and receive services from, multiple federal employment and training programs. One-stop centers may be operated by public or private entities, including postsecondary educational institutions, employment service agencies, and private non-profit or for-profit organizations; however, elementary and secondary schools are not permitted to serve as one-stops except in certain circumstances.

In 2010, nearly 1,900 comprehensive one-stop centers were operating in the United States, providing access to all WIA-mandated partner programs on-site. These comprehensive centers are complemented by a network of more than 1100 affiliate one-stop centers, which offer some employment and training services but do not include all WIA-mandated partner programs.<sup>3</sup>

## Funded Activities

WIA Title I-funded services for adults and dislocated workers include:

- ▶ **Core services** are available to all job seekers, and can include skills assessments, self-service access to job listings, information about careers and local labor market conditions, and limited staff assistance with job search activities.<sup>4</sup>
- ▶ **Intensive services** are available only to individuals who have not obtained employment through core services, or who are employed but require intensive services to retain or obtain employment allowing for self-sufficiency. Intensive services can include skills assessments, career counseling, development of individual employment plans, and short-term prevocational services.

- ▶ **Training services** are available to individuals who have been unable to obtain or retain employment through core and intensive services, and can include activities such as occupational skills training, on-the-job training, job readiness training, and adult education and literacy activities if provided in conjunction with other job training activities.

This “sequence of services” was intended to ensure that program participants only received higher-cost services, such as training, after failing to obtain employment through lower-cost services. In guidance released in 2009, DOL clarified that training and other services could be offered concurrently, sequentially, or in any other order that satisfies the needs of the participant.<sup>5</sup>

For youth, services must be provided through programs that incorporate ten core elements, including:

- ▶ tutoring, study skills training, and instruction leading to completion of secondary school, including dropout prevention strategies;
- ▶ summer employment opportunities directly linked to academic and occupational learning;
- ▶ occupational skill training, as appropriate;
- ▶ paid and unpaid work experiences, as appropriate; and
- ▶ follow-up services for at least a year following program completion.<sup>6</sup>

## Eligibility

Because WIA is a universal program, all jobseekers are eligible to receive WIA-funded services. Eligible individuals are divided into three subpopulations:

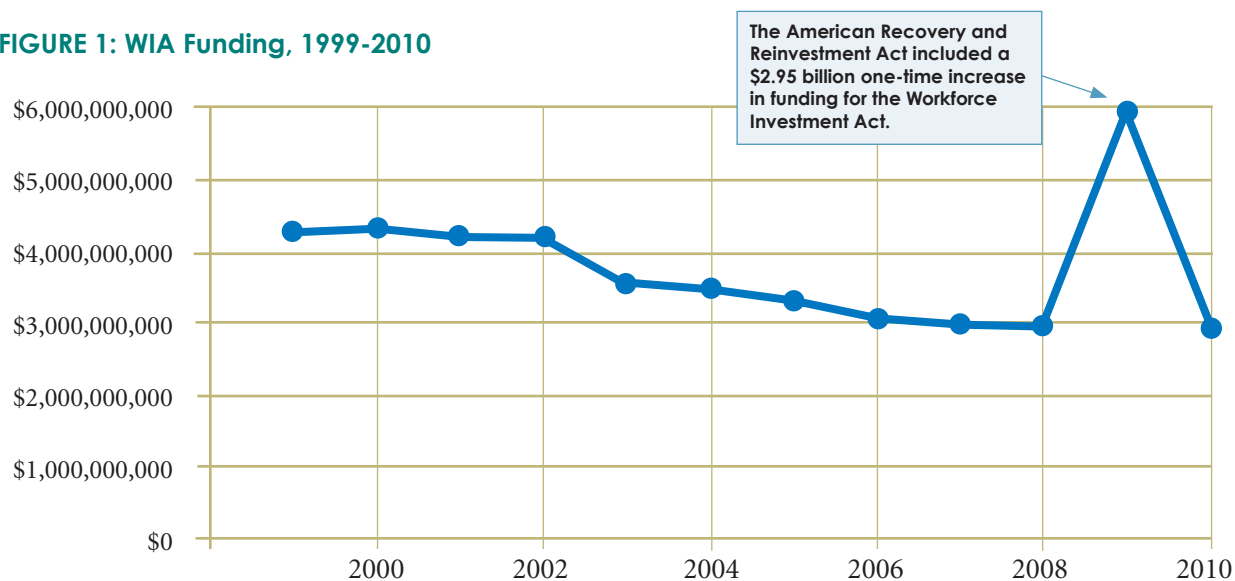
- ▶ **Adults** – individuals over the age of 18;
- ▶ **Dislocated Workers** – individuals who have been laid off or received notice of termination of employment, are eligible for or have exhausted unemployment compensation, are self-employed but unemployed because of general economic conditions, or are displaced homemakers; and
- ▶ **Youth** – low-income individuals between 14-21 years of age<sup>7</sup> who meet at least one of several conditions, including: lacking basic literacy skills; being a school drop-out, foster child, runaway, homeless, pregnant or a parent, or an offender; or requiring additional assistance to complete an educational program or to obtain and retain employment.

In cases where funds are limited, priority for intensive and training services for adults is given to veterans, recipients of public assistance, and other low-income individuals.

## Funding for Training and Education

Title I of WIA authorizes three separate funding streams to states for activities focused on adults, dislocated workers, and youth. To receive funds, states must have a federally approved state WIA plan. Funds are distributed by formula, accounting for the relative number of unemployed individuals and disadvantaged adults and youth within a state.<sup>8</sup>

**FIGURE 1: WIA Funding, 1999-2010**



### American Recovery and Reinvestment Act

In the face of the recent economic downturn, policymakers have shown increased awareness of the need to invest in training to support job creation and economic recovery strategies. Under the American Recovery and Reinvestment Act,<sup>10</sup> Congress provided nearly \$4 billion to support employment and training activities under DOL, including \$750 million in competitive grants to support green jobs training and activities to prepare workers for careers in health care and other emerging sectors. Significant emphasis was also placed on creating summer employment opportunities for eligible youth, resulting in more than 325,000 placements of WIA youth participants in summer jobs.<sup>11</sup>

In its guidance to implement the Recovery Act, DOL encouraged state and local workforce development stakeholders to utilize funds to support “transformational efforts” within the public workforce system, ensuring that “[a]dult education, job training, postsecondary education, registered apprenticeship, career advancement activities and supportive services are fully aligned with economic and community development strategies, so as to meet the skill needs of existing and emerging regional employers and high-growth occupations as well as the needs of under-skilled adults.”<sup>12</sup>

### Federal Funding Trends

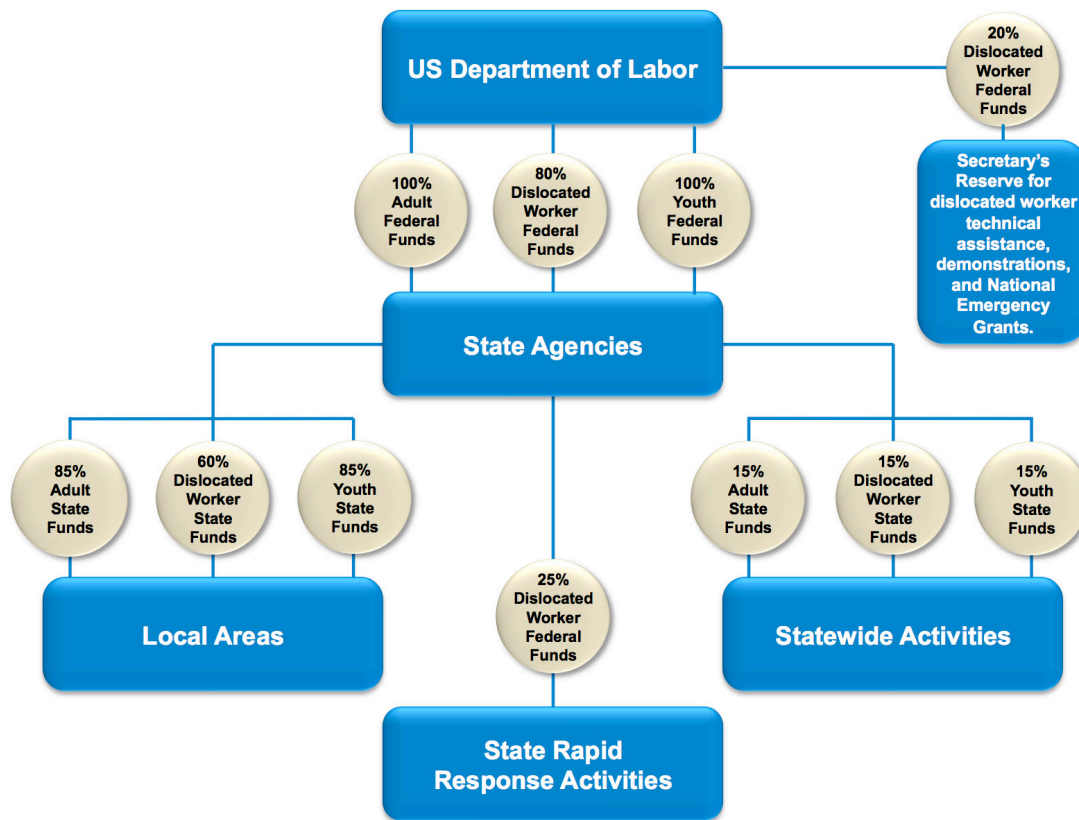
WIA Title I formula funding was approximately \$2.97 billion in Fiscal Year (FY) 2010, representing a decline in annual funding of nearly 30 percent compared to FY 2001.<sup>9</sup> Congress did provide a one-time increase in formula funding as part of the American Recovery and Reinvestment Act (Recovery Act, PL 111-5), which boosted overall formula funding in FY 2009 to slightly over \$5.9 billion, but this has provided only temporary relief for a system suffering nearly a decade of disinvestment yet facing massive new demand.

### State Distribution of Funds

States are required to pass through to local areas at least 85 percent of their adult and youth funds. The remaining 15 percent under each program may be reserved for administrative costs and statewide employment and training activities, which can include rapid response activities, incumbent worker training, and evaluation. Many states have used this set-aside to support innovative models such as sector partnerships and career pathways.

Twenty percent of the funds for dislocated workers are reserved at the federal level to support National Emergency Grants (NEGs), dislocated worker demonstration projects, and technical assistance. The remaining 80 percent is

**FIGURE 2: WIA Funding Flow**



allocated to the states, which must distribute at least 60 percent to local areas, and may reserve up to 15 percent for statewide activities and up to 25 percent for state rapid response activities.

Local WIBs may transfer up to 20 percent of funds between adult and dislocated worker funding streams.<sup>13</sup> States may also apply for waivers to increase the fund transfer limit; 35 states received such waivers in 2010.<sup>14</sup> States are permitted to merge the 15 percent set-asides for statewide activities from the three separate funding streams.

**Funding for Training**

Title I requires that training services be provided primarily through vouchers, known as Individual Training Accounts (ITAs). Adults and dislocated workers needing training services receive an ITA, which they can use to purchase services from institutions on their local WIB’s Eligible Training Provider (ETP) list. Dollar and duration limits for ITAs are generally set at the local level (although states may establish statewide limits) and can vary significantly between states and local areas.<sup>15</sup> Only 7 percent of adults who exited the program (“exiters”) during Program Year (PY) 2008 received ITAs, down from 27.2 percent in PY 2004.<sup>16</sup>

Title I allows some training to be provided by contract when the services provided are customized or on-the-job training; the local WIB determines there are an insufficient number of local providers to accomplish the purpose of an ITA system; and where the local WIB determines there is a program of demonstrated effectiveness offered by a CBO or other private organization to serve special populations facing multiple barriers to employment. Congress also authorized under the Recovery Act the use of

contracts with institutions of higher education and other eligible training providers when a local board determines it would facilitate the training of multiple individuals in high-demand occupations. This provision was retained in the FY 2010 omnibus appropriations bill.<sup>17</sup>

**On-the-Job Training.** Title I also allows WIBs to use formula funds to support on-the-job training (OJT) and customized training through contracts with public or private employers. Under OJT, employers agree to hire workers and provide skills training for a certain period of time, and in return receive a subsidy equal to a certain percentage of the employee's wages, usually 50 percent. Customized training is training designed to meet the particular needs of one or more employers, with an employer commitment to hire or retain workers upon successful completion of training and for which the employer covers at least 50 percent of the training costs. These "earn-and-learn" models have attracted attention as a means to facilitate job creation during the recent economic downturn;<sup>18</sup> and in June 2010, DOL awarded \$75 million in Recovery Act NEG funds to states to support OJT activities for dislocated workers.<sup>19</sup>

**Green Jobs.** The Green Jobs Act, passed as Title X of the omnibus Energy Independence and Security Act of 2007,<sup>20</sup> authorizes up to \$125 million in grants per year for an Energy Efficiency and Renewable Energy Worker Training Program under Title I.<sup>21</sup> It targets a broad range of populations—including workers impacted by national energy policy, veterans, the unemployed, low-income individuals (including at-risk youth), and ex-offenders—and a range of energy efficiency and renewable energy industries, including energy efficient building, construction and retrofits, renewable electric power, energy efficient vehicles, biofuels, and manufacturing that produces sustainable products and uses sustainable processes and materials. Although the Green Jobs Act has never been funded, Congress appropriated \$500 million for DOL-administered green job training grants under the Recovery Act, and approved an additional \$40 million to support a "Green Jobs Innovation Fund" in FY 2010.<sup>22</sup>

**Workforce Innovation Funds.** In its FY 2011 budget request, the Obama Administration proposed a set of "Workforce Innovation Funds" under the Departments of Labor and Education that would support federally-administered competitive grants for innovative demonstration and replication projects at the state and local level. The Administration proposed more than \$310 million in new funding; a \$108 million fund for projects serving adults and dislocated workers and nearly \$154 million for a youth innovation fund, while the Education Department would have received \$60 million for two funds focused on adult education and vocational rehabilitation.<sup>23</sup>

The 111th Congress was unable to complete the FY 2011 appropriations process before adjournment, and therefore did not fund the innovation funds. It is likely, however, that the Obama Administration will renew the proposal for FY 2012 and an innovation fund will be included in WIA reauthorization legislation. Many states and local areas are already implementing innovative programs such sector partnerships and career pathways, and new investments in workforce innovation funds could help begin to bring these practices to scale.

## Populations Served Through WIA

Between April 2008 and March 2009, the WIA system reported 1,234,178 exiters, an increase of nearly 24 percent over PY 2006 and more than double the 572,498 exiters reported in PY 2004.<sup>24</sup>

While the system is serving significantly more people, the number receiving intensive and training services is actually declining. Of the 225,683 adult exiters in PY 2004, nearly half (109,492) received training services.<sup>25</sup> By contrast, of the 849,738 adult exiters reported in PY 2008, less than 12 percent (98,214) received training services.<sup>26</sup> Participation in training services under the dislocated worker program declined from 53 percent of all exiters in PY 2004 (95,113 individuals) to less than 19 percent in PY 2008

(54,953 individuals).<sup>27</sup> Participation in training varies widely from state to state. In three states—Delaware, Montana, and Utah—the percentage of adult exiters receiving training exceed 90 percent, while in four states—Louisiana, New York, Oklahoma, and Oregon—less than 3 percent of adult exiters received training.<sup>28</sup>

**Adults** – Of the 849,738 adult exiters in 2008:

- ▶ 46.6 percent were female;
- ▶ A majority (54.4 percent) were white, with African-Americans and Latinos comprising 27.4 and 12.4 percent, respectively;
- ▶ More than 80 percent were unemployed when they registered for services; and
- ▶ Nearly two-thirds (65.3 percent) were aged 30 or older.

**Dislocated Workers** – Of the 293,614 dislocated worker exiters in 2008:

- ▶ 49 percent were female;
- ▶ A majority (55.8 percent) were white, with African-Americans and Latinos comprising 23.6 and 13.6 percent, respectively;
- ▶ Nearly all (95.5 percent) were unemployed at the time of registration; and
- ▶ Roughly 80 percent were aged 30 or older.

**Youth** – Of the 115,083 youth exiters in 2008:

- ▶ More than half (55.6 percent) were female;
- ▶ More than two-thirds were members of minority groups, with Latinos and African-Americans comprising 32.3 and 33 percent of all participants, respectively. Whites comprised 29.8 percent of the total;
- ▶ A majority (53.9 percent) were between the ages of 14-17;
- ▶ Just over 10 percent were employed at the time of registration; and
- ▶ Nearly three-fifths (57.3 percent) were basic literacy skills deficient.

## Institutions Serving WIA Participants

Local WIBs are responsible for designating organizations as eligible training providers (ETPs). States are responsible for compiling lists of ETPs from local WIBs and disseminating the master list throughout the state's one-stop system. Eligible training providers must be:

- ▶ Postsecondary institutions eligible to receive funding under Title IV of the Higher Education Act (HEA);
- ▶ Institutions that provide a program leading to an associate degree, baccalaureate degree, or certificate;
- ▶ Entities that carry out programs under the National Apprenticeship Act; or

- ▶ Other public or private providers of programs of training services, as defined by criteria set by the state.

Organizations interested in becoming ETPs must apply to their local WIBs according to procedures established by the local board (for providers offering programs eligible under Title IV of HEA or registered under the National Apprenticeship Act) or under a procedure established by the state (all other programs and providers).

While states and localities have broad discretion in designating ETPs, several recent policy developments may impact the types of institutions offering WIA-funded services in the future. DOL has announced a goal of increasing the number of individuals earning degrees, certificates, and other industry-recognized credentials through WIA and other DOL training programs by 10 percent by 2012.<sup>29</sup> The agency has issued guidance on strengthening credential attainment under WIA, which includes such recommendations as maintaining a list of credentials offered by ETPs to help jobseekers better identify which programs provide the skills necessary to obtain and retain employment. Additionally, the Department of Education is expected to release new rules in early 2011 requiring that occupational training programs eligible for federally-funded tuition assistance meet a “gainful employment” requirement.<sup>30</sup> While these rules apply only to HEA Title IV programs, it is possible that WIA-funded ETPs could ultimately be held to a similar standard.

## Relationship to Other Programs

WIA designates a number of mandatory partners in the one-stop system, while other programs are identified as optional partners. Mandatory partners are required to make program core services available at one-stop centers, provide funding for one-stop administration, and provide representation on local WIBs.

**Mandatory and Optional Federal Program Partners.** Mandatory partners include:<sup>31</sup>

- ▶ Programs authorized under Titles I (employment and training), II (adult education and literacy), III (the Wagner-Peyser Act), and IV (Title I of the Rehabilitation Act of 1973) of WIA;
- ▶ The Older American Community Service Employment Program authorized by Title V of the Older Americans Act of 1965;
- ▶ Postsecondary vocational education activities under the Carl D. Perkins Career and Technical Education Act;
- ▶ Trade Adjustment Assistance (TAA) programs under Chapter 2 of Title II of the Trade Act of 1974;
- ▶ Veteran employment and training programs under Chapter 41, Title 38 of the U.S. Code;
- ▶ Employment and training activities under the Community Services Block Grant;
- ▶ Employment and training activities carried out by the Department of Housing and Urban Development; and
- ▶ Programs authorized by state unemployment compensation laws.

Optional partners include programs offered under Temporary Assistance for Needy Families (TANF), the Supplemental Nutritional Assistance Program (SNAP, formerly Food Stamps), the National and Community Service Act, and other federal, state, or local programs, including private sector programs.

WIA provides no direct funding for the operational costs of one-stop centers, instead requiring that all mandatory partners provide support for one-stop administration and infrastructure. Implementation of this requirement has proven challenging. A 2003 GAO report indicated that many mandatory partners were unable to contribute to the funding of one-stop centers because of limited program resources or restrictions on the use of program dollars for administrative costs,<sup>32</sup> and a 2007 GAO report indicated that the number of states using adult education and literacy, vocational rehabilitation, and TAA program funds to support one-stop infrastructure actually declined between 2001 and 2005.<sup>33</sup> As a result, the bulk of infrastructure funding in many states is derived from WIA Title I formula dollars that could otherwise be used to support training and other direct services, limiting the level of service available to jobseekers and employers.

### WIA and Pell Grants

WIA limits the use of training funds to individuals who are unable to obtain support from other sources, including the Pell Grant program. At the same time, the Higher Education Act prohibits other federal programs from taking Pell Grant awards into consideration when determining an individual's eligibility for, or the amount of, benefits or assistance under any other federal, state, or local program financed in whole or in part with federal funds. In the final rules implementing WIA, DOL required that program operators and training providers work together to determine the appropriate mix of funds—based on the availability of funding from all sources—to ensure that training can be completed successfully.<sup>34</sup>

In May 2009, DOL issued guidance to states encouraging them to ensure that unemployed workers were made aware of their potential eligibility for Pell Grants and other federal educational assistance, and to ensure that one-stop center staff were trained to assist unemployment insurance (UI) recipients with financial aid applications.<sup>35</sup> This initiative represents an important step in reducing barriers between state UI systems and the public workforce system ensuring that greater numbers of jobless and dislocated workers have access to information on, and services from, training and education programs that can help reduce the time to reemployment, while also receiving supportive services to weather periods of extended unemployment. While reauthorization may build on this and other efforts to promote cross-program alignment and ensure that WIA is fully leveraging all available funding sources, it is expected that DOL will continue to promote such innovation through guidance and regulations.

### Performance Accountability

WIA requires states to track and report performance on a variety of outcome measures. States can face sanctions for failing to meet negotiated performance measures. A first failure results in technical assistance from the Secretary of Labor to help the state achieve compliance, while a second consecutive failure may result in a state funding cut of up to 5 percent.

Performance requirements for local areas are negotiated between the state and the local area, and are based on state performance requirements. Local areas can also face sanctions for failing to meet expected performance levels, including the appointment of a new local WIB by the governor.

Required outcome measures for adults, dislocated workers, and older youth (age 19 to 21) are:

- ▶ Entry into unsubsidized employment;
- ▶ Retention in unsubsidized employment six months after employment entry;
- ▶ Earnings change six months after entry into unsubsidized employment (earnings replacement rate for dislocated workers); and

- ▶ Credential attainment rate among those who enter into unsubsidized employment (or, for eligible youth, those who enter into postsecondary education, advanced training, or unsubsidized employment).

For younger youth (ages 14-18), required outcome measures are:

- ▶ Attainment of basic skills and work readiness or occupational skills;<sup>36</sup>
- ▶ Attainment of high school diploma or recognized equivalent; and
- ▶ Placement and retention in postsecondary education or advanced training, or placement and retention in military service, employment, or qualified apprenticeship.

In addition, local areas and states are required to report on customer satisfaction for employers and participants. States are permitted to identify additional indicators for workforce investment activities as part of their state plan.

In 2005, DOL began implementing “common measures” under federal job training and education programs: entered employment, employment retention, and average earnings for adults and dislocated workers; placement in employment or education, attainment of a degree or certificate, and literacy and numeracy gains for youth.<sup>37</sup> States may apply for a waiver to implement and report on only the common measures; in 2010, 37 states plus the District of Columbia, Puerto Rico, and the U.S. Virgin Islands received such waivers.<sup>38</sup> In guidance implementing the Recovery Act, DOL identified this waiver as one of three that had become a “fundamental part of the operation of the workforce system,” adding that the common measures have become the basis of the workforce system’s performance accountability.<sup>39</sup>

Use of common measures simplifies data collection and facilitates cross-program alignment. However, there is concern that the use of these *specific* measures—placement, earnings, and retention—can potentially act as a disincentive to serving those with the greatest need, particularly when funding cuts force difficult choices.<sup>40</sup> There is evidence to indicate that some one-stops may discourage hard-to-serve individuals from enrolling in WIA to limit negative impacts on performance outcomes (popularly referred to as “creaming”).<sup>41</sup> Average earnings, as opposed to earnings change, may result in a focus on higher-skilled individuals with higher earnings potential. Similarly, the emphasis on entered employment and employment retention may also encourage workforce agencies to focus on rapid employment or reemployment, even in circumstances where longer-term training might enable participants to obtain the skills necessary to get and keep higher-paying jobs.

While support for the use of common measures remains strong, there is interest in improving which measures are used. Proposals to address these and other concerns include returning to a weighted regression model earnings measure to account for lower-skilled individuals,<sup>42</sup> and adopting interim outcome measures that signal progress toward long-term employment or educational outcomes, such as attainment of a GED or its equivalent, completion of basic literacy or English language programs, or completion of a certain number of college credit hours toward a degree.

## Policy Recommendations

### Increase the Number of Individuals Receiving Training

As Congress considers reauthorizing WIA Title I, policymakers should ensure that the program is supporting high quality education, training, and related services that provide a diversity of jobseekers with the necessary skills to obtain, retain, and advance in well-paying occupations and careers.

**Significantly strengthen focus on attainment of postsecondary degrees, certificates, and other industry-recognized credentials under WIA Title I.** Establishing meaningful goals and performance measures for credential attainment would enable policymakers to determine how successful the public workforce system is in meeting the skill requirements of jobseekers and employers on a national, regional, and local basis. Doing so would allow state and local workforce agencies to emphasize the kinds of longer-term training that leads to well-paying jobs and careers for participants, rather than focusing on rapid labor market attachment encouraged under current performance measures. Specifically, Congress and DOL should:

- ▶ Require that credential attainment be a core performance indicator under Title I;
- ▶ Set numeric goals for state and local Workforce Investment Boards to increase training and credential attainment, consistent with ETA's goal of increasing the number of individuals earning degrees, certificates, and other industry-recognized credentials by 10 percent by 2012;
- ▶ Require states to include the list of credentials offered by ETPs on state ETP lists;
- ▶ Incentivize collaboration between WIBs and education and training providers to develop and implement innovative training programs that increase credential attainment for low-skilled adults, including integrated education and training programs that combine adult education and occupational skills instruction; and
- ▶ Recognize and promote local or regional credentials developed through sector partnerships or other employer consortia within a specific industry or geographic area, and delivered by a qualified training provider.

**Support career pathways under WIA Title I.** A number of states have begun to implement career pathways strategies which align adult education, job training, and higher education programs to allow participants to obtain progressive educational or occupational credentials even as they continue to work,<sup>43</sup> but their efforts could be strengthened by:

- ▶ Requiring states and local areas to set and meet goals for co-enrollment of participants in WIA Title I and Title II programs, and require that co-enrollment percentages increase over time;
- ▶ Establishing performance measures for Title I that reward states and local areas for interim outcomes along career pathways, such as GED attainment or completion of postsecondary courses leading to an industry-recognized degree, certificate, or other credentials;
- ▶ Clarifying how WIA Title I funds may be used in conjunction with Pell Grants, and ensure that local workforce staff are trained to assist participants in accessing the full range of student assistance they need to succeed in training; and
- ▶ Providing states and local areas with flexibility to merge Title I and Title II funds as necessary to support integrated education and training programs and other innovative strategies that provide services through multiple education and training programs.

Congress should also eliminate the current sequence of service requirements; increase overall formula funding for WIA programs to at least the level of combined spending under the Recovery Act and regular FY 2009 appropriations bills to ensure that local WIBs and one-stops have the necessary resources to respond to heightened demand for services; create and fully fund a separate line item under DOL's budget to support one-stop administrative and infrastructure costs while requiring that a minimum percentage of WIA formula funds be used to directly support job training; and retain the Recovery Act provision that allows local WIBs to contract for training services for multiple participants where such practices do not limit consumer choice.

### Invest in Sector Partnerships to Effectively Target Scarce Training Resources

Sector partnerships are industry-led collaboratives between key stakeholders connected to a local or regional industry that optimize investments by carefully targeting training to local and regional employer skill needs. Recent research demonstrates that well-designed sector programs can have significant positive outcomes for low-income workers, including earnings gains, steadier employment, and increased access to health care and other benefits.<sup>44</sup> In 2010, the House of Representatives passed legislation—the SECTORS Act (HR 1855)—that would have established designated capacity and funding to support sector partnerships under WIA;<sup>45</sup> Congress should incorporate the language from this bill as part of a broader WIA reauthorization effort.

### Maintain and Improve the Public Workforce Infrastructure

The public workforce system coordinates a range of federally-funded training programs and services that address the distinct and specific needs of different worker populations and industries. The state-administered Employment Service<sup>46</sup> provides critical job search, labor-market information, and other core services, while locally-administered WIA Title I programs provide assessment, training and supportive services, and employment services to both jobseekers and employers. Prior reauthorization efforts have been stalled, in part, by attempts to merge WIA and the Employment Service, or to eliminate the Employment Service altogether. The resulting confusion, rather than achieving new efficiencies, would likely lead to further friction in the distribution of training funds, unemployment insurance, or sound labor market information to workers in need. Congress should reject any such efforts in the future and focus its efforts on increasing effective coordination between the two systems while also ensuring adequate funding for each program.



To download the complete version of National Skills Coalition's Training Policy in Brief, visit [www.nationalskillscoalition.org/InBrief](http://www.nationalskillscoalition.org/InBrief).

## References

- 1 Inflation adjusted.
- 2 29 U.S.C. 2832(h).
- 3 <http://www.servicelocator.org/AboutThisData.asp>. Downloaded 24 August 2010.
- 4 Because the core services identified under WIA Title I are similar to services authorized under the Wagner-Peyser Act (Title III of WIA), there have been suggestions that the law be modified to reduce potential duplication of services and allow a greater percentage of WIA funds to be used for intensive and training services. In 2006, DOL issued a Notice of Proposed Rulemaking (at 71 Fed Reg. 76558) that would have eliminated requirements that WIA Adult and Dislocated Worker funds be used to support core services in addition to those provided under Wagner-Peyser, but this proposal was ultimately withdrawn in 2009 after facing strong congressional resistance.
- 5 [http://www.nationalskillscoalition.org/federal-policies/recovery-legislation/recovery-legislation-documents/arra\\_dol\\_tegl14-08\\_2009-03-18.pdf](http://www.nationalskillscoalition.org/federal-policies/recovery-legislation/recovery-legislation-documents/arra_dol_tegl14-08_2009-03-18.pdf).
- 6 29 U.S.C. 2854.
- 7 Under the American Reinvestment and Recovery Act, Congress increased the age limit for WIA Youth programs to age 24 for purposes of Recovery Act funds only.
- 8 §2852 and §2862.
- 9 Inflation adjusted.
- 10 PL 111-5.
- 11 <http://wdr.doleta.gov/directives/attach/TEGL/TEGL27-09acc.pdf>.
- 12 <http://wdr.doleta.gov/directives/attach/TEGL/TEGL14-08acc.pdf>.
- 13 In recent years Congress has increased the transfer limit to 30 percent through appropriations legislation, most recently under the Consolidated Appropriations Act, 2010 (PL 111-117).
- 14 [http://www.doleta.gov/waivers/pdf/WIA\\_Waiver\\_Summary\\_Report\\_PY\\_2010.pdf](http://www.doleta.gov/waivers/pdf/WIA_Waiver_Summary_Report_PY_2010.pdf).
- 15 See for example this 2007 survey of ITA policies for Pennsylvania's 23 local WIBs, which includes spending caps as low as \$3,500 (Montgomery County) and as high as \$15,000 over two years (Southern Alleghenies): <http://www.google.com/url?sa=t&source=web&cd=3&ved=0CBoQFjAC&url=http%3A%2F%2Fwww.portal.state.pa.us%2Fportal%2Fserver.pt%3Fopen%3D18%26objID%3D490714%26mode%3D2&ei=xelzTKjaEYWBlAf1pZDJCA&usg=AFQjCNHEGC5SM7QxOM49ix3mQ5ajhPrpbA>.
- 16 [http://www.doleta.gov/performance/results/pdf/PY\\_2008\\_WIASRD\\_Data\\_Book\\_FINAL\\_1192010.pdf](http://www.doleta.gov/performance/results/pdf/PY_2008_WIASRD_Data_Book_FINAL_1192010.pdf).
- 17 PL 111-117.
- 18 [http://www.nationalskillscoalition.org/assets/reports-/nsc\\_issuebrief\\_ojt\\_2010-01.pdf](http://www.nationalskillscoalition.org/assets/reports-/nsc_issuebrief_ojt_2010-01.pdf).
- 19 <http://www.dol.gov/opa/media/press/eta/eta20100880.htm>.
- 20 PL 110.-140.
- 21 For a summary of the three main training grants under the Green Jobs Act, see [http://www.nationalskillscoalition.org/pdf.html?file=http://www.nationalskillscoalition.org/federal-policies/green-jobs/green-jobs-documents/twa\\_greenjobsactsummary\\_2007energybill\\_2008-03.pdf](http://www.nationalskillscoalition.org/pdf.html?file=http://www.nationalskillscoalition.org/federal-policies/green-jobs/green-jobs-documents/twa_greenjobsactsummary_2007energybill_2008-03.pdf).
- 22 In both the Recovery Act and the Fiscal Year 2010 appropriations bill, funding was authorized under the broader pilots and demonstration authority of WIA rather than the Green Jobs Act.
- 23 <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2011/assets/labor.pdf>.
- 24 [http://www.doleta.gov/performance/results/pdf/PY\\_2008\\_WIASRD\\_Data\\_Book\\_FINAL\\_1192010.pdf](http://www.doleta.gov/performance/results/pdf/PY_2008_WIASRD_Data_Book_FINAL_1192010.pdf).
- 25 [http://www.doleta.gov/performance/results/WIASRD/PY2004/WIA\\_Summary\\_04\\_Adult.pdf](http://www.doleta.gov/performance/results/WIASRD/PY2004/WIA_Summary_04_Adult.pdf).
- 26 [http://www.doleta.gov/performance/results/Pdf/PY2008\\_Adult\\_Summary\\_Report.pdf](http://www.doleta.gov/performance/results/Pdf/PY2008_Adult_Summary_Report.pdf).
- 27 [http://www.doleta.gov/performance/results/WIASRD/PY2004/WIA\\_Summary\\_04\\_Dislocated\\_Workers.pdf](http://www.doleta.gov/performance/results/WIASRD/PY2004/WIA_Summary_04_Dislocated_Workers.pdf), [http://www.doleta.gov/performance/results/Pdf/PY2008\\_DW\\_Summary\\_Report.pdf](http://www.doleta.gov/performance/results/Pdf/PY2008_DW_Summary_Report.pdf).
- 28 [http://www.doleta.gov/performance/results/pdf/PY\\_2008\\_WIASRD\\_Data\\_Book\\_FINAL\\_1192010.pdf](http://www.doleta.gov/performance/results/pdf/PY_2008_WIASRD_Data_Book_FINAL_1192010.pdf).
- 29 <http://www.dol.gov/dol/budget/2011/PDF/CBJ-2011-V1-01.pdf>.
- 30 The original Notice of Proposed Rulemaking issued in July 2010 may be viewed at <http://www2.ed.gov/legislation/FedRegister/proprule/2010-3/072610a.html>; National Skills Coalition's comments on the NPRM may be viewed at <http://www.nationalskillscoalition.org/pdf.html?file=http://www.nationalskillscoalition.org/homepage-archive/documents/employmentcomments2010-09-09.pdf>.
- 31 29 U.S.C. 2841(b).
- 32 <http://www.gao.gov/new.items/d03884t.pdf>.
- 33 <http://www.gao.gov/new.items/d071096.pdf>.
- 34 <http://www.doleta.gov/usworkforce/wia/finalrule.txt>.
- 35 <http://wdr.doleta.gov/directives/attach/TEGL/TEGL21-08acc.pdf>.

- 36 Under the Recovery Act, Congress provided that, for purposes of individuals participating in summer youth employment programs, the “work readiness” indicator would be the only measure of performance used to assess the effectiveness of such programs.
- 37 [http://wdr.doleta.gov/directives/attach/TEGL17-05\\_AttachA.pdf](http://wdr.doleta.gov/directives/attach/TEGL17-05_AttachA.pdf).
- 38 [http://www.doleta.gov/waivers/pdf/WIA\\_Waiver\\_Summary\\_Report\\_PY\\_2010.pdf](http://www.doleta.gov/waivers/pdf/WIA_Waiver_Summary_Report_PY_2010.pdf).
- 39 <http://wdr.doleta.gov/directives/attach/TEGL/TEGL14-08acc.pdf>.
- 40 A recent analysis by the Center for Law and Social Policy (CLASP) of WIA outcome data indicates that low-income individuals already face challenges in receiving services under WIA, with the percentage of adult exiters receiving intensive or training services who were low-income individuals declining from 63.4 percent in PY 2004 to 44.1 percent in PY 2008. <http://www.clasp.org/admin/site/publications/files/WIAServices.pdf>.
- 41 <http://umdcipe.org/conferences/WIAWashington/Papers/King%20-%20The%20Use%20of%20Market%20Mechanisms%20in%20U.S.%20Workforce%20Programs.pdf>.
- 42 Similar to that used under the Job Training Partnership Act (JTPA).
- 43 See, for example, the Joyce Foundation’s Shifting Gears Initiative, which was launched in six Midwestern states in 2006. <http://www.shifting-gears.org/>.
- 44 [http://www.ppv.org/ppv/publications/assets/325\\_publication.pdf](http://www.ppv.org/ppv/publications/assets/325_publication.pdf).
- 45 HR 1855; see <http://www.nationalskillscoalition.org/federal-policies/sector-partnerships/> for additional information about the SECTORS Act and sector partnerships.
- 46 Authorized under the Wagner-Peyser Act (WIA Title III).