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RECOMMENDATIONS FOR SENATE WIA REAUTHORIZATION LEGISLATION: TITLE I PROVISIONS AFFECTING DISADVANTAGED ADULTS

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The Workforce Investment Act of 1998 (WIA) substantially altered the federally funded system for job training and other employment-related services. Federal policy for these services is set out in Title I of WIA, which requires that each of nearly 600 local workforce areas develop and administer a one-stop delivery system with a broad array of employment and training services available to job seekers and employers. Congress is currently considering WIA reauthorization proposals. In March, the House passed its WIA reauthorization bill, H.R. 27. In January, Senator Enzi introduced S. 9, which incorporates S. 1627, the bi-partisan WIA reauthorization bill passed by the Senate in 2003. While S. 9 contains a number of positive provisions with regard to disadvantaged adults, this document contains CLASP's key recommendations for further improvements to Title I provisions in S. 9.

1. PROMOTE GREATER ACCESS TO TRAINING

Issue: Sequential eligibility requirements unduly restrict the flexibility of local boards and one-stop centers to provide the most appropriate services to customers on a timely basis. To the extent resources for intensive and training services are insufficient to serve every eligible individual, local boards can and should be relied upon to make priority decisions consistent with other provisions of WIA, and their local needs. Sequential eligibility rules have caused confusion in the field, and delays and denials of services to those who could benefit from them. Further, sequential eligibility rules send the message that intensive and training services should be reserved for individuals who truly cannot find employment on their own. This interpretation would preclude in most cases the use of WIA training to help low-wage workers, whether between jobs or currently employed, advance to better jobs. This was surely not the Congressional intent in creating WIA. Sequential eligibility should be eliminated. The language in S. 9 moves in the right direction, but maintaining any sequential eligibility requirement will maintain needless administrative complexity and barriers that make it difficult to promote greater access to training.

Recommendation: Eliminate sequential eligibility.

- Allow individuals to receive intensive and training services in any sequence determined appropriate by assessment in order to meet employment and earnings goals established in conjunction with the one-stop operator or partner.

Issue: Too few workers are receiving training under WIA. The number of workers trained under WIA has declined significantly as compared to under the predecessor program, JTPA. Thirty-four percent fewer individuals received training under WIA in Program Year 2002 compared to those trained under JTPA in Program Year 1998.² According to a White House report, only 206,000 individuals received training under WIA during Program Year 2002, and the President has proposed doubling this number.³ Under current law, there is no dedicated funding for WIA adult and dislocated

worker training, and many local areas report a lack of adequate funding for Individual Training Accounts (ITAs) as a key factor in the training decline. While additional WIA funding could play an important role in expanding training, creating a “floor” for the share of WIA funds to be spent on training would also help increase the number of workers trained. The experience of Florida with such a policy shows it can be workable: Florida requires that 50 percent of adult and dislocated worker funds be spent on ITAs, and state agency staff have indicated they believe the policy has led to a greater number of individuals receiving access to training.

In addition, states are not required to report to the Department of Labor—and local areas are not required to report to states—on the amount of WIA funds spent on training versus core and intensive services. As a result, stakeholders and taxpayers do not have access to national data on the amount of WIA funds spent on training. S. 9 would require states to report annually on the amount of WIA funds spent on training versus core and intensive services. However, the provision could be improved by requiring that states report this information quarterly and that a breakdown by local area be published. Quarterly data would provide policymakers and system stakeholders more timely access to information. Data on local areas’ spending choices would provide valuable information to local and state policymakers and stakeholders.

Recommendation: Encourage use of WIA funds for training.

- Require that states and local areas spend a minimum percentage of adult and dislocated worker funds on training services.
- Require that states and local areas that fail to meet the expenditure requirement receive the same penalties for noncompliance that apply for failing to meet adjusted performance measures under current law.
- Require that in order to receive WIA incentive funds, states and local areas must spend at least the minimum percentage of funds on training.
- In their quarterly financial reports and annual reports, require that states report to the Department of Labor, and that local areas report to states, on the amount of adult and dislocated worker funds spent on each category of services (core, intensive, training). State and local information on amounts of funds spent on each category of services should be made publicly available.

2. IMPROVE PERFORMANCE MEASURES

Issue: The current system of negotiating performance levels has not worked well in recognizing state and local differences in populations served or in encouraging service to harder-to-serve groups. According to the Government Accountability Office (GAO), performance measures are driving local staff to be reluctant to provide WIA-funded services to job seekers who may be less likely to find employment or experience earnings increases when placed in a job.⁴ As the Bush Administration, H.R. 27, and S. 9 propose, stronger language is needed on the economic conditions and participant characteristics that should be taken into account when setting expected levels of performance. As proposed in S. 9, an objective methodology should be developed to adjust expected performance levels in a manner that is fair and consistent among all states and localities.

Recommendation: Improve adjustment of performance measures by incorporating the language contained in S. 9 into this year’s Senate WIA reauthorization bill.

- Adjust performance measures to take into account local conditions and characteristics of participants at intake, including: lack of high school diploma or GED; limited employment history; physical and mental health problems, including documented disabilities; low basic skills; limited English proficiency; and local labor market conditions.

- Hold states and local areas accountable for serving these populations to the extent that expected levels are adjusted to take into account populations with barriers to employment.

Issue: WIA performance measures do not place a strong emphasis on job quality. If WIA is to achieve its stated purpose to “improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the Nation,” it is vital that the system be held accountable for the quality of jobs obtained by those who benefit from WIA-funded services. Research suggests that helping low-income adults obtain higher quality jobs than they would find on their own can lead to better job retention and larger long-term wage growth.⁵ Research also finds that the availability of employer-provided health insurance is linked to employment retention.⁶ While current performance measures for adults and dislocated workers capture employment placements, they fail to capture the quality of jobs in which participants are placed. Adding a measure of wages at placement and availability of employer-provided benefits would remedy this.

Recommendation: Require that performance measures take into account job quality.

- Add a measure of wages at placement and availability of employer-sponsored health insurance and paid vacation/sick days.

3. ADDRESS THE NEEDS OF ADULTS WITH LIMITED ENGLISH PROFICIENCY

Issue: Despite the growth of immigrants in the workforce, the WIA statute does little to encourage provision of ESL services. The Census Bureau estimates that over 13 million legal immigrants arrived between 1990 and 2000, with about 58 percent arriving between 1995 and 2000.⁷ The number of immigrants in our workforce has grown dramatically over the past decade—accounting for nearly half of all workforce growth—and will continue to grow. In fact, immigrants are expected to account for all of the growth in the prime-aged workforce (age 25-54) between now and 2020.⁸ In 2002, nearly half of all immigrant workers were low-wage workers and among this group 62 percent were limited English proficient.⁹ Changes are needed to bring WIA up to date with current needs.

Recommendation: Address the needs of those with limited English skills.

- State plans currently must describe how the state will meet the service needs of special populations. Incorporate into this year’s Senate WIA reauthorization bill the language in S. 9, which adds limited English proficient individuals to the list of hard-to-serve populations.
- Add assessment of English proficiency to the list of core services.
- Collect consistent data on adults with limited English skills across key federal workforce programs, including WIA. Data should include the country participants were born in (nativity), years of education in the native country, when they arrived in the U.S., and some measure of English language ability (ideally a test score, but at least the same self-reported data used by the Census Bureau).

Issue: Too few programs combine adult education, ESL, and job training. Yet, experimental research, conducted primarily in the context of welfare reform evaluations, suggests that economic impacts (employment and earnings gains) are larger when adult education is integrated with or closely connected to job training and other postsecondary education.¹⁰ Federal leadership could help create more of these programs so that adult education can become more effective for those whose primary goals are to find a job or move up to a better job.

Recommendation: Encourage programs to combine adult education, ESL, and job training.

- Incorporate into this year’s Senate WIA reauthorization bill the provisions in S. 9 that allow for English language acquisition and integrated training programs to be provided as intensive and

training services.

- Incorporate into this year's Senate WIA reauthorization bill the authorization in S. 9 for a demonstration project to analyze integrated workforce training programs for adults with limited English proficiency.
- Allow programs that combine job training, ESL, and adult education, and receive both Title I and Title II funding under WIA, to be accountable for just one set of performance measures, with the program allowed to choose the measures (either those of Title I or Title II) most appropriate to their program design.
- Count English proficiency and literacy gains, as well as credential attainment when coupled with job placement, in performance measures for the adult funding stream.

4. IMPROVE OPPORTUNITIES FOR TANF-WIA COORDINATION

Issue: Inconsistent statutory and regulatory requirements make it more difficult to coordinate welfare and workforce systems. Coordination of welfare and workforce systems holds the potential to improve the types and quality of services available to all individuals seeking jobs and supportive services. Statutory and regulatory differences between the Temporary Assistance for Needy Families (TANF) program and WIA result in needless complexity for states seeking to coordinate their systems, and federal law could be modified to make it easier for states wishing to coordinate to do so. A limited set of provisions intended to promote coordination are in pending TANF reauthorization legislation, and Congress should include complementary provisions in WIA reauthorization legislation, as described in the recommendations below. Some policymakers have advocated the enactment of broad cross-program waiver authority as a means of facilitating integration. Congress should not adopt a proposal like the Administration's WIA Plus Consolidation proposal, which would give governors the option for broad authority to consolidate funds intended for targeted populations.

Recommendation: Facilitate TANF-WIA coordination.

- Require WIA state annual reports to describe the extent to which TANF employment and training services are provided through the one-stop system and the extent to which former TANF recipients have access to additional core, intensive, or training services.
- Require that the Secretary of Health and Human Services and the Secretary of Labor jointly submit a report to Congress describing common or conflicting data elements, definitions, performance measures, and reporting requirements in TANF and WIA.
- Direct the Secretary of Health and Human Services and the Secretary of Labor to work together to address and reduce regulatory inconsistencies not required by statute.

¹ This document draws on 2003 CLASP WIA reauthorization recommendations developed in conjunction with Julie Strawn.

² CLASP comparison of PY1998 SPIR data and PY2002 WIASRD data.

³ The White House. (2004). *A New Generation of American Innovation*. Washington, DC: Author.

⁴ Government Accountability Office. (2003). GAO-03-884T. *Workforce Investment Act: Exemplary One-Stops Devised Strategies to Strengthen Services, but Challenges Remain for Reauthorization*. Washington, DC: Author.

⁵ Martinson, K., & Strawn, J. (2003). *Built to Last: Why Skills Matter for Long-Run Success in Welfare Reform*. Washington, DC: Center for Law and Social Policy; Holzer, H. (2004). *Encouraging Job Advancement Among Low-Wage Workers: A New Approach*. Washington, DC: The Brookings Institution.

⁶ See, for example, O'Brien, E. (2003). Employers' Benefits from Workers' Health Insurance. *Milbank Quarterly*, 81(1); Boushey, H. (2002). *Staying Employed After Welfare: Work Supports and Job Quality Vital to Employment Tenure and Wage Growth*. Washington, DC: Economic Policy Institute.

⁷ CLASP calculations from U.S. Census Bureau. (2002). Retrieved from tables produced at <http://factfinder.census.gov>. Figures include the District of Columbia, but not Puerto Rico or other territories.

⁸ Ellwood, D. (2002). "How We Got Here" in *Grow Faster Together. Or Grow Slowly Apart*. Washington, DC: The Aspen Institute.

⁹ Capps, R. et al. (2003). *A Profile of the Low-Wage Immigrant Workforce*. Washington, DC: Urban Institute.

¹⁰ For a summary of this research, see Martinson & Strawn in Note 5 above.