



WIA Reauthorization

July 24, 2009

Recommendations for Reauthorization of the Workforce Investment Act Adult Program

The reauthorization of the Workforce Investment Act (WIA) presents an important opportunity to refocus the workforce investment system on raising the skills of the American workforce and better connect WIA with other education, training and work support programs to create multiple pathways to postsecondary and career success for low-income adults, dislocated workers and disadvantaged youth. This will promote long-term, inclusive economic growth by helping workers gain the skills and connections they need to access family-sustaining employment and by ensuring that employers have access to the skilled workers they need to retain and create good jobs.

CLASP recommends that Congress take the following actions to strengthen the WIA Adult program:

- **Clarify that the focus of the program should be on the provision of high quality education, training and related services which provide individuals with the necessary skills and experience to access jobs that pay family-supporting wages and have advancement potential.**
 - Eliminate the “sequence of services” provisions and allow individuals to immediately access needed services.
 - Require that states and local areas spend at least 50 percent of WIA Adult funds on education, training and related services.
 - Clarify that WIA funds can be used in conjunction with Pell grants to ensure that low-income students receive the full support they need to succeed in training.
- **Increase the focus and capacity to serve individuals who are low-income, have limited skills and have other barriers to economic success.**
 - Ensure that low-income individuals have an absolute priority of service for education, training and related services.
 - Allow local areas the flexibility to provide training through Individual Training Accounts (ITAs) or contract training, as appropriate.

- **Ensure that the WIA Adult program explicitly supports Transitional Jobs programs that enable individuals with barriers to employment to get and maintain employment.**
 - Include a definition of Transitional Jobs within WIA.
 - Make Transitional Jobs an allowable activity with WIA Adult formula funds.
- **Revamp the current performance measurement system.**
 - Require use of an empirically supportable methodology to adjust performance levels based on participant characteristics and labor market conditions.
 - Review and revise current performance measures to encourage provision of services to individuals who are low-income, have limited skills and have barriers to employment.
 - Develop and, over time, implement a system of shared accountability across workforce and other education and training programs.
- **Strengthen connections between workforce investment programs, related education and training programs and economic development.**
 - Improve coordination between the workforce development and adult education systems to promote better integration of occupational training, basic skills, and English language services.
 - Create Career Pathways state policy leadership grants and local planning and implementation grants, to be jointly administered by the U.S. Departments of Education and Labor.
 - Connect workforce and economic development with the goal of linking low-income individuals and distressed communities with the engines of economic growth.
 - Require the One-Stop Career Center system and human services agencies to collaborate to offer on-site, simplified access to work supports.

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The reauthorization of the Workforce Investment Act (WIA) presents an important opportunity to refocus the workforce investment system on raising the skills of the American workforce and better connect WIA with other education, training and work support programs to create multiple pathways to postsecondary and career success for low-income adults, dislocated workers and disadvantaged youth. This will promote long-term, inclusive economic growth by helping workers gain the skills and connections they need to access family-sustaining employment and by ensuring that employers have access to the skilled workers they need to retain and create good jobs.

Rationale for Proposed Changes in Reauthorization

The global economy has changed dramatically since the passage of the Workforce Investment Act in 1998. The new economic reality is that technological changes and international competition have increased employers' demand for skilled workers. Postsecondary educational credentials—whether obtained through an apprenticeship, an occupational certificate program or degree—are increasingly the gateway to middle-class employment and economic advancement.

Current WIA mandates to provide universal access to services through a one-stop system, combined with a significant decline in funding since the law was enacted, led many parts of the system to concentrate on the provision of low-intensity employment services aimed at rapid labor market attachment.ⁱ Since the enactment of WIA, there has been a steady decline in the share of individuals who are low-income and those with barriers to employment.ⁱⁱ Several factors may be contributing to the declining share of low-income exiters with employment barriers: program performance measures; sequential service requirements; and the lack of any strong, explicitly defined targeting requirement in current law.ⁱⁱⁱ According to the Government Accountability Office (GAO), performance measures make local staff reluctant to provide WIA-funded services to job seekers who are less likely to find employment or experience earnings increases.^{iv}

The WIA provisions imbedded in the American Recovery and Reinvestment Act (ARRA) point the way toward longer-term workforce policy changes that should be sustained through WIA reauthorization. These changes focus the system on increasing services to low-income, displaced and under-skilled adults, and disconnected youth and providing more and longer-term training with necessary income supports and support services to enable people to participate and succeed in training.

Recommendations for Reauthorization of the WIA Adult Program

1. Clarify that the focus of the system should be the provision of high quality education and training activities which provide individuals with the necessary skills and experience to access jobs that pay family- supporting wages and have advancement potential, instead of immediate job placement.

Education and training programs that lead to secondary or postsecondary credentials, incorporate work experience and have connections to vibrant industries can improve employment prospects and increase earnings for low-income, less educated individuals.^v A recent non-experimental net impact evaluation of the WIA Adult and Dislocated Worker programs found that the long-term impact of training services on participant earnings is higher than that of lower intensity services, and the impact is greater for adult participants than for dislocated workers.^{vi} Education and training is also critical to ensure that employers have access to a skilled workforce.

In order to focus the system on skill-building, we recommend the following:

- **Eliminate the “sequence of services” provisions, and allow individuals to immediately access needed services.** Under current law, individuals who qualify for the adult and dislocated worker programs can access three tiers of services at one-stop centers: (1) core, which includes basic services, such as job search assistance; (2) intensive, which includes comprehensive assessment and case management; and (3) training, which includes classroom-based or on-the-job skills training. The WIA regulations introduce the concept of a tiered service delivery approach for core, intensive, and training services by establishing that receiving a service at each level is a prerequisite to moving to the next level.^{vii} There is no requirement that individuals spend a particular period of time in each service category; however, these sequential provisions have caused confusion in the field and delays and denials of services to those who could benefit from them. They have also been interpreted to mean that training should be a last resort. Eliminating WIA’s sequential service provisions would allow local boards and one-stop centers the flexibility to provide appropriate services to clients in a timely manner, and will help to clarify that the intent of the law is to help individuals build skills and get good jobs, not just take any job.
- **Require that states and local areas spend at least 50 percent of adult and dislocated worker funds on skill building activities, such as education and training.** Congress should set a floor for how much WIA funding must be devoted to skill building activities. A few states have already adopted this approach. For example, in Illinois, 40 percent of funds must be spent on training services, and in Florida, 50 percent of funds must be spent on Individual Training Accounts (ITAs).^{viii} Costs associated with helping individuals to participate and succeed in skill building activities, including the provision of

supportive services such as child care and transportation, and needs-related payments, should count towards the minimum expenditure requirement. If the WIA system provides supportive services or needs-related payments for individuals receiving training from other funding sources (for example, Temporary Aid for Needy Families or Pell Grants) this should also count towards the requirement, providing an incentive for the WIA system to ensure that participants receive all of the assistance that they need, through multiple funding sources.

- **Clarify that WIA funds can be used in conjunction with Pell grants to ensure that low-income students receive the full support they need to succeed in training.** The law should also clarify that when making determinations about how much funding an individual needs to participate in training, caseworkers should take into account the full costs of participation, including child care, transportation, and wages lost due to a reduction in work hours. In addition, it should direct the workforce investment system to make people aware of student aid opportunities for which they may be eligible.

2. Increase the focus and capacity to serve individuals who are low-income and have limited skills and other barriers to economic success.

Since the enactment of WIA, there has been a steady decline in the share of individuals who are low-income and those with barriers to employment.^{ix} During Program Year (PY) 2007, fewer than half of the exiters from the Adult program who received intensive or training services were low-income; fewer than 4 percent were limited English proficient; and only 15 percent had less than a high school diploma.^x Yet, individuals with low levels of education need these services now more than ever; since the end of 2007 the unemployment rate for those with less than a high school diploma had soared to more than 15 percent.^{xi} In order to reverse these trends, we recommend the following:

- **Ensure that low-income individuals have an absolute priority of service for education, training and related services.** Under WIA, public assistance recipients and low-income individuals have priority of service for training and intensive services when funds are limited.^{xii} The law requires that “the appropriate local board and the Governor shall direct the one-stop operators in the local area with regard to making determinations related to such priority.”^{xiii} However, the law does not provide specific guidance on what prioritization involves; nor does it specify mechanisms for enforcing such a priority. The declining share of low-income individuals receiving intensive and training services suggests that the priority of service is not being implemented in all areas and that there is a need for both more guidance and monitoring for compliance. Low-income individuals and public assistance recipients should always have priority of service for skill building services. States should be required to report in the state plan how priority of service requirements will be implemented. The federal government should monitor the states for compliance with these requirements.
- **Allow local areas the flexibility to provide training through Individual Training Accounts or contract training, as appropriate.** WIA sought to address concerns about the weak performance of many training programs through the use of market mechanisms to ensure customer choice. Local boards are required to provide training (with certain exceptions) through individual training accounts (ITAs) for

use with eligible providers.^{xiv} The current focus on training primarily through ITAs unnecessarily discourages the use of contract training, which can be an effective way to design programs that are tailored to the needs of low-skilled individuals, such as bridge programs, which prepare adults with low basic skills to enter postsecondary education and training programs.^{xv} Congress should give local areas the flexibility to provide training either through ITAs or through contract training, as appropriate. The use of contracts can also facilitate the provision of training to groups or cohorts of lower skilled adults with similar needs, which can provide important peer support to participants.

3. Provide flexibility to develop Transitional Jobs programs customized to the needs of individuals with barriers to employment so that they can succeed in the labor market.

Transitional Jobs programs provide a bridge to unsubsidized employment by combining time-limited subsidized employment with a comprehensive set of services to help participants overcome barriers and build work-related skills. States and localities across the country have implemented transitional jobs programs for populations with barriers to employment, including TANF recipients, homeless individuals, at-risk youth, ex-offenders as well as refugees and immigrants.^{xvi} In addition to helping individuals address barriers to work while on the job, and build skills, a Transitional Job gives participants the opportunity to gain valuable work experience, develop a work history, and to earn a reference from an employer, which can be a critical factor in securing unsubsidized employment. Demonstrating success in a workplace environment can significantly increase the likelihood of getting hired for participants with a criminal record, little or no work experience, or no work history in the United States. In order to support the development and expansion of these programs, we recommend that Congress:

- **Include a definition of Transitional Jobs within WIA.** The Transitional Jobs model is a program innovation that has greatly expanded since WIA was enacted, and WIA reauthorization should incorporate this strategy. Currently, there is no definition of Transitional Jobs programs within WIA law. In order to support the use of Transitional Jobs programs as a workforce strategy to assist those with barriers to employment, WIA should include a definition that identifies core components of the model.
- **Make explicit that Transitional Jobs are an allowable activity.** Transitional Jobs are not listed as an allowable activity, although WIA law and regulations support elements of Transitional Jobs programs, including employer engagement, case management, job placement, follow-up services, and education and training. WIA funds can also be used to pay for wages for participants in certain instances through paid work experience. Transitional Jobs should be included in the list of allowable activities for WIA Adult formula funds.

4. Revamp the current performance measurement system.

Performance accountability systems are powerful tools for driving program design and influencing the characteristics of people served in programs. The current accountability system for workforce investment programs is not supportive of transforming the system into an effective on-ramp to postsecondary and career success for low-income, low-skilled youth and adults. It tends to give disproportionate weight to immediate

employment over preparing workers for jobs in high-demand fields with opportunities for advancement. Further, the system does not adequately encourage and document continuous improvement toward effective practices that help low-skilled people achieve their career and postsecondary goals. We recommend that Congress:

- **Require use of an empirically supportable methodology to adjust performance levels based on participant characteristics and labor market conditions.** Under the Job Training Partnership act (JTPA), WIA's predecessor program, performance expectations were statistically adjusted using a national model to level the playing field for communities operating under different conditions. WIA adopted a flexible performance negotiation process with a range of criteria for setting baseline performance levels, including the percentage of low-income individuals in the area. However, this approach has not adequately adjusted performance standards for the characteristics of the population served. A return to an adjustment model will remove the disincentive to serve people who are likely to face difficulties in the labor market.
- **Require a review and revision of current performance measures to create incentives and remove disincentives to provision of training and related services to low-income individuals and those with barriers to employment.** There is strong evidence that the current performance measures for the Adult program have led the WIA system to serve individuals who are most likely to achieve strong labor market outcomes. The Department of Labor should convene experts on performance management and representatives of key stakeholders in the workforce system to analyze the experience with current performance measures, including the "common" measures adopted by the Department of Labor in 2006, and revise these measures to increase the provision of high-quality training and related services to low-income individuals and others with barriers to employment.^{xvii}
- **Develop and, over time, adopt a system of shared accountability across workforce and other education and training programs.** In this system of shared accountability, each program would be held accountable for its contribution toward the achievement of shared outcome goals for individuals served by these programs, or more broadly, for targeted populations in a given geographic area. Congress should:
 - Require the development of common performance measures and consistent definitions and standards to undergird the system of shared accountability. These should include consistent definitions of units of service, standards of data quality, and commonly agreed upon accurate and unbiased cost-allocation methods for services funded by multiple sources for use across federal workforce education and training programs.
 - Enhance state capacity to use administrative data to track student progress across workforce education and training services and into the labor market; and

- Support needed research to develop and test these common measures, consistent definitions and standards and a methodology for quantifying each program's contribution to shared goals.

(For a fuller discussion of these recommendations, see *CLASP's Recommendations on Performance Accountability in the Workforce Education and Training System.*)

5. Strengthen connections between workforce investment programs, related education and training programs and economic development efforts.

The fragmented nature of our current workforce and education policies makes it difficult to craft seamless pathways to good jobs that pay family-sustaining wages for low-income, low-skilled adults. Federal policy change is needed to bring together different levels and types of education and training programs under a shared mission of promoting individual advancement and inclusive economic growth.

- **Improve coordination between the workforce development and adult education systems and promote better integration of occupational training, basic skills, and English language services.** During PY 2007, only 0.2 percent of WIA adult exiters were co-enrolled with adult education and only 4.5 percent of individuals who received training services received ABE or ESL in conjunction with training.^{xviii} In order to better meet the needs of limited English proficient individuals and individuals with lower levels of education, Congress should encourage stronger connections between the workforce development and adult education systems, and provide additional flexibility within the workforce system to provide the basic skills and English language training services that are necessary for success in the labor market. We recommend Congress:
 - Require states to set targets that steadily increase the percentage of co-enrolled participants over time and to promote implementation of instructional approaches that integrate occupational training and basic skills instruction.
 - Enforce the requirement that the Adult Education state director be a member of the state Workforce Investment Board.
- **Better connect workforce programs with other education and training programs to create multiple pathways to postsecondary and career success for low-income, low-skilled youth and adults.** A number of states are using a career pathways framework for connecting workforce education, training and related services to make it easier for individuals, particularly low-skilled adults and out-of-school youth, to advance over time to successively higher levels of education and employment in a given industry or occupational sector. Each step in a career pathway is designed explicitly to prepare students for the next level of employment and education. Ideally, pathways begin with short, intensive remedial “bridge” and “pre-bridge” programs for those at the lowest literacy and English language levels and extend all the way through two-year and four-year college degrees. We recommend Congress:

- Create Career Pathways state policy leadership grants and local planning and implementation grants, to be jointly administered by the U.S. Departments of Education and Labor. The state policy leadership grants would support systemic state policy change across adult and postsecondary education and training programs and sectors to align services and improve outcomes across workforce development, postsecondary education and adult education/English as a Second Language in a career pathways framework. Planning and implementation grants to local areas would fund creation of local partnerships to implement new policies and practices that are aimed at increasing student success across a wide range of education and training partners in a career pathway. These include approaches that integrate occupational training with basic skills instruction to accelerate learning and help students move expeditiously toward their career and educational goals.
- Encourage the Departments of Labor and Education to collaborate in providing information on best practices related to career pathways and career advancement for low-skilled, low-income youth and adults; and provide technical assistance to states and communities in implementing these best practices.
- Encourage the Departments of Labor and Education to make annual reports to Congress on lessons learned through this initiative and recommendations for policy change to overcome federal legislative and administrative barriers encountered by states and communities in implementing career pathways.
- **Connect workforce and economic development with the goal of linking low-income individuals and distressed communities with the engines of economic growth.** Economic and workforce development support each other. Economic growth creates the demand for skills and a more skilled workforce contributes to economic growth; but economic growth without policies to more fairly share the benefits of that growth leave many people behind. While these efforts usually have not had a low-income focus, a number of sector-based workforce initiatives have demonstrated that it is possible to meet employers' workforce and competitiveness needs and expand opportunities for low-wage workers. The keys to advancing the prospects of low-wage workers are reputable workforce intermediaries, which both have this as their mission and a deep understanding of the opportunities and challenges faced by the industries in which they work.^{xix} We recommend Congress:
 - Promote sector-based workforce strategies and other public-private partnerships to expand opportunities for low-income populations and distressed communities. The workforce system should be encouraged to work with employers to expand access, promote worker advancement and improve workplace practices that help workers and benefit businesses by increasing retention, decreasing absenteeism, and increasing productivity. Using public dollars to upgrade the skills of low-wage workers is a necessary complement to private sector investment in training, which tends to be focused on higher-skilled, higher-wage workers.^{xx}

- Define a role for the WIA system to facilitate the hiring and training of low-income and other targeted populations in conjunction with all legislation to repair the nation's physical and energy infrastructure and expand transportation systems.
- **Require the One-Stop Career Center system and human services agencies to collaborate to offer on-site, simplified access to work supports.** The mission of one-stops should be expanded to include helping low-wage workers and dislocated workers apply for the federal and state Earned Income Tax Credits (EITC), the federal Child Tax Credit and other work supports for which they may be eligible. There is evidence that income supplements have positive labor market impacts on employment, earnings and retention. ^{xxi} Public benefits, such as child care subsidies, public health insurance (Medicaid and the State Children's Health Insurance Program, known as SCHIP), and the Supplemental Nutrition Assistance Program (formerly known as the Food Stamp Program), can help stabilize low-wage workers' employment, and give them the opportunity to increase their earnings by advancing in the labor market.^{xxii} However, low-wage workers too often don't apply for the programs for which they qualify because they lack information, find the cumbersome application procedures too daunting, or want to avoid the stigma associated with receiving government benefits. Experimental research shows that One-Stop Career Centers can boost low-wage workers' enrollment in these programs.^{xxiii} Facilitating these connections will help to transform the workforce development system to better serve groups that are disadvantaged in the labor market.

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ⁱ The American Recovery and Reinvestment Act provided a one-time infusion of \$2.95 billion in WIA formula funding, including \$500 million for the adult program.

ⁱⁱ Baider, A., WIA Paper Congressional Action Needed to Ensure Low-Income Adults Receive Critical Employment and Training Services under the Workforce Investment Act, CLASP, June 5, 2008

ⁱⁱⁱ Abbey Frank and Elisa Minoff, *Declining Share of Adults Receiving Training under WIA are Low-Income or Disadvantaged*, Center for Law and Social Policy, 2005, http://www.clasp.org/publications/decline_in_wia_training.pdf.

^{iv} Government Accountability Office. (GAO-03-884T), *Workforce Investment Act: Exemplary One-Stops Devised Strategies to Strengthen Services, but Challenges Remain for Reauthorization*, June 18, 2003.

^v Holzer, Harry J., "Better Jobs for Poor Workers: Linking Economic and Workforce Development to Fight Poverty," Clearinghouse REVIEW Journal of Poverty Law and Policy, November-December 2008, p. 392.

^{vi} Benus, J., Mueser, P., Heinrich, C.J., and Troske, K.R, Workforce Investment Act Non-Experimental Net Impact Evaluation Final Report, IMPAQ International, LLC, December, 2008.

^{vii} 20 C.F.R. §663.

^{viii} Illinois State WIB requirement that 40 percent of WIA funds are spent on training: Illinois Department of Commerce and Economic Opportunity. *WIA POLICY LETTER NO. 07-PL-40*. November 2007. Available at: <http://www.illinoisbiz.biz/NR/rdonlyres/7F4375E9-9527-4ABE-838A-12455F174C18/0/07PL40TrainingExpenditureRequirements.pdf>

Legislative language from Florida requiring that 50 percent of funds are reserved for ITAs: *The 2000 Florida Statutes Chapter 445 Workforce Innovation 445.003 (3)(a)(1)*. Available at:

http://www.leg.state.fl.us/Statutes/index.cfm?App_mode=Display_Statute&Search_String=&URL=Ch0445/SEC003.HTM&Title=->2006->Ch0445->Section%20003#0445.003.

^{ix} Baider, A., WIA Paper Congressional Action Needed to Ensure Low-Income Adults Receive Critical Employment and Training Services under the Workforce Investment Act, CLASP, June 5, 2008

^x Social Policy Research Associates, *2007 WIASRD Data Book*, December 17, 2008. (Table II-15 Number of Adult Exiters, Trends Over Time p. 52). Available at: http://www.doleta.gov/performance/results/pdf/PY2007_WIASRD_Data_Book.pdf.

^{xi} Bureau of Labor Statistics, April 2009. Table A-4. Employment status of the civilian population 25 years and over by educational attainment, <http://www.bls.gov/news.release/empsit.t04.htm>

^{xii} PL 105-220 Section 134 (d)(4)(E).

^{xiii} PL 105-220 Section 134 (d)(4)(E).

^{xiv} WIA mandates that training be provided through ITAs and allows for contract training through the following exceptions: on-the-job training (OJT) or customized training, when a local area has an insufficient number of eligible training providers, or for a training program run by a private or community-based organization that has been demonstrated as effective at serving special populations with barriers to employment. (PL 105-220 Section 134 (d)(4)(G)).

^{xv} Women Employed with Chicago Jobs Council and UIC Great Cities Institute. *Bridges to Careers for Low-Skilled Adults*. Women Employed Institute, 2005. Available at: <http://www.womenemployed.org/docs/BridgeGuideFinal.pdf>

^{xvi} Allegra Baider and Abbey Frank, *Transitional Jobs: Helping TANF Recipients With Barriers to Work Succeed in the Labor Market*. Center for Law and Social Policy, 2006. Available at: http://www.clasp.org/publications/transitional_jobs_06.pdf. More information about Transitional Jobs programs is available through the National Transitional Jobs Network (www.transitionaljobs.net), a coalition of transitional jobs programs, policy organizations, and other sponsoring organizations that helps to develop and expand transitional jobs programs nationwide.

^{xvii} In 2006, DOL issued guidance which required states to adopt the new “common measures” performance policy which significantly changed existing performance requirements. The common measures policy requires states to calculate the Adult earnings gain performance measure in a new way. Instead of using pre-program earnings in the calculation, states now use the average earnings achieved over a 6-month period following program participation. While the full impact that this will have on programs is yet to be seen, it is fair to assume that it may further push programs away from serving individuals who are not working and have little work history or earning potential, since the pre-post calculation of earnings provided programs with an incentive to serve this population. The common measures were implemented through the Training and Employment Guidance Letter 17-05. “Common Measures Policy for the Employment and Training Administration’s Performance Accountability System and Related Performance Issues”. U.S. Department of Labor, February 16, 2006. Available at: <http://wdr.doleta.gov/directives/attach/TEGL17-05.pdf>

^{xviii} SPR data book PY 2007 – “Services Received by Adult Exiters, “Trends Over Time” p. 50

^{xix} Conway, M.et.al. *Sectoral Strategies for Low-Income Workers: lessons from the Field*, The Aspen Institute, 2007.

^{xx} Kelly Mikelson and Demetra Smith Nightingale, *Estimating Public and Private Expenditures on Occupational Training in the United States*, prepared for the U.S. Department of Labor, December 2004.

^{xxi} MDRC, http://www.mdrc.org/subarea_index_16.html

^{xxii} MDRC, Policy Framework for the Work Advancement and Support Center Demonstration, http://www.mdrc.org/project_14_40.html

^{xxiii} Bridgeport, Connecticut; Dayton, Ohio; and San Diego, California are participating in the MDRC managed Worker Advancement and Support Center (WASC) demonstration project, which site is providing such services. <http://www.mdrc.org/publications/519/full.pdf>