



Declining Share of Adults Receiving Training under WIA are Low-Income or Disadvantaged

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December 14, 2005**

The Workforce Investment Act of 1998 (WIA) significantly changed the way in which federally funded job training and employment services are accessed and funded. The new structure, designed to increase access to a broader array of services, has had an unintended consequence: a decline in the number of individuals who receive training under WIA. The number of adults exiting the program who received training was 17 percent lower in 2003 than in 1998, the last full year of WIA's predecessor program, the Job Training Partnership Act (JTPA).

While the *number* of adults receiving training has declined, there has also been a decline in the share of adults who do receive training who are low-income or disadvantaged. In fact, from 2000 to 2003 there was a 14 percentage point decline in the share of adults receiving training who are low-income. Moreover, the share of adults receiving training with barriers to work has declined sharply since 1998, the last full year of JTPA.

Prior CLASP publications noted the overall decline in training under WIA. This document presents evidence that among adults participating in training, a declining share is low-income and disadvantaged. The paper considers some possible explanations for this decline and makes recommendations for WIA reauthorization and state and local action to increase the share of training resources directed to this population.

Background

The Workforce Investment Act of 1998 (WIA) replaced JTPA and substantially altered federally funded job training and other employment-related services for adults, dislocated workers, and youth. WIA significantly changed the way in which federal job training is accessed and funded. Under JTPA, 90 percent of the funds for adults were required to target those who were low-income. WIA has no explicit targeting requirements: the Act allows broader local discretion and simply requires that priority be given to low-income individuals for training and intensive services if such funds are limited in a local area. It does not provide specific guidance on what prioritization involves.¹

¹ PL 105-220 Section 134 (d) (4) (E)

WIA also requires that each of over 600 local workforce areas develop a one-stop delivery system that makes a broad array of workforce services available to job seekers and employers in one location. Individuals who qualify for the adult and dislocated worker programs can access three tiers of services at these 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 occupational skills or on-the-job training. These services are provided sequentially—meaning that individuals must first receive core services to gain access to intensive services, and must receive both core and intensive services before accessing training services. In contrast, under JTPA individuals were assessed for their skill levels and interests and then placed in a job-related activity.

This brief compares the characteristics of adult “exitors” (called “terminees” under JTPA) who received training under JTPA and WIA. While the programs differ slightly in the definitions of and accessing to training, looking across programs at data from 1998 to 2003 provides insight into the characteristics of those receiving training services.

Characteristics of Adults Receiving Training

The WIA data presented below are drawn from the Workforce Investment Act Standard Record Data (WIASRD) database, which is the only standardized information source available on participation in WIA.² While the WIASRD provides valuable data on individuals served through WIA, it does have some limitations. A recent Government Accountability Office (GAO) study concluded that the way in which the data capture the status of participants when they exit the program is problematic because local areas define “exitors” differently. The GAO suggested that some programs may decide to delay exits or otherwise alter their practices to show better employment and earnings outcomes.³ Nevertheless, the WIASRD remains the best available data source on the demographic trends of WIA exitors, and does enable us to gain some understanding of those being served by the program.

As noted above, adults exiting WIA have become progressively less disadvantaged since the program’s implementation. While the number of disadvantaged exitors fluctuates from year to year depending on the total number of exitors,⁴ the share of those who are disadvantaged has fallen since 2000. In this section, we examine adult WIA exitors with

² Data for WIA PY2001-3 and JTPA PY 1998 can be found in Social Policy Research Associates, PY2001 WIASRD Data Book, PY2002 WIASRD Data Book, and PY2003 WIASRD Data Book, prepared for the Performance and Results Office of the Employment and Training Administration, U.S. Department of Labor. Data for WIA PY2000 was provided to CLASP by Richard West of Social Policy Research Associates.

³ U.S. Government Accountability Office. June, 2005. “Workforce Investment Act: Substantial Funds Are Used for Training, but Little is Known Nationally about Training Outcomes” <http://www.gao.gov/new.items/d056650.pdf>.

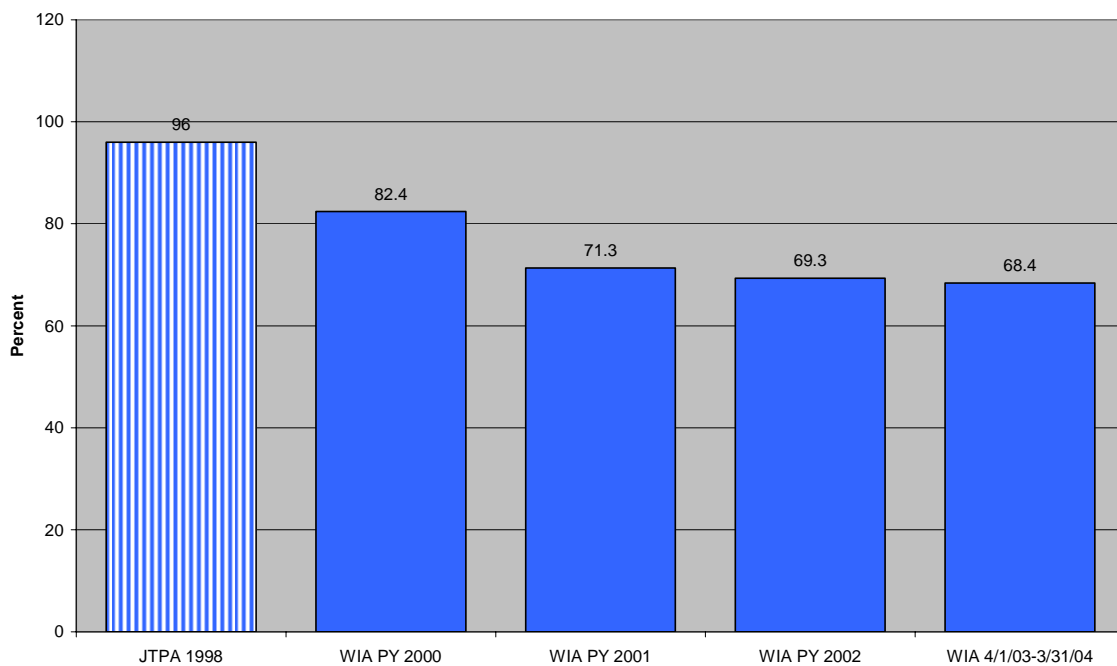
⁴ The total number of exitors has fluctuated dramatically over the five year period considered: in 1998 163,223 adults exited JTPA, in 2000 109,868 adults exited WIA, in 2001 193,518 adults exited WIA, in 2002 260,233 adults exited WIA, and in 2003 219,979 adults exited WIA.

several key characteristics of disadvantage—those who are low-income, receive public assistance, are single parents, have limited English proficiency, or do not have a high school diploma/GED.

Low-Income. In 1998, the last full year of the JTPA program, 96 percent of trainees were low-income⁵. The share fell to 82.4 percent in 2000, the first full year of WIA data, and has continued to decline each year since then, falling to 68.4 percent in 2003 (see Figure 1).⁶

Figure 1

**Adult Exiters Receiving Training,
Percentage Low-Income**



Single Parents. Similarly, in 1998, 43.7 percent of adult training exiters were single parents. The share fell to 34.5 percent in 2000, the first full year of WIA data, and has continued to decline each year since then, falling to 24.6 percent in 2003.

Public Assistance Receipt. Under JTPA in 1998, 30.7 percent of adult trainees received public assistance, while in 2003 only 13.7 percent of adult training exiters received public assistance.⁷

⁵ Data on JTPA participants are drawn from the SPIR database. This data can be found in the Social Policy Research Associates WIASRD Databook, PY 2002.

⁶ The definitions of trainees and exiters are comparable under the two programs, as are the definitions of the demographic categories discussed in the following analysis.

⁷ A portion of this drop might be attributable to the decline in participation in the Temporary Assistance for Needy Families (TANF) program; however public assistance is defined more broadly than just TANF and includes General Assistance, Refugee Cash Assistance, and Supplemental Security Income.

Barriers to Work. In 1998, 6.5 percent of adult trainees had limited English-language proficiency while in 2003 only 5.3 percent did. Also in 1998, 22.3 percent of adult training trainees had not completed high school or received a GED, while in 2003 only 15.0 percent had not completed high school or received a GED (See Table 1). The percentage of adult training exiters with other barriers to work—those receiving public assistance, with limited English proficiency, or with no high school diploma/GED—has also dropped since WIA’s implementation. While the share of exiters with these disadvantages has fluctuated slightly from year to year under WIA, the trend is clear: a consistently smaller share of adult training exiters is disadvantaged when compared with JTPA.

**Table 1
Adult Training Exiters with Barriers to Work**

	JTPA ⁸		WIA ⁹		
	1998	2000	2001	2002	2003
Low-income	96.0%	82.4%	70.7%	69.3%	68.4%
Public Assistance Recipients	30.7%	16.6%	13.3%	14.5%	13.7%
Single Parents	43.7%	34.5%	28.3%	26.6%	24.6%
Limited English-language Proficiency	6.5%	10.5%	5.8%	6.7%	5.3%
No High School Diploma/GED	22.3%	17.8%	16.5%	17.2%	15.0%

As the data demonstrate, adult training exiters have become increasingly less disadvantaged since WIA’s inception. An ever smaller share of exiters are poor, lack a high school diploma, are single parents, or rely on public assistance. These findings suggest that the very people who need help most—those with the greatest barriers to work—are less likely to have access to training.

The trends have been similar for recipients of intensive services under WIA. From 2000 to 2003, the share of adult intensive service exiters who are low-income dropped from 74.7 to 68.2 percent; the share of adult intensive service exiters who received public assistance dropped from 15.4 to 11.6 percent; and the share of adult intensive service exiters who are single parents dropped from 25.9 to 19 percent. During the same period, the share of adult service exiters with limited English proficiency dropped from 9.6 to 7.7 percent, and the share of adult intensive service exiters with no high school diploma or GED dropped from 22.8 to 21.2 percent.

⁸ Data for JTPA PY1998 can be found in Social Policy Research Associates WIASRD Databook PY 2002.

⁹ Data for WIA PY2001-3 can be found in Social Policy Research Associates, PY2001 WIASRD Data Book, PY2002 WIASRD Data Book, and PY2003 WIASRD Data Book, prepared for the Performance and Results Office of the Employment and Training Administration, U.S. Department of Labor. Data for WIA PY2000 were provided to CLASP by Richard West of Social Policy Research Associates.

Why the Decline in Services to Those with Greatest Needs?

Several factors may be contributing to the declining share of exiters with serious employment barriers: program performance measures, sequential service requirements, and the lack of any strong, explicitly defined targeting requirement in current law.

Performance Measures. Under WIA, states and localities are required to meet certain performance measures in order to avoid penalties and receive incentive payments. These measures include employment entry, employment retention, and six-month earnings change, as well as credential attainment and customer satisfaction. Under the federal guidelines, state and local areas are required to include all individuals who are registered under WIA—meaning that they have reached a core service beyond those that are self-service or informational—in their performance measure calculations.

Performance expectations were statistically adjusted under JTPA—and before that under the Comprehensive Employment and Training Act (CETA)—to take into account the impact of different population characteristics and economic conditions on performance and thus remove disincentives for serving more disadvantaged populations. However, with WIA implementation, this adjustment mechanism was discontinued in favor of a more flexible performance negotiation process that uses a range of criteria for setting baseline performance levels, including the percentage of low-income individuals in the area.

A 2002 GAO study found that states felt that the negotiation process did not sufficiently account for variations in economic conditions or population served. It suggested that the WIA performance measurement system may affect who receives WIA services, because local staff may be hesitant to provide WIA-funded services to individuals who are less likely to find and keep a job—those who have more barriers to work—for fear their programs will be unable to meet established performance standards.¹⁰ In April 2005, the U.S. Department of Labor issued new guidance on negotiating WIA performance goals for program years 2005 and 2006 and provided states with analytical tools to better inform the negotiation process.¹¹ It remains unclear, however, whether this new guidance will result in performance levels that better enable serving harder-to-employ adults.

The Sequence of Services. The requirement that adults must participate in core and intensive services before receiving training may mean that many of the most disadvantaged adults never reach the training level of services, either because they are unable to navigate through the requirements or because they need to take a job quickly in order to earn immediate income for themselves and their families.

¹⁰ See GAO-02-275. “Workforce Investment Act: Improvements Needed in Performance Measures to Provide a More Accurate Picture of WIA’s Effectiveness.” February 2002.
<http://www.gao.gov/new.items/d02275.pdf>.

¹¹ US Department of Labor Training and Employment Guidance Letter No. 27-04
http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=1710

Lack of a Target Requirement. While WIA includes language indicating that training for low-income individuals and public assistance recipients should be prioritized, there is no mandated level of targeting, and states and local areas are given broad flexibility to interpret the meaning of the prioritization requirement. This may be resulting in far less program emphasis in reaching out to low-income adults and public assistance recipients.

It has been suggested that since WIA funding for training is limited to participants who are unable to obtain grant assistance from other sources to pay for training¹², program operators may have been using other funding sources—such as TANF and Welfare-to-Work Grants—to cover training for this population. However, the amount of funding used for education and training under TANF has remained low.¹³ In 1997, Congress authorized \$3 billion in Welfare-to-Work funds. This was a fixed amount of funding, and most of these funds were spent out over the next few years; Congress terminated remaining funding for the program in 2004. It is possible that some local areas reduced WIA funding for TANF families when Welfare-to-Work funds were available, but the intent of the Welfare-to-Work grants was to expand services for eligible families, not to provide an opportunity to reduce services funded through WIA or under other funding streams.

Implications for Reauthorization: Policy Recommendations

Congress is in the process of reauthorizing WIA. The House passed its WIA reauthorization bill (H.R. 27) in March 2005, and the Senate bill (S. 1021) has gone through committee and is awaiting a vote on the Senate floor. While there are many significant differences between the two bills, two provisions in the House bill could further limit the number the low-income adults who receive training under WIA.

The House bill effectively ends the current-law priority for low-income individuals and public assistance recipients when funds are limited. It does so by placing a priority on unemployed workers, and noting that if funds are determined by a state to be limited, a second-tier priority is placed on low-income individuals, including single parents, displaced homemakers and single pregnant women. Given limited WIA funds and the size of the unemployed population, including all unemployed individuals in the priority group effectively means there would be no priority for low-income individuals and public assistance recipients.

At the same time, the bill narrows the definition of a low-income individual. Under current law an individual is categorized as low-income if, for a six month period, income does not exceed the higher of the federal poverty line or 70 percent of the Lower-Level Standard Income Level (LLSIL)—a standard set by the Secretary of Labor based on poverty guidelines produced by the Department of Health and Human Services, and

¹² See 20 CFR 663.320

¹³ Education and training was not a separately reported category of spending until FY 2000. Analysis of TANF spending data, available at <http://www.acf.hhs.gov/programs/ofs/data/index.html>, indicates that combined federal and state (TANF and maintenance of effort) spending for education and training was \$291 million in 2000, \$444 million in 2001, \$462 million in 2003, and \$494 million in 2003.

adjusted for regional, metropolitan, urban, and rural differences. The House bill removes the LLSIL from the income threshold, so that only those with incomes below the poverty line qualify as low-income. This change could further limit services for low-income adults who may be above the poverty line, but who do not have access to resources needed for job training assistance.

By contrast, the Senate bill maintains current law, using the LLSIL to determine low-income status and giving priority to low-income individuals and public assistance recipients when local funds are limited.

Both the House and Senate bills do include a provision that could encourage local areas to serve low-income and disadvantaged adults. Under current law, performance measure targets are negotiated and set based on a combination of historical state and local performance as well as other baseline data. These targets, as noted previously, seem to make local areas less willing to include hard-to-serve individuals in their programs. Both reauthorization bills, however, seek to modify the negotiation process by outlining various economic conditions and participant characteristics on which the measures should be adjusted. This would reduce some of the current disincentives to serve disadvantaged individuals.

Given that services to low-income adults and adults receiving public assistance have been declining even under current law, it is critical that the existing protections, albeit limited, remain intact under a final WIA bill. To avoid even further drops in intensive and training services for these vulnerable populations, the House and Senate should give priority to low-income individuals and public assistance recipients when local funds are limited, and continue to use the LLSIL to determine low-income status.

Recommendations for States and Local Areas

There are actions that States and local areas can take to increase the share of WIA training resources committed to low-income and disadvantaged populations.

First, states can seek to negotiate performance levels that promote the dedication of a significant share of services to disadvantaged populations. Consistent with the intent of the reauthorization bills, states should take advantage of resources available to them for setting realistic performance goals given the specific characteristics of the state and local areas.¹⁴ The Value-Added Performance Improvement System (VAPIS)¹⁵ is a state-based model that uses individual-level data to take into account the effects of personal characteristics on within-state performance. It therefore allows states to demonstrate how changes in a given factor—the number of low-income adults, for example—will affect performance on certain measures. Similarly, the web-based Federal Research and

¹⁴ King, Chris. “Adjusting ‘Common Performance Measures for Hard-to-Serve Adults and Youth: Issues, Options and Recommendations.” Unpublished Draft. Institute for Educational Leadership’s National Collaborative on Workforce and Disability for Youth. November, 2005.

¹⁵ The Value-added Performance Improvement System was developed through a partnership of the Michigan Department of Labor and Economic Growth, Corporation for a Skilled Workforce, Public Policy Associates, and the W.E. Upjohn Institute for Employment Research.

Evaluation Data System (FRED)¹⁶ uses national WAISRD data on past performance to allow state and local users to benchmark their performance against that of other areas with similar characteristics. These could be valuable tools for states when negotiating expected levels of performance with the Department of Labor, and we strongly encourage states to set levels of performance that do not create disincentives for serving low-income or otherwise disadvantaged individuals.

Second, local boards and Governors should develop guidelines for one-stop operators that communicate the importance of giving low-income and disadvantage populations priority for services, and how this prioritization will be implemented. Many states' plans already provide detailed outlines of the policies they will use to ensure that these individuals receive priority status for training services. Illinois, for example, requires that each local area's individual plan must discuss and quantify how it will comply with the state requirement for prioritizing training to low-income adults. In order to comply with state guidance, local areas must show that either 51 percent or more of WIA adult participants enrolled in training are low-income, or that 51 percent or more of the adult WIA funds spent on intensive and training services were spent on that population. Similarly, Washington outlines a priority structure for services, giving public assistance recipients and other low-income adults first priority for intensive and training services.

Other states, however, provide limited attention to this in their plans, and some fail to address the prioritization issue at all.¹⁷ States and local areas that have not mapped out their strategies in this area should begin that process, and those that have developed plans should ensure that one-stop operators are acting in compliance with their guidance.

Finally, states should consider providing incentives and special funding through demonstration projects to promote increased services to disadvantaged populations. This may take the form of providing some type of reward—monetary or non-monetary—to local areas that meet their goals in this area. Although providing such incentives may be difficult given budgetary constraints and potential regulatory roadblocks, it is likely to be an effective strategy for increasing training for low-income and otherwise disadvantaged adults.

¹⁶ Dr. John Baj of Northern Illinois University's Center for Governmental studies developed FRED with funding from the U.S. Department of Labor, Employment and Training Administration. FRED is available online at: www.fred-info.org.

¹⁷ WIA PY 2005-2007 State Plans are available online at: <http://www.doleta.gov/usworkforce/WIA/planstatus.cfm>