

Workforce Investment Act

Strengthening Priority of Service for Low-Income Adults through WIA Reauthorization

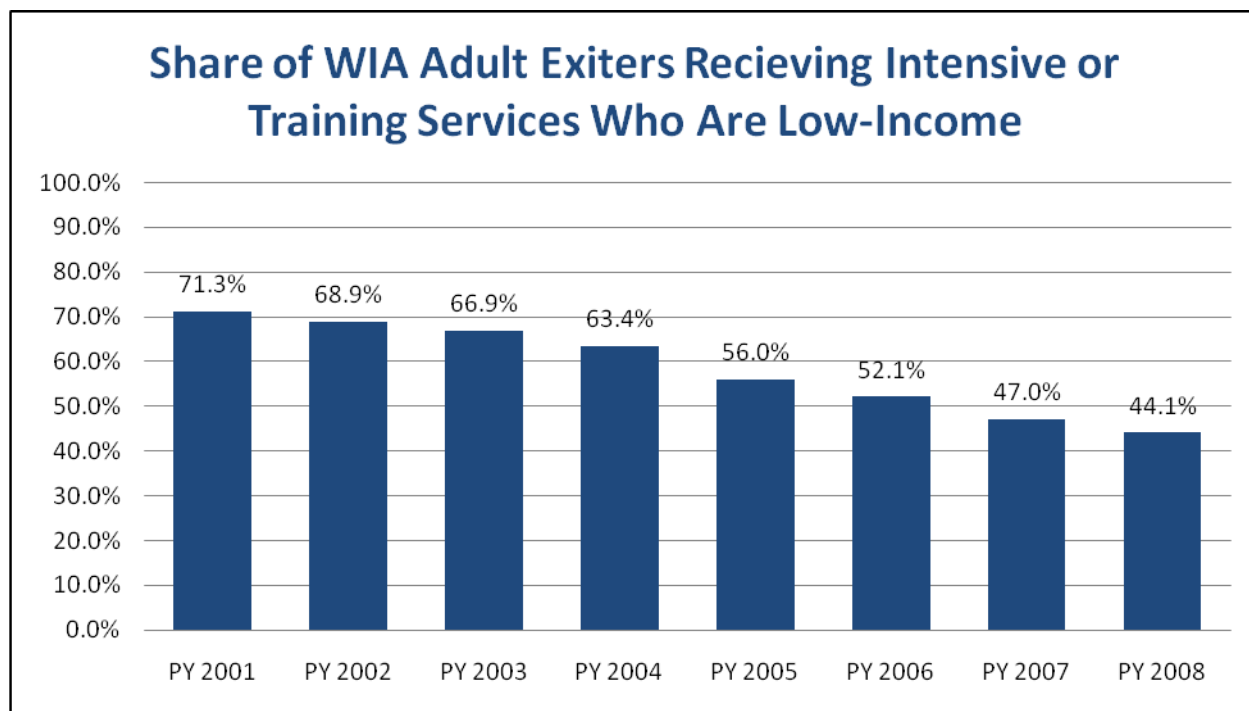


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Summary

A key feature of the Workforce Investment Act (WIA) is a tiered service delivery structure that provides core, intensive and training services to adults and dislocated workers. WIA requires states and local areas to implement a priority of service for public assistance recipients and other low-income adults when local adult funds are determined to be limited. Although federal regulations suggest that funds are “generally limited” and that a priority of service is likely to be needed, states and local areas have considerable flexibility to define the policy and determine whether and how to implement it. An early evaluation of WIA revealed that implementation of priority of service varied widely in states and localities.ⁱ

Low-income adults, who were the primary recipients of employment and training services until the late 1990s, now represent less than half of those receiving intensive or training services. The following chart illustrates that since 2000, low-income individuals have constituted a declining share of WIA adult exiters who receive intensive or training services.ⁱⁱ Federal funding for WIA adult activities declined by nine percent—not adjusted for inflation—during the same period.



Source: U.S. Department of Labor, ETA, WIASRD Databooks, PY 2005-2008

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To understand patterns of service receipt by low-income adults, CLASP reviewed Program Year (PY) 2008 WIASRD data and examined state policies. Below are the key findings:

- **Targeting of intensive and training services to low-income adults is uneven across states.** In some states, intensive and training services are mostly directed to low-income adults. In other states, low-income adults make up only a modest fraction of the exiters who receive intensive or training services.
- **Several states with a low proportion of economically disadvantaged adults in services have a significant impact on national summary data because they register large numbers of WIA participants.**ⁱⁱⁱ If data from those states are removed from national calculations, the rate of low-income participation in intensive or training services rises from 44 percent to 62 percent.
- **Targeting of training services to economically disadvantaged adults also varies widely across states.** Low-income adults make up a substantial proportion (75 percent or more) of exiters receiving training services in less than half of states. In 11 states, low-income adults represent less than 50 percent of exiters who receive training services.
- **State (and local) policy matters.** States in which low-income adults represent a small fraction of exiters allow local boards to determine whether a priority of service should be in effect or make a statewide determination that priority need not be applied.

As WIA reauthorization moves forward, CLASP recommends strengthening and clarifying the priority of service requirement. Under current law, the priority of service requirement is intended to ensure that intensive and training services are directed to public assistance recipients and low-income adults, *in the event that local adult funds are limited*. Unlike WIA, the American Recovery and Reinvestment Act (Recovery Act), signed by President Obama in February 2009, requires states and local areas to apply priority whether or not funds are limited in the local area.^{iv} During reauthorization, Congress should include the strengthened priority of service provision contained in the Recovery Act. Ideally, Congress should ensure a greater focus on serving those most in need by clarifying that low-skill and low-income adults are the intended recipients of intensive and training services provided with WIA adult funds.

Findings

To understand the implementation of priority of service under WIA, CLASP reviewed PY 2008 WIASRD data and examined state policies and plans. The PY 2008 data describe use of local adult funds and cover the period April 1, 2008 to March 31, 2009—a period prior to implementation of the Recovery Act. WIASRD Data used for this analysis were made available through the Employment and Training Administration, U.S. Department of Labor utilizing Performance Matters National from FutureWork Systems.

This analysis uses two measures: 1) percent of adult exiters receiving intensive or training services who are low-income (which is consistent with the calculation in the national databooks and summary reports); and 2) percent of adult exiters receiving training services who are low-income. The second measure is most likely a better measure of service receipt under WIA because it reflects a significant decision during the service delivery process and a commitment of program funds for occupational and other training. Below are CLASP's principal findings.

Targeting of intensive and training services to low-income adults is uneven across states. In nine states, low-income adults make up virtually the entire pool (90 percent or more) of exiters who receive intensive or training services. In eight states, however, less than two out of five exiters who receive intensive or training services are low-income adults. There is also considerable variation across local areas in states with low rates of low-income participation in intensive or training services.

Table 1: States with Lowest Shares of Low-Income Adults among WIA Adult Exiters

State	Proportion of low income adults among exiters receiving intensive or training services
New York	9%
Nevada	25%
Kentucky	28%
Tennessee	30%
Oklahoma	32%
Pennsylvania	33%
Indiana	39%
Kansas	39%
National	44%
National (with eight states omitted)	62%

Source: CLASP calculations using WIASRD PY 2008 data.

States with a low proportion of economically disadvantaged adults among exiters have a significant impact on the national summary data. Table 1 lists states in which low-income adults represent less than two out of five exiters receiving intensive or training services.^y If detailed data from those eight states are removed from national calculations, the proportion of low-income adults among all exiters who received intensive or training services in PY 2008 rises from 44 percent to 62 percent. Three states (Indiana, New York and Oklahoma) co-enroll large numbers of adults in WIA and Wagner-Peyser Act services and also tend to have a small share of low-income adult exiters receiving intensive or training services. Patterns of service receipt in those states contribute powerfully to the national picture.

It is important to observe that universal co-enrollment in WIA and Wagner-Peyser Act services is likely to reduce the overall proportion of exiters receiving intensive or training services. However, it should not affect the number of individuals enrolled in intensive or training services or the rate of low-income participation in those services, if a priority of service is in effect and being implemented.

Table 2: States grouped by rate of low income participation in training services

Rate of low-income participation in training services under WIA Adult (PY 2008)	States
75 percent or higher	(21) Alabama, Alaska, Connecticut, Hawaii, Idaho, Illinois, Iowa, Maine, Massachusetts, Missouri, Montana, Nebraska, New Hampshire, Oregon, South Dakota, Texas, Utah, Vermont, Washington, West Virginia and Wisconsin
Between 50 and 75 percent	(17) Arkansas, California, Colorado, Delaware, Georgia, Indiana, Louisiana, Michigan, Minnesota, New Jersey, New Mexico, North Carolina, North Dakota, Rhode Island, South Carolina, Virginia and Wyoming
Below 50 percent	(11) Arizona, Florida, Kansas, Kentucky, Mississippi, Nevada, New York, Ohio, Oklahoma, Pennsylvania and Tennessee

Source: CLASP calculations using WIASRD PY 2008 data; Maryland is excluded because data are not available to show low-income participation in services. The District of Columbia and Puerto Rico are not shown on this list.

Targeting of training services to low income adults varies widely across states. Table 2 shows the distribution of states by rate of low-income participation in training services. Low-income adults make up a substantial proportion (75 percent or more) of exiters with a training service in 21 states and represent between one-half and three-quarters of exiters in 17 other states. By comparison, economically disadvantaged adults make up less than half of the exiters with a training service in 11 states. In seven states, the rate of low-income participation in training services ranges from 12 percent to 42 percent—well below the 50 percent level that one state has established as a minimal threshold for assessing service receipt by low-income adults.^{vi}

States with the lowest shares of economically disadvantaged adults in training services either allow local areas to determine whether priority should be in effect or make a statewide determination that priority need not be applied. Federal regulations issued following the enactment of WIA suggest that funds are “generally limited” and a priority of service is likely to be needed. Nevertheless, under current law and regulation, states and local areas have the latitude to define the policy and determine whether and how to implement it.

CLASP’s analysis of state plans finds a strong correlation between the lowest rates of low-income participation in training services and the state policies in effect before Recovery Act implementation.^{vii} The seven states with the lowest participation rates either determine that a priority policy need not be implemented or defer implementation decisions to local areas.

Below are examples that show the range of state priority of service policies:^{viii}

Nevada

- In order to **give the LWIBs flexibility in determining allocation of their local area funding**, Nevada allows the Board to specify in their local plan or plan modification a request to give priority of services to public assistance or low-income individuals.

New York

- New York State has determined that **there are sufficient funds available to provide services and meet the needs of its public assistance and low-income populations**. As such, the State has not implemented a priority of service determination policy.

Oklahoma

- The State of Oklahoma feels that **funds to serve recipients of public assistance and other low-income individuals are not insufficient. If a determination is made that WIA funds are sufficient, the LWIBs shall provide services to any eligible participants.** (OETI 2001)

Pennsylvania

- The Commonwealth offers **flexibility in developing a priority of service policy to the LWIBs** for WIA Title I Adult intensive and training services. The LWIBs' priority of service policy must include, but is not limited to, public assistance and other low-income individuals in the LWIA. The LWIB indicates its priority of service policy in its WIA Local Plan, specifying which target groups will receive priority service.

Tennessee

- The State of Tennessee determines that **adult funds are limited when any local workforce investment area has expended 75% of their available adult funding by the end of the third quarter**. Should such instance occur, local boards are instructed to implement a priority policy that complies with Section 134 (d)(4)(E).

The priority of service policy adopted by Indiana provides another example of state variation. Policy guidance issued by the Indiana Department of Workforce Development maintains that “funds are unlimited for intensive level services”; however, “funds may become limited for training services” and, if local areas determine that WIA funds are limited, “training services must be prioritized.” Indiana is one of eight states with a comparatively low proportion (below 40 percent) of economically disadvantaged adults in intensive or training services and one of 17 states with a rate of low-income participation in training between 50 and 75 percent.^{ix}

Conclusion

Since the enactment of WIA, states and local areas have faced a balancing act—providing universal access to core services as the law requires and meeting the needs of low-income and other individuals who face difficulties in the labor market.^x An analysis of PY 2008 WIASRD data highlights the wide variation in patterns of service receipt across states and strongly suggests that federal, state and local policies matter. The vague signal on priority of

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service in WIA has been amplified at the state and local levels, leading to inconsistent implementation across the country. While use of the priority of service requirement is important, other factors—such as declining federal funding, the expectation to maintain one-stop centers and provide universal access to core services, and the WIA performance measurement system—have contributed to service delivery trends.^{xi}

As WIA reauthorization moves forward, CLASP recommends adopting a strengthened priority of service requirement that is applied whether or not local funds are limited. Ideally, Congress should ensure a greater focus on serving those most in need by clarifying that low-skilled and low-income adults are the intended recipients of intensive and training services provided with WIA adult funds.

ⁱ Social Policy Research Associates. **The Workforce Investment Act After Five Years: Results from the National Evaluation of the Implementation of WIA.** June 2004.

ⁱⁱ A recent report issued by the U.S. Department of Labor also finds that “the proportion of low-income exiters in training fell from 66.5 percent in PY 2004 to 54.7 percent in PY 2008.” Employment and Training Administration. “Workforce Investment Act Adult and Dislocated Worker Training.” TEN 34-09. March 2010.

ⁱⁱⁱ In this report, the term—rate of low-income participation—is used interchangeably with the proportion or share of low-income adults in the pool of exiters.

^{iv} During implementation, the U.S. Department of Labor clarified the difference between the requirement under WIA and the Recovery Act provisions: For intensive and training services under the Recovery Act adult program, local areas must give priority to public assistance recipients and other low-income individuals as described in WIA section 134(d)(4)(e). Unlike the normal formula-funded WIA program, the Recovery Act priority applies regardless of whether funds are limited in the local area or not. FAQs http://www.doleta.gov/Recovery/TEGL14-08_Change1_FAQs.cfm#WIAWP

In addition, states are required, under the Jobs for Veterans Act, to ensure priority of service is applied to veterans and eligible spouses.

^v An analysis of prior year data reveals that the proportion of low-income adults among exiters who received intensive or training services was roughly the same (well below 50 percent) in six of these states between PY 2006 and 2008. In Indiana the share of low-income adult exiters dropped from 66 percent in PY 2006 to 39 percent in PY 2008. In Kansas the share of low-income adult exiters fell from about 50 percent in PY 2006 to 39 percent in PY 2008.

^{vi} Illinois has adopted a 50 percent floor to determine adequate service receipt by low-income individuals. State policy maintains that 51 percent of participants in intensive and training services must be low-income or 51 percent of adult WIA funds must be spent on those services for low-income participants. Given the need to focus limited resources on those most in need, CLASP views the 50 percent level as a minimal threshold for assessing service receipt by low-income individuals.

^{vii} A recent DOL OIG report found a strong connection between the Recovery Act provisions contained in written state and local plans and implementation of those provisions by local areas. “Based on our inquiries, where we found the plans did not address the Recovery Act provisions, implementation activities also did not emphasize the Recovery Act provisions.” <http://www.oig.dol.gov/public/reports/oa/2010/18-10-004-03-390.pdf>

^{viii} State policies are contained in strategic plans prepared prior to the Recovery Act or in state policy letters.

^{ix} By comparison, two states with a large share of low-income adults in the pool of exiters receiving training services have well-defined priority policies. In Washington State nearly 80 percent of adult exiters receiving training services are low-income. In Illinois the participation rate in training services is 83 percent. Local areas in Washington State and Illinois, almost without exception, have a large share of low-income adults among exiters that receive training services.

^x Burt S. Barnow and Christopher T. King, **The Workforce Investment Act in Eight States.** U.S. Department of Labor, Employment and Training Administration, 2005.

^{xi} CLASP. **Congressional Action Needed to Ensure Low-Income Adults Receive Critical Employment and Training Services under the Workforce Investment Act.** June 2008.