



## **Recommendations for Reauthorization of Title I of the Workforce Investment Act Adult and Youth Programs**

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### **Summary**

The United States economy is undergoing a major transformation. This requires a new vision for workforce policy—one that promotes a “high-road” path to U.S. competitiveness and greater economic opportunity for all workers. The 110<sup>th</sup> Congress has the opportunity to begin implementing this more comprehensive vision by promoting more strategic investment and greater synergy among key federal labor market policies and programs.

To this end, we offer the following recommendations for reauthorization of Title I of the Workforce Investment Act (WIA). CLASP’s recommendations focus on both the supply and demand sides of the labor market, in order to address the long-term needs of workers and employers in the new competitive economy.

1. The focus of WIA should be on providing high-quality education and training services to program participants and creating pathways to skills and credentials that have value in the labor market.
2. WIA should place greater priority on helping low-income adults and individuals with barriers to employment enter and succeed in the labor market.
3. WIA should promote retention and advancement for low-wage workers.
4. WIA’s catalytic role in the labor market should be strengthened.
5. Limited WIA funds should support high-road employers.
6. WIA youth funding should be directed at building an effective transition support system for out-of-school and extremely vulnerable youth.
7. WIA should promote continuous improvement of the system through accurate data collection and a strong research and demonstration agenda.

We believe that these recommendations are the building blocks for a high-road workforce development system—one that supports employers and helps low-wage workers build the skills necessary to succeed.

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## **Introduction**

The United States economy is undergoing a major transformation. This requires a new vision for workforce policy—one that promotes a “high-road” path to U.S. competitiveness and greater economic opportunity for all workers. Such a policy would catalyze public and private players to stem growing employment insecurity and economic inequality, which result from numerous factors, including globalization, rapid technological changes, changing workforce demographics, the reduced real value of the minimum wage, the decline of unionization, and government divestment in education and training.

The 110<sup>th</sup> Congress has the opportunity to begin implementing a more comprehensive vision of federal workforce policy by promoting more strategic investment and greater synergy among key federal labor market policies and programs.<sup>1</sup> The reauthorization principles that follow focus on making Title I of the Workforce Investment Act (WIA) consistent with this vision to work on both the supply and demand sides of the labor market to address the long-term needs of workers and employers in new competitive economy. On the supply side, the workforce system must focus on connecting low-income youth and adults to further education and good jobs, helping low-wage workers build skills to advance to better jobs, and facilitating connections between low-wage workers and work supports that promote attachment to the labor market. On the demand side, the workforce system must work with employers to improve job quality and to develop workplace practices that support retention and advancement.

## **Background on the Workforce Investment Act**

In 1998, WIA replaced the Job Training Partnership Act (JTPA) as the authorizing legislation for federally funded job training and employment-related services. One of the goals of WIA was to bring together a fragmented group of workforce development programs to create a one-stop system in which employers and job seekers could easily access a wide array of employment and training services. WIA mandated universal access to the one-stop system, with sequential eligibility for intensive and training services. It also emphasized more private-sector involvement in the public workforce system and a dual focus on employer and job seeker needs. Federal workforce development funds were no longer targeted exclusively toward serving low-income adults (as they were under JTPA). These mandates, coupled with declining WIA funding, resulted in a significant reduction in training for low-income populations, and in a one-stop system that is ill-equipped to serve the needs of individuals facing barriers to employment.

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<sup>1</sup> Bills have been introduced to raise the minimum wage, provide for paid family and medical leave, reform and modernize the unemployment insurance system, and protect workers’ rights to organize. In addition, several key workforce and education policies are up for reauthorization, including the Trade Adjustment Assistance Reform Act, the Higher Education Act, No Child Left Behind, and the Workforce Investment Act (WIA). WIA includes workforce development programs for adults, dislocated workers and youth, adult education, and vocational rehabilitation services.

## **Recommendations for Reauthorization**

### **1. The focus of WIA should be on providing high-quality education and training services to program participants and creating pathways to skills and credentials that have value in the labor market.**

Research shows that education and training can significantly increase earnings for low-income populations when programs are well designed, of sufficient duration, and linked to employment opportunities available in the local labor market. For this reason, education and training should be at the center of the nation's workforce development system. However, under WIA, the emphasis on universal access through the one-stop service delivery system, sequential eligibility for training, and continual declines in funding have led to a focus on lower-intensity core services, at the expense of skill development.

In order to re-focus the system on its core skill-building mission, we recommend the following:

- Shift the current focus in WIA from universal access to core services through the one-stop system to the provision of training services. Require that states and local areas spend at least 50 percent of adult and dislocated worker funds on training services.
- Eliminate "sequence of service" provisions.
- Clarify that WIA funds can be used in conjunction with Pell grants to ensure that low-income students can receive the supports they need to succeed in training. 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.
- Encourage stronger connections with the adult education system, in order to better meet the needs of limited English proficient job seekers and to support the development of bridge programs and training programs that blend occupational training with basic skills training.

### **2. WIA should place greater priority on helping low-income adults and individuals with barriers to employment enter and succeed in the labor market.**

In many high-poverty communities, chronic unemployment, incarceration, and low levels of educational attainment leave substantial segments of the working-age population disconnected from the labor market. The nation needs to build a workforce system that is capable of linking low-income populations and individuals with multiple barriers to employment to the engines of economic growth.

To facilitate this change, we recommend the following:

- Allow training to be provided through contract training, as well as through Individual Training Accounts (ITAs). The current requirement that training be provided through ITAs (with certain exceptions for contract training) unnecessarily discourages the use of

contract training, which is a vehicle for developing specialized training programs for individuals with barriers to employment.

- Strengthen “priority of service” requirements. The law states that welfare recipients and low-income individuals have priority of service when funds for training services are limited. However, this prioritization is not systematically monitored; and the law does not provide firm guidance on what prioritization means for program implementation.
- Adjust the performance measurement system to encourage the provision of services to target populations.<sup>2</sup>
- Encourage the development of holistic employment programs, such as transitional jobs programs, for populations with barriers to employment.
- Require the system to connect individuals with barriers to employment to necessary support services, such as mental health and substance abuse services.

### **3. WIA should promote retention and advancement for low-wage workers.**

One in four American workers is earning poverty-level wages; and there is evidence that most low-wage workers experience limited, if any, earnings growth over time. Thus, short-term, one-time employment and training interventions aimed at rapid labor market attachment are usually not sufficient to help low-skilled individuals achieve sustainable employment and family-supporting self-sufficiency. Rather, a longer-term approach is needed to help low-income workers stay employed and advance to better jobs.

To promote an increased focus on retention and advancement, we recommend the following:

- Make retention and advancement one of the purposes of WIA.
- Modify the performance standards system so that it does not discourage the provision of post-employment retention and advancement services to low-wage workers.
- Require one-stops to provide information to customers about work supports and to assist with the submission of applications for such programs.
- Require state and local areas to implement strategies for making one-stop services more accessible to low-wage workers.
- Encourage service providers to provide technical assistance to employers about how to implement human resource practices that help to retain and advance low-wage workers.

### **4. WIA’s catalytic role in the labor market should be strengthened.**

Current coordination efforts around one-stops have eased access to a variety of community services, but they have not gone far enough to address the greater labor market challenges faced by individuals and communities. Despite the limited reach of WIA services—caused by severe funding constraints—WIA has the potential to foster better integration of services across funding

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<sup>2</sup> The Government Accountability Office (GAO) found that the current system of negotiating performance standards and the specific measures used are causing local staff to be reluctant to provide WIA-funded services to job seekers with multiple barriers to employment, who may be less likely to find employment or experience earnings increases when placed in a job. U.S. General Accounting Office, GAO-03-884T, *Workforce Investment Act: Exemplary One-Stops Devised Strategies to Strengthen Services, but Challenges Remain for Reauthorization*, June 18, 2003.

streams and to effect changes in educational and employment policies and practices. These changes are needed to support economic growth and expand economic opportunity for many more people than can be directly served in the program.

We therefore recommend the following:

- Provide incentives for state and local Workforce Investment Boards (WIBs) to be more proactive in carrying out their strategic policy coordination role. This should include brokering articulation agreements to facilitate transitions from adult education and job training programs to postsecondary education; promoting greater flexibility in scheduling and program design, so that working adults can more easily participate in educational programs; and promoting public-private partnerships to aid in the economic transformation and to connect low-income populations to the engines of regional economic growth.
- Encourage the system to convene partners and develop sectoral strategies and career pathways programs that enable low-wage workers to advance to better jobs and new workers to find jobs with opportunity for advancement.

#### **5. Limited WIA funds should support high-road employers.**

Over the past decade, the public workforce system has rightly moved to a more demand-driven system, in order to better serve the needs of employers and workers. Developing a workforce system that can meet employer needs is critical to helping workers succeed in the labor market; however, it is important that limited WIA funds be invested strategically to promote better jobs and reward high-road employers. Several WIBs have designed creative strategies to ensure that limited funds only support businesses that provide good jobs, and more WIBs should be encouraged to do so.

We therefore recommend the following:

- Require that employers who benefit from WIA training investments provide employment opportunities that meet certain state or locally defined job quality standards, which may include certain wage levels, availability of benefits (such as healthcare, paid leave, and retirement plans), reliable hours, workplace training, opportunities for advancement, and/or release time for training.
- Encourage the system to provide technical assistance to employers about ways in which they can meet such standards and provide high-road employment opportunities.

#### **6. WIA youth funding should be directed at building an effective transition support system for out-of-school and extremely vulnerable youth.**

As local communities seek to put strategies in place to address the dropout crisis, WIA can and should play a pivotal role—particularly in high-poverty urban and rural communities, in which dropout rates exceed 50 percent. The WIA youth title already requires infusion of youth development activities, provision of case management, and follow-up to ensure labor market success. With some adjustments, the youth title could serve as an effective tool for leveraging

other systems and resources to create a more comprehensive approach to connecting the most challenged youth to the education, training, and support needed for successful labor market transition. Requiring an increased focus on youth who are out of school, homeless, or transitioning from foster care or the justice system can provide the necessary community infrastructure to facilitate their labor market transition. Several adjustments to current language must be made to accommodate the complex needs of these youth and to facilitate the connection to youth-serving systems.

We therefore recommend the following:

- Retain WIA's requirement for youth councils (or similar convening entities), but eliminate the overly prescriptive definition of youth council responsibilities and membership and empower the councils to assume a convening role in bringing community resources together to respond to the youth challenge.
- Allow WIA youth funds to be used more flexibly in partnership with other systems, in order to leverage other resources—especially education resources—and to customize training that connects youth to high-growth/high-skills sectors.
- Prioritize service to youth in high-risk situations; and allow youth who are high school dropouts, in foster care, homeless, or involved with the justice system to participate in WIA activities without requiring income verification.
- Adjust the funding formula to ensure that resources target communities with the greatest level of youth distress, as reflected in youth poverty rates, dropout rates, and youth unemployment.
- Reauthorize Youth Opportunity Grants directed at communities of high poverty or low graduation rates, in order to allow these communities to build the capacity to address the dropout prevention and recovery problem at scale. Require a community collaboration process and the participation of the education, justice, and child welfare systems in identifying the transition linkages and supports that will be put in place.

## **7. WIA should promote continuous improvement of the system through accurate data collection and a strong research and demonstration agenda.**

To build a strong workforce development system, it is critical to have accurate information about what is happening in the system and its impact on participants. The program and performance data currently available on WIA do not provide enough reliable information to inform continuous improvement of the system. In addition, there is a need for a comprehensive impact evaluation and continuing research.

We therefore recommend the following:

- Require the development of a strong research and demonstration agenda to support the goals of the system.
- Require that research is conducted to explore the feasibility of creating a performance system that measures progress toward achieving economic self-sufficiency, the retention and advancement of low-wage incumbent workers, and system change.

- Require the creation of a national task force aimed at furthering system integration and aligning goals, performance measures, and accountability structures across workforce development programs.
- Require that, in their quarterly and annual reports, states report to the Department of Labor 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 developed based on a standardized methodology and should be made available publicly.

## **Conclusion**

While the adoption of these recommendations will go a long way toward the creation of a more effective workforce development system; the system is severely underfunded and, without adequate resources, cannot meet the critical workforce challenges facing this country. U.S. Department of Labor expenditures on training and employment assistance have suffered cuts that translate into a drop in expenditures per worker from \$63 in 1986 to \$35 in 2006, without an adjustment for inflation.<sup>3</sup> In the new economy, however, training and skill development are increasingly important to one's success. Additional funding for the system is critical to building a high-road workforce development system that supports employers and helps low-income and low-wage workers build the skills necessary to succeed and compete—a goal which is now more important than ever.

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<sup>3</sup> Joan Fitzgerald and Andrew Sum, "What Can Worker Training Do?" in *Ending Poverty in America: A Special Report for the Council on Foundations Annual Conference*, Demos and The American Prospect, 2007.