



REAUTHORIZING THE WORKFORCE INVESTMENT ACT:

A DOWN PAYMENT ON A WORKFORCE DEVELOPMENT SYSTEM FOR THE 21ST CENTURY

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JOBS FOR THE FUTURE

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The federal government last reauthorized its investment in the nation's workforce system in 1998 with the Workforce Investment Act, but much has changed in the last decade. Today the United States is struggling to emerge from the deepest recession since the Great Depression. The nation's economy and the labor market demand far more from the workforce system than they did in 1998. Congress and the Obama Administration will need to move forward with the reauthorization of WIA in light of these changes and challenges; however, building on the successes of the current system can give us a head start.

Reorienting the workforce development system will require aligning incentives and strategies across economic development, secondary and postsecondary education, and the employment and workforce systems, and it requires doing so at the federal, state and local levels. The Workforce Investment Act is an important vehicle for moving in this direction.

For 25 years, Jobs for the Future has been at the forefront of innovation in education and skill development for lower-income and lower-skilled Americans. We work side by side with practitioners and policymakers in more than 200 communities in more than 40 states and the District of Columbia. This experience can assist federal policymakers as they seek to help Americans obtain the education and skills needed in today's economy.

JFF provides these recommendations to help Congress revisit the act as part of a broader push for coherent, comprehensive, and effective support of workforce and economic development in the nation. We envision a modernized workforce development system that is: powerful enough to build and maintain a 21st century workforce; multifunctional, to meet the needs of youth, workers, employers, and communities; and flexible, to adapt to a dynamic, competitive global economy.

A number of people at Jobs for the Future contributed to preparing *Reauthorizing the Workforce Investment Act*. Special thanks to Richard Kazis, Senior Vice President; Maria Flynn, Vice President, Building Economic Opportunity; Cassius O. Johnson, Director, National and Federal Policy; Victoria Choitz, Senior Policy Analyst; Elizabeth Grant, Senior Policy Analyst; and Marc S. Miller, Editorial Director.



BACKGROUND

In 1998, Congress shaped the Workforce Investment Act guided by seven reform principles:

- Streamline services and information to participants through a one-stop delivery system;
- Empower individuals to obtain needed services and information to enhance their employment opportunities;
- Ensure universal access to core employment-related services;
- Increase accountability of states, localities, and training providers for performance outcomes;
- Establish a stronger role for local boards and the private sector;
- Provide increased state and local flexibility to implement innovative and comprehensive workforce investment systems;
- Improve youth programs through services that emphasize academic and occupational learning.

To modernize America's workforce development system today, we should add two new principles:

- Increase postsecondary attainment and career advancement pathways;
- Leverage the power of public-private partnerships.

JFF groups our ten policy objectives according to those areas in which Congress and the Obama Administration should build upon success and make improvements now, with an eye toward more fundamental reform: governance; eligibility, services and performance; funding; and quality improvement and innovation. We have organized these objectives under the major components of current law.



GOVERNANCE

OBJECTIVE 1: Increase the alignment of program goals, services, and governance structures to create a strategic, efficient, and comprehensive workforce system.

Recommendation: Increase incentives to align workforce investment areas with regional economies.

Approximately 600 local workforce areas exist nationwide, a number that has changed little over several decades. Local workforce areas are not aligned with regional economies, and the system is heavy in administration and infrastructure. While preserving the role of local elected officials in governing workforce systems, Congress should:

- Reexamine the factors to be considered when designating local workforce investment areas, while also reexamining grandfathering provisions that essentially lock current areas in place. Where appropriate, adopt workforce investment areas that are larger and better aligned with natural regional economic boundaries (rather than political boundaries).
- Enhance regional planning provisions to provide meaningful connections across local areas and reduce administrative burdens.

Recommendation: Strengthen the strategic role of state and local workforce investment boards.

Overall, state and local workforce investment boards have not risen to become the strategic leadership entities Congress envisioned in WIA. However, some states and local areas have excelled as strategic leaders, and Congress should scale up these efforts and expand them across the nation. Congress should:

- Authorize the Secretary of Labor to create and implement a high-performance benchmarking and incentive system to encourage workforce investment boards to be higher-performing strategic bodies (for example, through funding incentives in exchange for greater flexibility). Elevating the strategic nature of WIB discussions and roles would make it easier to attract high-level civic leaders to serve on the boards.
- Encourage state and local elected officials to broaden WIB membership to include a more inclusive cadre of civic leaders, including philanthropic leaders. One model is the Regional Funding Collaborative concept used by the National Fund for Workforce Solutions: a



variety of public, private, and philanthropic funders (including WIBs in some cases) forge a shared strategic vision and align resources to create a more coherent and effective regional workforce system.

- Require that business membership on WIBs include leaders from the highest-demand businesses, industries, and key sectors in the state/local area. This helps to strengthen the system's dual customer focus on both workers and employers and promotes a more strategic use of limited resources. Business membership should continue to comprise a majority on state and local WIBs.
- Require state and local workforce investment plans to describe strategies to engage employers and sharpen the focus on a dual-customer orientation.
- Require WIBs to coordinate the plans with other education and workforce planning boards in the region.

Recommendation: With the support of local WIBs, Youth Councils must measure the needs of local youth and ensure that school districts, WIBs, higher education partners, and other key stakeholders collaborate to provide a targeted range of options to serve eligible youth.

Congress originally authorized Youth Councils to provide coordination and oversight among a limited number of local stakeholders with respect to authorized youth activities. Today, Youth Councils must play a more strategic role. Congress should:

- Specify that representation on each Youth Council have representation from the local education agencies or agencies in the area responsible for secondary education; at least one local institution for higher education; employers in local industries and sectors that are growing and have a high demand for skilled labor; and as appropriate local foundation and philanthropies from each of the local education agencies within its area.
- Establish an incentive fund for entrepreneurial WIBs and Youth Councils to adopt an expanded set of duties, including improving capacity to gather, analyze, and use data to evaluate the quality of current youth program options and increasing the supply of quality education options for in-school and out-of-school.
- Allow Youth Councils the discretion to direct funding toward local priorities. Such provisions should set floors on basic activities, such as in-school, out-of-school, and, as appropriate, summer jobs. A portion of funds would be directed toward high-priority purposes consistent with data analyses and investment strategies.



Recommendation: Promote the alignment of workforce training, adult education, career and technical education, secondary education, postsecondary education, and economic development efforts, at the state and local levels.

Current planning and coordination provisions (e.g., the WIA unified planning requirement and MOU requirements) do not promote meaningful coordination or alignment across program silos. To replace current provisions with stronger requirements that drive meaningful conversations and actions at the state level, Congress should:

- Require states and communities to submit unified plans that include education, training, and workforce programs. These programs include WIA title I, Wagner-Peyser, Adult Education, Vocational Rehabilitation, the Senior Community Service Employment Program, food stamps, and other programs under the current “allowable” unified plan provision.
- Provide financial incentives to state and local areas to more closely align programs at the state, regional, and local strategic and operational levels.

ELIGIBILITY, SERVICES, AND PERFORMANCE

OBJECTIVE 2: WIA should focus on serving customers most in need of skill development services. For adults, that means increasing flexibility in service options and removing barriers to participation. For youth, it means retaining services for both in-school and out-of-school youth, while placing a priority on the hardest-to-serve through targeting services, expanding eligibility, and improving performance measures.

Recommendation: Make it easier for low-skilled adults and dislocated workers to receive training services and to earn credentials.

Individuals most in need of training must be able to quickly access services. Congress should:

- Enable workers to move quickly into training by eliminating the sequence of service provisions in WIA for adult and dislocated workers.
- Make it easier for lower-skilled adults and dislocated workers to receive services while employed, including training that leads to a postsecondary credential. This would build on WIA provisions that allow for incumbent-worker training that leads to a postsecondary credential.



Recommendation: Expand the age and simplify the determination of which youth are eligible to receive services.

In recent years, research has confirmed the importance of insuring that youth have meaningful connections to education, work, and community by the age of 25. Yet current age eligibility provisions do not reflect this. Moreover, much time at the local level is devoted to determining eligibility, with little positive effect and in the face of new research that offers more streamlined strategies for eligibility determination. Congress should:

- Increase age eligibility to 24. Congress recognized this need by raising the age for youth employment funds in the American Recovery and Reinvestment Act from 21 to 24.
- Permit youth who are eligible for other federal means-tested programs to be eligible for WIA services.
- Make youth automatically eligible for services based on risk factors, such as disconnected status (out of school and out of work) and early warning indicators for in-school, off-track youth (e.g. over-age, under-credited, non-attendance).
- Permit the use of income proxy measures (e.g., ESEA Title I, Free and Reduced lunch status, high-poverty census tracts) as automatic designation for eligibility.

Recommendation: Target off-track students within the in-school population.

Funding for youth activities is diffused, limiting the impact of federal efforts to raise workforce and postsecondary readiness. To improve impact, Congress should:

- Place a priority on off-track students to get them back on track to graduation and to attaining postsecondary credentials.
- Permit follow-up services that provide continuing support (e.g., from a transition counselor) after young people leave schools or programs and as they seek to enter or remain in work or further education.
- Link WIA in-school activities for youth with other relevant federal programs.



OBJECTIVE 3: Design and support pathways that lead to secondary and postsecondary credentials and opportunities for work and career advancement in family-supporting careers.

Recommendation: Develop high-quality pathways that lead to postsecondary credentials and career advancement for WIA-eligible adults.

Align adult education, workforce education and training, postsecondary education, employment placement, work supports, and supportive services into a career pathways system, with the ultimate goal of a postsecondary credential and career advancement. Congress should:

- Require that local and state plans have a clearly articulated, detailed strategy for providing career advancement opportunities for clients (e.g., career mapping, sector strategies).
- Require that the MOUs signed by One-Stop Career Center partners, and the resources and delivery of services as well, align directly with local plans for career advancement opportunities.
- Permit the continued availability of services, including training, for individuals after they are employed.
- Permit Individual Training Accounts but also allow contract training by community colleges and approved other eligible training providers (as authorized in the American Recovery and Reinvestment Act of 2009).
- Revise the eligible training provider list requirements to allow entities to be included if they are approved by other respected approving bodies (e.g., community colleges approved by accrediting bodies).
- Encourage states to leverage Unemployment Insurance reforms in the American Recovery and Reinvestment Act to develop and provide high-quality career pathways and advancement opportunities for UI recipients and other jobs seekers.



Recommendation: Develop high-quality pathways that lead to postsecondary credentials and career advancement for youth.

WIA youth program designs and elements should advance the development of high-quality pathways that ensure that eligible youth attain skills and credentials necessary for educational and career advancement. Congress should:

- Establish that the purpose of WIA youth activities is to ensure that eligible youth attain workforce skills and credentials that promote educational and career advancement, with special attention to creating employment opportunities in high-growth and emerging sectors.
- Allow continued funding to support eligible youth over more than one year and for a transitional period after they have left the program or school.
- Strengthen incentives for employers to train and employ, and for colleges to enroll, formerly disconnected youth who have completed WIA-funded youth programs. One example is the disconnected youth tax credit.

Recommendation: Promote educational engagement and work skill development through youth employment.

Youth employment programs, including project-based learning activities, apprenticeships, and internships, should help youth attain both work-related skills and supports that can help students advance in educational attainment and achievement. These programs should provide highly structured and well-supervised work experiences that emphasize learning and skill development. Programs should be encouraged to build partnerships with employers, who can provide work-based training and learning experiences through internships and apprenticeships. Congress should:

- Invest in a funding stream for high-quality summer and year-round youth employment opportunities that emphasize learning and skill development, particularly given the high demand each summer for youth employment and academic programs.
- Focus attention on educational engagement and work skills development strategies for all WIA-funded youth programs.



OBJECTIVE 4: Build the capacity of local workforce system leaders and practitioners to adopt innovative reforms that improve system outcomes for workers, employers, and communities.

Recommendation: Encourage local workforce leaders and practitioners to adopt sector or cluster-based strategies to addressing workforce challenges.

These strategies show success in helping workers improve their skills and advance and helping employers meet workforce needs. However, the implementation of sector strategies requires knowledge and skills that most workforce leaders and practitioners across the country need to develop and strengthen (e.g., robust regional economic and industry analysis, deep engagement of employers, development of sector-focused training and career advancement programs). To build these competencies, Congress should:

- Make incentive funding available specifically for capacity-building efforts (e.g., sector academies, peer learning activities) that have improved the ability of system leaders and practitioners to address workforce challenges.

Recommendation: Improve One-Stop Career Center services for eligible youth.

The One-Stop Career Center system is not responsive to the needs of young people. In the late 1990s and early 2000s, efforts to design youth-friendly centers helped provide young people with access to an array of services funded by multiple federal, state, and local partners. Congress should:

- Revisit One-Stop requirements in WIA Title I in light of the needs of young people.

Recommendation: Improve state and local capacity building and professional development.

A significant barrier to innovation at the local level is a lack of practitioner knowledge and capacity for implementing innovative strategies. Congress should:

- Modify the technical assistance section of WIA to include funding for and local capacity-building efforts that help system leaders and practitioners—in both the adult and the youth areas—learn about innovative models and how they can be implemented in their regions.
- Focus special attention on helping system leaders and practitioners understand how to implement reforms within the parameters of the laws and regulations governing workforce, postsecondary education, and other relevant systems.



- Restore funding and resources for Regional Offices to play a valuable role in these capacity-building efforts.

OBJECTIVE 5: Differentiate performance measurements stipulated under WIA to align with the distinct needs of varying adult and youth populations.

Recommendation: Through performance measures, create incentives to serve a broader range of adults and youth.

Under the current performance measurement system, providers often serve primarily those who are more job-ready, thus reaching a smaller proportion of the population that need services. Programs should be able to apply interim benchmarks that are predictive of educational and career advancement and that account for the relative difficulty of populations with multiple risk factors. Congress should:

- For adults, adopt performance measures based on interim skill development milestones and career advancement in addition to credential attainment, job placement, and short-term retention.
- For youth, adopt measurements to mark the progress of all eligible youth, particularly those who are hard to employ or low-skilled. Determining the progress of all eligible youth would require different performance measures for different segments of the eligible population.
- Encourage states to create and test performance bonus systems that provide financial incentives to providers for meeting both milestone and final measures of progress toward individual education, training, and career advancement goals. Focus the system on lower-income, lower-skilled individuals by including several milestones at the lower end of the spectrum.
- Consider research or a pilot initiative to identify appropriate measures of employer outcomes beyond employer satisfaction. This effort will help move the system toward a true dual-customer orientation. It may be critical to consider a few nationally consistent measures but also a set of measures specific to different employers, industries, regions, and states.



FUNDING

OBJECTIVE 6: Provide flexibility so that service providers can leverage multiple funding streams and customize services to meet youth and adult workforce needs.

Recommendation: Establish flexible funding provisions.

Complicated and rigid cost allocation requirements (as well as contradictory program and eligibility requirements) make it difficult to align program efforts and build seamless service delivery at One-Stop Career Centers. As a result, WIA title I programs pay more than their fair share of costs. Congress should:

- Relax cost allocation requirements to better align programs and service delivery. The statute should articulate how One-Stop partner programs should contribute to the costs of One-Stop Centers, eliminating burdensome cost allocation determinations at the local level.

Recommendation: Promote the leveraging of broad investments in education, training, and workforce development from public, private, and philanthropic partners.

States, regional economies, and communities face workforce challenges that are too complex for a narrowly focused public system to solve alone. WIA should provide incentives for state and local WIA officials to leverage other funding. Congress should:

- Establish a federal incentive fund to match workforce funds raised and invested by states and local areas in innovative and effective workforce programming. For example, this incentive fund might match state investments represented by the Average Daily Attendance funds for adult education students enrolled in career ladder programs leading to credentials. It might use as a match new postsecondary full-time equivalent (FTE) funding aimed directly at serving lower-income, lower-skilled adults, or it might use state bond-financing funds for investments in developing human capital.
- Include in a federal fund incentives for local matches from non-government sources (for example, employer and foundation contributions to education, training, and supportive services and other resources essential to helping lower-income and lower-skilled individuals advance).



Recommendation: Adjust statutory formula factors to better reflect the populations to be served and the dynamic economy and workforce.

Congress should:

- Better align the factors with the target population of lower-income and lower-skilled customers, and not just on the population and unemployment in regions.
- Adjust for time lags in the data used in the factors. By the time the funds have flowed to the workforce areas, the data used to calculate funding are often out-dated. To better match funding levels with the level of need, the Department of Labor should conceive a more “just-in-time” set of factors for calculating funding.

QUALITY IMPROVEMENT AND INNOVATION

OBJECTIVE 7: The federal government should invest in WIA quality improvement and innovation by providing incentives for successes and for developing and disseminating high-quality, evidence-based models.

Recommendation: Promote innovation and encourage success among existing programs.

Innovation should be promoted not just for national organizations with “branded” models but also for local organizations and/or partnerships that demonstrate the ability to serve particular groups well and achieve higher performance outcomes. Congress should:

- Create an innovation fund for WIA Youth programs. Partnerships that seek to develop a new program, improve an existing program, or scale up a promising model, all toward more challenging performance outcomes, would be eligible to receive funding. The fund would be used to drive programs toward meeting challenging performance measures, including measures focused on lower-income, lower-skilled, and other disadvantaged populations.
- Create an innovation fund for WIA Adult programs. This fund would invest in innovative program designs that propel lower-income and lower-skilled adults into achieving postsecondary credentials (industry-recognized as well as academic). Workplace-based, credentialed learning models should be a focus for innovation. Where appropriate, partnerships with community colleges and labor-management partnerships would be key to this effort.



Recommendation: Invest in the development of models proven to help youth and adults who are facing critical challenges to achieve postsecondary credentials and career advancement.

Older disconnected youth, especially those with low skill levels, present special challenges. Too few successful models for this population exist. Additionally, there are too few models for the hardest-to-serve adult workers (i.e., those with multiple barriers to employment, those with the lowest skill levels, and those with limited English proficiency). Congress should:

- Establish an investment fund to encourage social entrepreneurs to take on these challenges and invent new promising approaches.
- Place a priority on funding partnerships among community organizations, colleges, K-12 schools, employers, and philanthropy, as appropriate.
- Include funding for evaluation of these new models.

Recommendation: Encourage local areas to adopt a “workforce intermediary” approach to addressing workforce challenges.

Workforce intermediaries are regional broad-based industry partnerships that convene relevant partners, broker or deliver services, align resources, and aggregate the needs of employers within an industry sector, as well as the needs of lower-income and lower-skilled youth and adults. Many are operated by high-performing, nonprofit community-based organizations, and some are operated by community colleges, employer organizations, labor-management partnerships, and WIBs. Congress should:

- Encourage intermediaries through the use of an innovation fund, other financial incentives, and the provision of a robust professional development system that provides models and trains workforce practitioners in workforce intermediary strategies.

Recommendation: Apply what can be learned from the WIA waivers and work flex to system reform.

A full assessment is needed of currently approved waivers and work flex plans to determine how the states and local areas utilized the flexibility provided to enhance service delivery. Congress should:

- Consider changing the statute to reflect commonly approved waivers (e.g., broader transfer authority between adult and dislocated worker funding streams; more flexibility on eligible



training providers' performance requirements; the use of Individual Training Accounts for youth; expanded funding for incumbent worker training).

- Encourage the Department of Labor to use waivers not only to add flexibility but also as a continuous learning and improvement tool by regularly assessing waivers and adjusting regulations to reflect emerging trends in waiver requests and grants.

OBJECTIVE 8: Encourage and provide incentives for the development of regional public-private collaborations that increase and align investment in workforce development, spur local and regional innovation, and align leaders under one strategic workforce vision.

Recommendation: Establish an innovation fund to support the development of regional funding collaboratives that align closely with regional WIBs.

Congress should:

- Examine the funding collaborative model being implemented in over 20 communities around the country under the National Fund for Workforce Solutions.
- Encourage broader community membership and nontraditional partners, including leaders from the philanthropic community (see Section I, Governance).

OBJECTIVE 9: Support evaluation and research in order to find and develop new models and methods and continuously improve the workforce system.

Recommendation: Fund research on what works.

As part of model development, funds should be dedicated to research, both on what works and on whether certain models or incentives work for target populations at different points on the trajectory of educational and career advancement. Congress should:

- Target important research areas regarding adult workers and job seekers, such as: successful models for retaining lower-skilled adults on an education and training pathway that ends with a credential, while at the same time ensuring they have means for family support; how to better engage employers in education and training investments for lower-



income, entry-level workers; and successful community college models for advancing lower-skilled adult students into credentialed education.

- Target important research areas regarding youth, such as: student retention, incentives, assessments, literacy and math curricula, and methodologies for pre-GED and GED-level instruction. These research efforts must address the needs of in-school, out-of-school and other youth populations. These efforts should be coordinated with WIA title II (adult education) investments.

OBJECTIVE 10: Improve data collection and data use for quality improvement and accountability.

Recommendation: Modernize reporting and data-driven decision making.

Reporting mechanisms and data usage among WIA Youth-funded programs are antiquated. Congress should:

- Invest in advancing the transition to a technology-based reporting system and eliminating the requirement for regular, in-person reporting.
- Base reporting systems on key outcomes at both the individual level and the programmatic level.
- Require programs to provide data each month in order to promote real-time review of performance and continuous program improvement.

Recommendation: Establish reports to Congress on the state of disconnected youth.

To build stronger programs and sustain resources for disconnected youth, Congress should:

- Require national reporting of key data about the status of disconnected youth populations.