

# **Comments on Reauthorization of The Workforce Investment Act**

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**Submitted to the U.S. Department of Labor**



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## Comments On

# Reauthorization of the Workforce Investment Act

### Introduction

Jobs for the Future, a national policy and research organization active in the workforce development field since 1984, is pleased to submit these comments on the reauthorization of the Workforce Investment Act. Our comments focus on the adult provisions of the Act.

We have been following closely the research on implementation of since its passage in 1998. We also have worked closely with workforce development systems in numerous localities and states during this period. Our experience tells us that reauthorization provides an important opportunity to strengthen the Act and make it better able to achieve Congressional intent.

The overall purpose of the Workforce Investment Act is critically important for the United States and its citizens. The Act specifies its purpose as:

*to provide workforce investment activities...that increase the employment, retention, and earnings of participants, and increase occupational skill attainment by participants and, as a result, improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the nation.*

These are powerful goals, targeting both efficiency and equity concerns. To achieve them, Congress redesigned the nation's workforce development system based upon several basic principles. These include: universal service through an integrated workforce development system, increased customer choice within that system, performance measures that reward not just placement but retention and earnings gains, and treatment of employers as key customers of the system.

Reauthorization should strengthen these sound policy directions. The following comments focus particularly on changes that can improve WIA's ability, in combination with TANF and other federal legislation, to help address the skill, credential, employment, and earning needs of our nation's emerging and incumbent workforce—and the businesses and organizations that employ them.

Our comments are organized around the following issues:

**Goal and purpose:** We advocate for a more explicit commitment to advancement to family-sustaining wages.

**Mix of services:** We propose revisions that would increase access to training under WIA.

**Level of funding:** We advocate for a stable or expanded level of funding.

**Performance measures and incentives:** We advocate for further strengthening of performance measures and incentives tied to employment, retention, and advancement goals.

**Employer engagement and service:** We suggest provisions that can improve employer engagement and the quality of services to employers.

**Relationship to TANF:** We propose ways for the adult workforce system and the TANF welfare system to be better integrated and to collaborate more effectively at the state and local levels.

### **Goal and Purpose: Self-Sufficiency, Not Just A Job**

WIA marked a historic shift in national employment and training policy. One important change was a new emphasis on the goal of retention and earnings increase for low-skill workers. This direction should be taken further in WIA reauthorization.

**Proposal:** The goal of the nation's public workforce system should be long-term economic self-sufficiency for individuals it serves, defined in terms of advancement to jobs and careers that pay wages high enough to support a family. This goal should be reflected in performance measures, in eligibility requirements for intensive and training services, and in service strategies and funding priorities. A target of wages around 200 percent of the federal poverty level, while falling short of family-supporting wages in some communities and for some larger families, would be a good "stretch goal" for WIA.

### **Mix of Services: Greater Access to Training**

If there is a single clear complaint from the field about WIA as it has evolved, it is the decrease in training opportunities available compared to pre-WIA federal employment and training programs. The lion's share of WIA resources has been used to build the infrastructure for job search activities in the form of the One-Stop system. The costs of establishing and running the One-Stop and new Labor Market Information infrastructure, combined with the mandated sequence of core, intensive, and training services, have made it difficult for many localities to provide skill development opportunities to large numbers of individuals who would benefit from such investments.

In the coming reauthorization, the bias in practice against training services should be eliminated through provision of greater flexibility to states and localities to use their resources for services they deem most needed, given local economic conditions.

**Proposal:** WIA should eliminate the strict requirement of sequential services and enable local areas to develop individualized service plans that mix core, intensive, and training services as needed for particular job-seekers and low-income workers. This flexibility must still be guided by the broad goal of helping job-seekers and low-income workers advance toward an income that allows for self-sufficiency. Reauthorization should therefore maintain the current priority of serving low-income individuals when resources are limited.

### **Level of Funding: More Resources Needed**

WIA set ambitious goals for the publicly-funded workforce system, including the establishment of universal services through the One-Stop system, improved Labor Market Information systems, an expanded array of services for a broader job-seeking and employed population and for employers who hire them. Congress has not, however, increased funding commensurate with its expansion of expectations regarding provision of services. Current funding levels are inadequate to realizing the expanded programmatic activities required under WIA. Provision of additional training services to those who need skill development to achieve self-sufficiency competes against too many other demands on the system's resources. Without stability and expansion of funding, the system will fall short of its goals.

The underspending of WIA dollars in many communities is a function not of lack of demand, but of the complexity of launching a new local infrastructure, adjustment to new legislative requirements, and unintended barriers to speedy ramp-up of service provision. Patience and stability of commitment, not further cuts in WIA funding, are needed if states and localities are to be able to accomplish all that Congress included in the legislation in 1998.

**Proposal:** Expand WIA funding so that states and localities have sufficient resources to provide training services, not just fund the operations of the One-Stop and its core services. Congress should consider whether states and localities would find useful specific set-asides that separate the funding of the One-Stop system from funding for intensive and training services.

Congress should also consider using some portion of WIA funds, over and above state formula grants, as an incentive to states to invest funds from other sources in training programs and services designed to help low-income workers advance to better jobs and careers. Additional WIA funds could be triggered by demonstration of a match from other public or private sources.

### **Performance Measures: Reinforcing the Advancement Goal**

WIA performance measures include a focus on employment, retention, and earnings gains. These are positive directions. Reauthorization should strengthen this emphasis in a number of ways. We assume that local practitioners have

suggestions about ways to streamline and reduce the burden of data collection and reporting. While these are important concerns, we do not make recommendations in this area. Rather, we address the opportunity in reauthorization to better align performance measures with the goals and purpose of the Act, particularly the goal of movement toward economic self-sufficiency.

**Proposal:** Performance measures should address the following gaps in current measures:

**Create measures of outcomes of core services:** The bulk of WIA funds goes to building and sustaining the One-Stop system infrastructure and the core services provided through the One Stops. Yet, there are no performance measures in the Act that address the effectiveness of core services for those being served. This oversight should be addressed, particularly in light of the inadequacy of funding available for training services.

**Create measures that capture progress toward self-sufficiency:** While we know that self-sufficiency must be a long-term goal for low-skill and low-income individuals served by the public workforce system, there are currently no measures of progress toward that long-term goal. WIA should create a measure that captures progress of participants toward self-sufficiency. This must be done carefully, so that states are not penalized for economic changes beyond the power of the workforce system to affect and so that it is feasible to track such progress over time. But some quantifiable guide to progress toward the stated goal of the Act is needed.

### **Employer Engagement and Service: Employers as Customers**

WIA has wisely brought greater emphasis on employers and their needs and interests to our nation's public workforce system. This positive development should be strengthened. There is little question that programs that meet the real skill needs of employers—through effective labor market information services, aggressive placement activities, and employer-specific training and job preparation—can help low-wage job seekers advance to better-paying opportunities and help employers meet their ongoing skill and workforce needs.

Reauthorization can take steps to make it easier for states and localities to serve and engage employers effectively, in practice and not just in rhetoric and intent.

**Proposal:** WIA can strengthen its responsiveness to quality local employers in several ways:

- **Require employer role in application for training funds:** For training funds that do not follow the individual in the form of ITAs, WIA should require that employers or consortia of employers be co-applicants for funding. This would ensure that the training contracted for by a local WIB

is of high priority to local employers and is targeted to jobs and skills that are in high demand in the local economy.

- **Expand eligibility for intensive and training services to individuals whose incomes are below self-sufficiency level:** Eligibility for intensive and training services is currently limited to those below the lower living standard income level. Employers would have more flexibility to provide training and greater incentive to engage with the local WIA system if that threshold were raised to an income level closer to self-sufficiency. This would encourage use of WIA resources to help employers of low-skill incumbent workers who need training to advance out of low-paying jobs.
- **Recognize the importance of local intermediaries:** Employers frequently turn for help with workforce and other concerns to intermediary organizations that have deep knowledge of their industry and its members. These organizations provide value by organizing industry collaboration, identifying occupational skill requirements, packaging public resources, and building alliances with non-employer organizations that provide valued workforce-related services. One-Stops may play this intermediary role, but WIBs may determine that it is more effective for organizations whose scope is the regional labor market or a particular industry to play such a role. WIA should encourage local WIBs to work closely with such intermediaries in the planning and provision of workforce services.
- **Promote career ladder advancement programs:** The U.S. Department of Labor has a good track record for promoting innovation in the design of workforce development institutions and programs through competitive grant programs, such as the H1-B visa program, regional skills alliances, and sectoral initiatives. WIA should create an innovation fund to promote industry-based career ladder programs, along the lines of the BusinessLink program included in the Senate Finance Committee's TANF reauthorization mark-up. These initiatives are characterized by a focus on both employer needs and the interests of low-wage workers to move up from entry-level employment through a coherent package of skill development opportunities and structured job moves. The fund should promote innovation that has a dual-customer approach and aims to advance low-income individuals to self-sufficiency. The involvement of intermediary organizations should be encouraged and involvement of representatives of the local industry or sector should be required.
- **Specify employer customer satisfaction survey:** Employer customer satisfaction surveys, which are a welcome aspect of WIA, tend to address satisfaction with One-Stops' major activity, hiring services. Employer customer satisfaction survey topics should be better specified, so that local areas collect useful data on local employers' experience with different specific services and components of the WIA system, including hiring services, skill development, and post-placement retention services.

## **Relationship to TANF: Integration to Promote Advancement**

There are legitimate concerns from both the welfare advocacy and the one-stop/workforce communities about the complexity and difficulty of creating closer integration of TANF and WIA service provision. The GAO and others have pointed to the difficulty of coordinating the roles of current mandated One-Stop partners. Adding the TANF agency as a mandated partner will further complicate the work of the One-Stops. Moreover, if TANF reauthorization results in less flexibility for states in serving low-income individual's skill development needs and greater prescription to states and localities about service options, TANF-WIA integration might undercut the flexibility that Congress has tried to build into WIA.

At the same time, there are clear advantages to low-income job seekers and employers from improved coordination and collaboration between the welfare and workforce systems. For job seekers, access to a broad range of employment services through or linked to the one-stop system is of great value. Employers gain access to a broader pool of potential employees.

Given the limited experience with the complex task of bringing these two systems into better alignment, WIA reauthorization should focus primarily on removing barriers to integration that might restrict states and localities that wish to experiment with new collaborative strategies. To this end, Congress should:

***Make TANF agencies required One-Stop partners:*** This requirement would promote more effective case management for low-income job-seekers eligible for services under both programs, particularly if localities are required to submit plans for how the two programs will be integrated in their community.

***Align performance measures for TANF and WIA:*** WIA performance measures emphasize employment, retention, and earnings gains. TANF performance measures should replace caseload reduction and participation rates with performance measures similar to those used in WIA. This would focus states and localities on employment and wage advancement as goals for TANF recipients. It would also make it easier for agencies working with both WIA and TANF funding to simplify their data collection and reporting and to pool funding from different agencies to serve those in need.

***Align missions of TANF and WIA:*** Both WIA and TANF missions should emphasize advancement toward self-sufficiency for low-income adults. To achieve this goal requires easier and broader access to intensive, job-specific education and training services. For reasons noted above, WIA implementation has constrained the provision of training in its first few years. At the same time, current TANF policy make it difficult to provide training services and skill development to those who need them in order to move up in the labor market. Proposals now under consideration in Congress could make access to training for individuals eligible for both TANF and WIA services even more difficult to secure. This would be a step backwards for local areas that want to integrate

WIA and TANF funds for services that promote self-sufficiency and advancement, not simply entry-level employment.