AWB Institute
Economic & Workforce Solutions

U.S. CHAMBER OF COMMERCE STATEMENT ON REAUTHORIZATION OF WORKFORCE INVESTMENT ACT

At its retreat in August, the Workforce Training and Education Coordinating Board (Workforce Board) participated in a discussion of Workforce Investment Act (WIA) reauthorization with Crystal Bridgeman, Senator Patty Murray's staff liaison for WIA legislation. During the discussion, Ms. Bridgeman commented that the Senator's Health, Education, Labor, and Pensions (HELP) committee was looking for input or support from various groups and organizations, including the U.S. Chamber of Commerce. As a member of the U.S. Chamber, with several individuals in leadership positions, Association of Washington Business (AWB) is the logical choice to lead an effort to encourage/recommend a strong, positive position on WIA reauthorization to the U.S. Chamber. Board member Mike Hudson volunteered to investigate the Chamber's current position (see attached).

A subcommittee of the Workforce Board, including Mr. Hudson, Eleni Papadakis, Mark Mattke and Amy Smith-Rubeck, met to discuss the U.S. Chamber's position in relation to the Workforce Board's recommendations and to suggest further recommendations for AWB's consideration. While the U.S. Chamber's position is overall a positive one, there were some areas where the subcommittee felt the recommendations could be stronger. There was also a sense that, as the largest business voice in America, the U.S. Chamber should take a leading role in encouraging employers to not only support the workforce system, but also to use it. A draft of the recommendations has been circulated to the subcommittee for comment.

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Statement on Reauthorizing the Workforce Investment Act (WIA): Recommendations to Improve the Federal Job Training System

(Adopted June 2009)

The purpose of a national employment and training system is to help increase opportunities for individuals to prepare for and find employment and to provide investment in an educated, skilled, and adaptable workforce able to meet the needs of employers.

At the core of this system is the Workforce Investment Act (WIA), which entails the major sources of federal funding for adult, dislocated workers, and youth job training programs. While decades of reform have attempted to streamline WIA with numerous other federal employment and training programs (examples include: the Employment Services program, the Food Stamps Employment program, TANF funded programs, Trade Adjustment Assistance, Veterans programs, and the Targeted Jobs Tax Credits), there continues to be significant overlap and confusion which hampers the ability for participants to receive the services they need and deters employers from wanting to participate in meaningful ways. In addition, despite rigorous reporting requirements in many of these federal programs, they are rarely noted as being effective by policymakers, participants, or the business community.

As Congress reviews the Workforce Investment Act of 1998, there is an opportunity to fundamentally rethink and reshape our nation's federal job training and employment system. It is not enough to recast current WIA programs, but instead, there needs to be a broader framework in which all federal investment in training and employment must be coordinated and guided by the following principles:

1. Non-Duplicative and Flexible—Services must be targeted to the right individuals as well as effectively managed and coordinated from multiple sources.

2. Employer-Driven—Training must be relevant for jobs that exist today and for jobs anticipated for the future based on up-to-date and timely labor market information. The system must also constitute training of "real" skills.

3. Innovative and Market-Oriented—Training services provided should be forward-looking and offered in a fully competitive environment allowing individuals to have maximum choice among eligible training providers. In addition, efforts should be made to support innovative initiatives to expand the availability of training.

4. Accountable and Data-Driven—The system should be accountable to participants, the business community, and local agencies for outcomes, not process. There also needs to be better data to enhance decision-making.

5. Customer Focused – The system should provide greater transparency to ensure a better customer experience. Job seekers must have the ability to navigate the system and identify eligible training providers that are achieving high job placement rates because they are meeting current employer needs.

Below are proposed recommendations for WIA reauthorization which reflect the principles of the U.S. Chamber of Commerce.

I. STRENGTHENING GOVERNANCE AND INFRASTRUCTURE

- Role of States: States should continue to play a key role in the establishment of local workforce investment areas, labor market information, and oversight of eligible training providers. States should play a greater role in offering effective coordination of programs and strengthening data-systems that provide more relative and timely information. States should also promote regional collaboration through labor markets and industry clusters to better align with market needs.

- Workforce Investment Boards: Workforce Investment Boards (WIBs) should continue to be led by the business sector; however the current structure of the boards has led to unwieldy and ineffective meetings. The intent of the law was to ensure that business representation is driving the decision-making process. Unfortunately on many boards, the 51% business majority is theoretical with many meetings having few business attendees. Therefore, to ensure business engagement occurs at each meeting, we recommend that a quorum of business people must be present. In addition, the composition of these boards should be modified to reduce the number of federally mandated partners while still ensuring the voices of all stakeholders are heard. These business-majority boards should provide general oversight of the local system including oversight of the One-Stop Career Centers and provide a forum for coordination among various agencies and organizations.

- One-Stop Career Centers: The current concept of One-Stop Career Centers should be maintained, although as described in greater detail

below, their functions should be limited to assisting participants identify employment and training needs and referring participants to appropriate services. In addition, changes should be made to further coordinate programs and funding among all federal employment and training providers.

II. ROLE OF ONE-STOP CAREER CENTERS

Nearly 2.5 million individuals were served under the WIA system in 2006 (the most recent year in which national figures are available). A vast majority of these individuals access these services (including self-services) through local One-Stop Career Centers. As such, these centers have become the recognizable entry point into receiving employment and job training services, and should continue to serve that purpose.

Too often One-Stop Career Center partners duplicate efforts and services. There should be an effort to better coordinate progress under the One-Stop structure to maximize efficiency of services. Specifically, Local Workforce Investment Areas should receive dedicated funding to carry out very specific activities, including:

- Employment Plans: Managing a vast majority of job search assistance should be carried out by the existing system, including: initial assessments, determining eligibility, and where appropriate, assisting in the development of individual employment plans which would help guide the needs of those seeking a job.

- Service Referral: Based upon these plans, individuals should be referred to appropriate services which would be accessed through One-Stop partners. In particular, all job search assistance (including interacting with businesses regarding job openings) should be carried out exclusively through the existing Employment Services agency. Currently, this function is carried out through multiple agencies with funding from numerous federal programs. In addition, One-Stop Career Centers should be responsible for referring (or in some cases providing) other intensive services such as communication and interviewing skills.

- Education and Remediation: In cases where an individual's employment plan determines a need for basic education services, the One-Stop should refer individuals to local partners with the capacity to provide such services,

including literacy skill development, Adult Basic Education, and Limited English Proficiency essential to effective performance in the workplace.

III. INNOVATION IN THE DELIVERY OF TRAINING

Despite nearly 2.5 million individuals participating in WIA programs annually, very few actually receive training. In 2006, only 109,528 Adult Program Participants received training and only 77,160 Dislocated Worker Participants received training. This reflects a significant decrease in the proportion of WIA funds that support training. Under WIA's predecessor, the Job Training Partnership Act, 75% of participants were enrolled in training. By 2000, only roughly half of participants were in training, and today just 20% of exiting participants are enrolled in training (not including those receiving self-services). While the outcomes for job placement are better for individuals receiving training, over one in five of those who receive training are not employed three months after completing such training.

In short, the new system must focus more attention and funding on training. Given the limited amount of funding, training must be maximized to ensure a far greater percentage of those who are being trained are training for jobs that actually exist.

- Increasing Funds for Training: Prior to WIA, under the Job Training Partnership Act, there were statutory requirements around a minimum percentage of funds required to be used for training. However, this led to complexity and confusion on what constituted "training" and "training-related" services. While the current flexibility under WIA actually allows for significantly more funds to be used for training, WIA requires that individuals first seek employment, which has resulted in far fewer participants receiving training. With rising unemployment, the amount of funding for training may increase in the short-term as individuals are unable to find jobs. However, efforts should be made to implement other strategies over the course of the next reauthorization that expands the availability of training. For example, consideration should be given to promoting pilot programs which enable WIBs to carry out innovative training programs, including participants' use of training certificates to fund in-demand skills training, as well as other initiatives.

- Providing Flexibility: The employment and training system should provide flexibility to ensure that individuals are given relevant job skills for occupations that exist today. Individuals should have a choice in the system where they are seeking training, such as through institutions of higher education including career colleges, community colleges, and other postsecondary education and training providers, provided that eligible programs can demonstrate training for in-demand jobs. In addition, increased flexibility should be provided for incumbent worker training either to individuals or employers based on career ladder progression or retention.

IV. ENHANCING THE DELIVERY OF YOUTH SERVICES

The youth councils under WIA should make recommendations to the WIB regarding youth policy, funding, and contracting instead of focusing on compliance issues. These councils should serve as the liaison with the education community and each state should have competitive funding to support innovative programs for out-of-school youth that reinforce the development of literacy skills, academic achievement skill development, and in-school efforts to prevent dropouts. In addition, changes should be made to further coordinate federal programs, funding, and requirements among all agencies.

V. ACCOUNTABILITY

Performance of the current employment and training system should be relevant and produce credibility to policymakers and the business community. These outcomes should measure the effectiveness of the system in meeting both the employment needs of individuals as well as the workforce needs of employers. In addition, performance outcomes for youth should focus on workforce readiness indicators, including: placement in employment and education, attainment of a degree or certificate, and literacy or numeracy gains.

An enhanced data-system should provide better insight and decision-making at local, state, and federal levels as to the type of training being provided by sector, the relative amount of training being provided by type of provider, and it should also be better aligned with other accountability systems at the secondary and postsecondary levels.