

**WASHINGTON STATE  
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD  
MEETING NO. 146  
MARCH 15, 2010**

**WORKFORCE INVESTMENT ACT REAUTHORIZATION**

Staff of the United States Senate Committee on Health, Labor, Education, and Pensions (HELP) are working on a bill to reauthorize the Workforce Investment Act. Scott Cheney, Staff Director for the Senate HELP Committee will join the Board, via teleconference, at the March meeting in order to share the latest developments.

Included in this tab is the State's position on reauthorization developed by the Board and most recently reviewed during the 2009 Board retreat.

**Board Action Required.** None. For discussion purposes only.

## **WORKFORCE INVESTMENT ACT REAUTHORIZATION WASHINGTON STATE RECOMMENDATIONS**

America should be world-renowned for its unmatched capacity to adapt to changing economic demand for skilled workers. We should be the nation that brings new skills online faster and better than the rest of the world and that enables all segments of our diverse population to take part in this success.

Congress should redesign the next workforce development system that succeeds the current Workforce Investment Act (WIA) with enhanced flexibility to meet employer and job seeker needs, and Congress should provide the resources required to meet these needs. The redesigned system should build upon the best features of WIA, such as the creation of one-stop career centers, and should continue the focus on serving low-income populations and dislocated workers, while at the same time facilitate a greater connection with employers and economic development.

With these objectives in mind, the state and local partners in Washington state's workforce development system offer the following consensus comments regarding the reauthorization of WIA or the creation of a new act on workforce development.

### **Strategic Planning for Workforce and Economic Development**

The role of state and local private-sector led boards in establishing strategic plans for the workforce development system should be enhanced by including a greater focus on the connections between workforce and economic development. State and local strategic plans should include a thorough analysis of the key sectors driving economic growth and how workforce development can assist in this growth. The operational plans and services of the workforce development system should be designed with this strategic context in mind. To perform this strategic role well, resources should be provided for this function. Currently, WIA does not explicitly provide local boards with resources for strategic planning.

### **A Mandate for Employer Services**

Employers, along with individuals, should be viewed as customers of the Workforce Development System. The Workforce System should meet employers' workforce needs and expectations to promote economic growth and an increasing standard of living for individuals. The new act should explicitly authorize services to employers. Examples of employer services include: the formation of industry-education partnerships (variously known as industry skill panels and regional skill alliances) that identify and address skill shortages in particular sectors of the economy, the provision of customized incumbent worker training, and the establishment of new registered apprenticeship programs. To provide effective employer services will require that sufficient resources accompany the authorized services.

## **Low-Income Populations and Career Pathways**

The redesigned act should maintain a focus on serving low-income populations and dislocated workers. Employers report a critical shortage of qualified job applicants for many jobs that pay a good wage but do not require a baccalaureate degree. The act should enable low-income populations and dislocated workers to fill these positions. When unemployed individuals are placed into positions that do not enable them and their families to be self-sufficient, there should be an explicit career pathway including the requisite follow-up and training services that enable the individuals to move up into family-wage jobs. This will require a greater emphasis on follow-up services and life-long learning than is evidenced in WIA.

## **Address Youth Unemployment**

Unemployment among older youth and younger adults is a continuing problem. Youth, approximately 16 to 24 years of age, are nearly twice as likely to be unemployed as other workers. The unemployment rate is even higher among youth from a racial and ethnic minority and youth with a disability. In order to address this problem, Congress should reestablish a summer youth employment program, such as existed prior to WIA. There should also be greater flexibility in the services provided to the population that straddles the youth/adult divide in WIA. For instance, the new Act should allow youth who are eligible for free or reduced school lunches to automatically meet the income requirements for eligibility. Also, local flexibility to define out of school youth would allow local boards to count youth who have dropped out of school but are attending an alternative program, such as those frequently provided by community-based organizations.

## **Support the One-Stop Career Center System**

A positive feature of WIA was the establishment of a one-stop career center system whereby job seekers and employers could have access to services from at least 12 workforce development programs. Under the new act, support for the one-stop system should be extended and financial resources should be explicitly provided, without draining those resources away from direct program services provided by WIA or other partner programs. Under WIA, one-stop has largely been an unfunded mandate supported by taking from WIA Title I-B and WIA Title III (Wagner-Peyser) direct service. Local boards must assign the funding of a one-stop infrastructure to the WIA funding streams based upon program services provided. This creates needless administrative hurdles. The one-stop innovation should receive line item funding to support its ongoing infrastructure costs such as rent, related facility costs, and management information systems.

## **Flexibility for Training and other Services**

To prepare low-income populations and dislocated workers for a rapidly changing economy, the workforce development system, particularly at the local level, should have increased flexibility to respond to changing needs and conditions. We recommend at least three changes from WIA to make this happen.

First, when it is clear that an individual needs intensive or training services to obtain suitable employment they should be able to receive those services right away. There should be no rigid sequence of services by which an individual participant must first attempt to obtain suitable employment before they can receive the more intensive or training services they need.

Second, local boards should have the authority to contract for training when there is insufficient capacity in regular programs. Many of the programs that are in greatest demand in the labor market—for example, health care programs—are full and have waiting lists of students wanting to get in. An individual with an Individual Training Account Voucher may not be able to enter the program of study because classes may be full or otherwise unavailable. In such cases, the act should clearly authorize the use of contracts to expand training capacity.

Third, to respond quickly to industry needs, some of the local funds should be available in the form of a more flexible pot of money similar in design and scope to the Governor's 10 percent set aside. This will enable a local board to allocate resources as needed, for example, to carry out an industry-education partnership's plans to address skill shortages in particular occupations.

### **Simple Yet Meaningful Performance Accountability**

The new act should have a small number of performance measures of participant employment, earnings, and skill attainment that can be applied consistently across workforce development programs. Such measures have been proposed by the National Governors Association and the National Association of State Workforce Agencies based upon the measures developed by Washington and other states as part of the Integrated Performance Information project.

The new act should require a method by which performance targets are adjusted for changes in participant characteristics and economic conditions. Currently, there is no such mechanism. As a consequence, states can report and be rewarded incentive dollars for higher numbers that are due to a change in participant characteristics and/or economic conditions, rather than improved service to customers. There should not be performance targets that lead providers to serve fewer people with barriers to employment or training.

The new act should require a very limited number of basic and simple measures for reporting core services and employer services. Over 90 percent of individuals receiving services through the one-stop system receive core services only (such as labor market information). The extent of participation is often too minimal to reasonably draw a connection with outcomes of employment, earnings, or skill attainment. Yet, it is important to capture data on core services in order to communicate the performance of the one-stop system. Similarly, WIA currently does not include measures by which to report service to employers, yet this is an important part of communicating the performance of workforce development services.

Finally, the new act should include a consumer report system of training program results. This was an important innovation included in WIA. Unfortunately, section 122 of WIA contained so many contradictory provisions that most states found it impossible to implement. The new act should authorize a simple but important system for reporting training program outcomes as measured by student employment, earnings, and skill attainment.

## **Private Sector Governance**

The new act should grant states and local areas the flexibility to have board memberships that meet their needs, while still requiring a private sector majority and input from all appropriate stakeholders.

WIA membership requirements for newly created state or local boards result in boards that have over 40 members. Instead of creating a new board, states and local areas may choose to use a qualifying entity that was in existence on December 31, 1997.

Many find that the membership required for new boards is too large. The size makes it likely that at any given meeting the private sector members will be outnumbered by members representing the public sector and vendors, defeating the intent of WIA to have a private sector driven system. In addition, less populous workforce development areas have a difficult time recruiting a sufficient number of private sector representatives to fulfill the membership required for a new local board.

The ability to use a pre-existing state or local board is essential, and Washington has taken advantage of this option for the state board to maintain its equal tri-partite membership of business, labor, and government. The option to use a pre-existing board, however, should include the ability to make some changes in the membership structure. Otherwise, the composition is forever frozen in place. This rigidity prevents boards from evolving to meet changing economic or social conditions or changes in state or local government structures. While Washington remains committed to our tri-partite partnership, we would like the option to expand membership if we so choose in the future.

## **Invest in Workforce Development**

The major U.S. Department of Labor program for workforce development should be adequately funded. Nationally, funding for WIA has declined since PY 2000 from \$3,539,990,000 to \$3,276,602,000. This is a decline of 7.4 percent, not accounting for inflation, and over 20 percent considering inflation. Since its peak in the late 1970s federal funding for workforce development has fallen nearly 70 percent in nominal terms. The U.S. Department of Labor's effort to disregard obligations when reporting expenditures has further undermined funding for workforce development, as has the diversion of H(1)B visa fees to other purposes. The effect on states and local areas is made even worse by extreme fluctuations in formula-driven dollars. Formula funds for Washington's local workforce development areas have varied between \$49 million and \$90 million in the past seven years. Without sufficient and dependable resources, the act will not fulfill its purpose. Congress should accompany the new act with appropriations that match the critical importance of workforce development for the nation's economy and our standard of living.