

## WORKFORCE INVESTMENT ACT (WIA) NASWA PRINCIPLES

### PROGRAM ISSUES

#### 1. ALLOW STATES MAXIMUM FLEXIBILITY

In general, in order for states to adopt policies and procedures to meet specific state needs, states need the maximum flexibility possible in all aspects in the administration of the Workforce Investment Act. For example: (1) States need more flexibility to move funds to the most effective programs; and (2) States should have the flexibility to redesignate local areas within the state based on need and efficiencies.

#### BACKGROUND:

- Every state is very unique in its needs, structure, service design and demographics. In order to make workforce services meet the distinct needs of each state, it is imperative the Workforce Investment Act (WIA) legislation allow as much flexibility as possible for states to adjust services and systems to meet the state's needs. NASWA encourages maximum state flexibility be considered throughout the WIA legislation, wherever possible.
- Governors and state leaders, working with local leaders, are developing innovative workforce systems to better respond to job seekers' needs, reduce fragmentation, promote accountability, and better engage business. However, states will be unable to achieve the true vision of WIA one-stops without additional state funding flexibility and transferability. Such flexibility is critical to enhance states' ability to help local leaders improve services and strengthen partnerships, and to target resources to state and local needs.
- Although there are many aspects of maximum state flexibility, for this Principle we provided two examples. Example number 1: State Workforce Agencies (SWAs) and local one-stop career centers should be allowed to transfer or consolidate Workforce Investment Act (WIA) funds among programs (Adult, Dislocated Worker, and Youth), as well as WIA Title II and III funds, as state and local conditions warrant. For background information, please refer to principle number 6 on page 6.
- Example number 2: States should have the flexibility to redesignate local areas within the state based on need and efficiencies: Governors, working with local elected officials, should have the flexibility to designate workforce regions that align with economic regions or other within state regions. Options should be made available for designation of the entire state as a Workforce Area when funds are too limited to support the functions required. There are a number of current local areas which receive limited funding WIA funding, yet must still maintain a local board and all of the administrative costs associated with maintaining a local area and board. Also, some counties, cities or other jurisdictions have multiple local workforce areas; states should be allowed to redesignate these areas to meet efficiencies. Designation and re-designation processes should be transparent but flexible enough to respond to changing economic and labor market dynamics.

## 2. ELIMINATE SEQUENCE OF SERVICES

The legislative requirement to provide WIA-funded services sequentially should be eliminated. The order of services to individuals should be provided at the discretion of one-stop career centers.

### **BACKGROUND:**

- When WIA was enacted in 1998, it replaced the Job Training Partnership Act (JTPA) with three new programs—**Adult, Dislocated Worker, and Youth**— allowing for a broader range of services to the general public, no longer using income to determine eligibility for all program services.
- These new programs provided for three tiers, or levels, of service for adults and dislocated workers: core, intensive, and training.
  - **Core services** include basic services such as job searches and labor market information.
  - **Intensive services** include activities such as comprehensive assessment and case management, as well as classes in literacy, conflict resolution, work skills, and those leading to a high school diploma or equivalent—activities that require greater staff involvement.
  - **Training services** include activities such as occupational skills or on-the-job training.
- These “tiers” of WIA-funded services are to be provided sequentially. That is, in order to receive intensive services, job seekers must first demonstrate that core services alone will not lead to getting a job that will provide self-sufficiency. Similarly, to receive training services, a job seeker must show that core and intensive services will not lead to such a job.
- Indeed, the WIA Act states that **Intensive Services** are available to Adults and Dislocated Workers who are unemployed and unable to obtain employment through core services and **Training Services** are available to individuals who meet the requirement for Intensive Services and are unable to obtain or retain employment through Intensive services alone.
- Although there is often dispute regarding the interpretation of the WIA language regarding the requirement for providing services sequentially, the disputes only highlight the need to address the issue in WIA legislation.
- This so-called “**sequence of services**” impedes the delivery of necessary services at the earliest possible time and should be eliminated to ensure that job seekers and states have the flexibility to expand access to training services quickly, effectively and at a lower cost.

### **3. YOUTH PROGRAMS**

- a. Extend the eligibility for services under the WIA Youth program to 24 year old youth.**

#### **BACKGROUND**

- The American Recovery and Reinvestment Act (ARRA) extended the age eligibility for services under the WIA Youth program up to 24 year old youth. This eligibility change allowed many individuals who otherwise would not qualify to obtain needed services. NASWA encourages extending the age eligibility for the WIA Youth program in WIA legislation.

- b. Provide Weighted Performance Measures for WIA Youth program.**

#### **BACKGROUND:**

- In order to encourage emphasis to serve Out-of-School youth with WIA Youth funds, it is recommended the reauthorization of the WIA include weighted performance measures to provide more weight for serving Out-of-School Youth. Extra weight should be provided for youth with barriers, such as youth involved in the juvenile justice system, youth with disabilities, youth coming out of foster care, and other such barriers which requires more in-depth services.

- c. Provide funding sufficient for Stand-alone Summer Youth Program in 2010 and beyond.**

#### **BACKGROUND:**

- Although current WIA legislation allows for summer youth programs, it is in the context of a year-around program. Current – and projected – funding levels for the WIA Youth program is insufficient to allow many youth to receive summer youth services under the year-around program. In the current WIA Youth program, a state or local area can include a summer youth component as part of a year-round youth program. But, funding prohibits much use of the summer Youth program component.
- ARRA Summer Youth program has proven to be highly successful in providing a large number of low-income at-risk youth the opportunity to gain work skills and income when they would otherwise lack the opportunity. A separate summer youth program should be continued for 2010 and beyond because the year-round program lacks the investment for a sizeable summer youth program. The 2009 summer youth program, made possible through ARRA funds, was successful in attracting positive attention for WIA and has allowed development of significant new partnerships that promise new opportunities for leveraging funds and helping youth to identify career and education options.

## **FINANCIAL ISSUES**

### **4. Clarify Language Regarding Outlays and Obligations**

The current measurement of a state's outlays and obligations needs to be reformed because it does not provide an accurate current status for the utilization of appropriated funds.

#### **BACKGROUND:**

- To assess available state funds, USDOL only takes into account expenditures/outlays and does not consider the role of obligations in the current program structure. For example, when a local board contracts with institutions of higher learning, such a commitment is usually 12 months or longer, but USDOL will only consider these funds as an expenditure/outlay once payment is actually made; thus these "obligations" are not reflected as actual "spending" by USDOL.
- As a result, USDOL's estimate of expenditure rates suggests that states are not spending their funds as quickly as they actually are. For example, a number of states have used all formula funding and ARRA funding for Dislocated Workers, regardless of whether it is an obligation or outlay and have requested supplemental funding through National Emergency Grants. Yet, USDOL reports indicate these same states are not using their ARRA funds.
- Even USDOL's Office of the Inspector General has noted that obligations provide a more meaningful measure for assessing states' WIA funding status if obligations accurately reflect legally committed funds and are consistently reported. The issue was highlighted when Congress approved a \$250 million rescission proposed by USDOL to rescind so-called "unspent funds" as part of the "Consolidated Appropriations Act, 2008" on December 26, 2007. Under the rescission, states had to "give back," funds that were already "obligated" to ongoing workforce and training services.
- A NASWA survey showed that most states had to divert 2008 funding to cover "obligated" funding from 2006 and 2007. As a result many states were forced to close offices, lay off staff, reduce services and terminate individuals' training plans.
- The WIA reauthorization legislation should provide clear definitions and guidance for financial reporting, especially for obligations.

## **5. Use of Discretionary Funds and Grant Authority**

WIA should ensure that all discretionary funds “set aside” by the Secretary of Labor are used to improve the workforce development system. While these funds should be coordinated with funds from education, economic development and other systems at the state or local level, they should not be diverted to programs outside the scope of WIA. Discretionary grants and contracts should be awarded on a competitive basis, except for National Emergency Grants and needs-based distributions.

### **BACKGROUND:**

- Why is this an issue? From 2001 through 2007, USDOL awarded 349 grants totaling almost \$900 million on three employment and training grant initiatives:
  - High Growth Job Training Initiative (High Growth) beginning in 2001;
  - Community Based Job Training Initiative (Community Based) beginning in 2005; and
  - Workforce Innovation in Regional Economic Development (WIRED) initiative beginning in 2006.
- The grants were intended to identify the workforce and training needs of growing, high demand industries; engaging workforce, industry, and educational partners to develop innovative solutions to workforce challenges, such as worker shortages; leveraging a wide array of resources to fund the solutions; and integrating workforce and economic development to transform regional economies by creating good jobs.
- However, despite the money invested and emphasis placed on these initiatives, USDOL, according to a Government Accountability Office (GAO) report did not fully integrate them into its **strategic plan** or ETA’s **research plan** from the start.
- In two reports issued by the USDOL, Office of the Inspector General in 2007 and 2008, the USDOL's High Growth Job Training Initiative (HGJTI) used a non-competitive awarding process and was not able to properly assess these programs’ impact because the USDOL did not develop performance goals and collect comparable data. The report concluded that almost 90 percent of the High Growth grant funds were awarded without competition. During the period from July 1, 2001 through March 31, 2007, the Employment and Training Administration (ETA) awarded 157 HGJTI grants totaling \$271 million. Of this amount, ETA accepted unsolicited proposals and awarded 133 grants totaling \$235 million (87 percent) through non-competitive procurement methods.
- The purpose of WIA, as outlined in Section 106 of the statute “... *is to provide workforce investment activities through statewide and local workforce investment systems, 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.*”

- The USOL’s method of awarding grants to entities outside the normal structure of the workforce system, including many awarded non-competitively, resulted in difficulty measuring the performance of the workforce system. It also diminishes the ability to measure how WIA funds were used to “... *improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the Nation.*”
- It is imperative all WIA grants, including grants from the Secretary’s discretionary funds – whether competitive or not – be aligned with the state workforce agency and the one-stop career center system. The state workforce system should be part of the grant, or at the very minimum be consulted during the application process and be aligned with the system. The USDOL grant process should require a sign off from the state workforce system.

## **6. Transfer of WIA Funds**

States and local areas should be allowed to transfer or consolidate Workforce Investment Act (WIA) funds among programs (Adult, Dislocated Worker, and Youth), as well as WIA Title II and III funds, as state and local conditions warrant.

### **BACKGROUND:**

- Dramatic shifts in the economy have underscored the need to allow for flexibility to consolidate or shift funding among WIA programs at the state level to meet rapidly changing needs. Governors should be allowed to consolidate one or more Adult, Youth and Dislocated Worker programs under Title I, Adult Education programs under Title II and employment service programs under Title III to design systems that best respond to the needs of workers and employers in the state. States would ensure a process that engages the public and ensures transparency before making such shifts.
- WIA provides that, with the approval of the Governor, Local Workforce Investment Boards may transfer only 20 percent of a program year's allocation for adult employment and training activities and only 20 percent of a program year's allocation for dislocated worker employment and training activities between the two programs. This has proven inadequate to meet the changing needs of states as some thirty (30) states seek a waiver from this requirement on an annual basis.
- Waivers have been granted to transfer funds up to 100 percent of a program year's allocation between the adult and dislocated worker funding streams. States have needed these waivers to ensure the flexibility necessary to respond to the critical workforce needs of customers to better prepare them for the challenges inherent in responding to the recession and improve the ability to design programs and provide targeted assistance in response to customer needs.
- The number of waiver requests, the explicit rationale for need for waivers, and the past approval of such waivers indicate the need to change the language in legislation. Also, currently waivers are at the discretion of the Administration in office at the time of the waiver request; there is no guarantee current waivers will be extended.

## **7. Confusing Performance and Financial Reporting Reflects the Need for Common Measures**

The lack of common definitions for WIA performance and financial reports reinforces the program silos, undermining the integration envisioned by the drafters of the WIA. Congress is encouraged to support the NGA/NASWA Common Measures Proposal, which streamlines the complex system of nearly 100 varying and incomparable performance measures into four critical measures focused on customer outcomes, including short-term and long-term employment rates, earnings, and credential completion.

### **BACKGROUND:**

- The Federal government has a reasonable expectation that its grantees will provide reliable and valid data that allows for accountability and transparency. However, the data validation system for WIA is extremely demanding, particularly on small states, due to the complexity of the process and the unusually high sample sizes. Efforts should be made to streamline the system to require validation only of essential, required data elements and limit sample sizes to 10 percent or less, though smaller sample sizes will include a larger margin of error.
- **Performance Reporting:** In order to receive their full funding allocation, states must demonstrate the effectiveness of its three WIA programs by tracking and reporting a variety of performance measures. These performance measures gauge program results in the areas of job placement and retention, earnings change, skill attainment and customer satisfaction. WIA requires states to use Unemployment Insurance (UI) wage records to gather this information about WIA participants. States are held accountable by USDOL for their performance in these areas and may suffer financial sanctions if they fail to meet their expected performance standards. WIA did not establish any comprehensive measures to assess the overall performance of the one-stop system.
- **Financial Reporting:** Financial reporting delays result from lengthy spending approval and contract procurement procedures—lasting as long as 8 months—and untimely service provider billing. Also, yearly funding fluctuations affect states' and local areas' willingness to commit resources in the long term and inhibit workforce system planning. Some states and localities have implemented strategies to overcome these factors and better manage their WIA spending. In completing their financial status reports, states are required to follow Labor's guidance that identifies and defines the data elements to be reported.
- **The performance measurement system is flawed**—according to a Government Accountability Office (GAO) Report -- the need to meet certain performance measures may be causing one-stops to deny services to some clients who may most need them; there is no measure that assesses overall one-stop performance; and the outcome data are outdated by the time they are available and are not useful in day-to-day program management. Officials in five states told the GAO that local areas are not registering many WIA participants, largely because local staff members are reluctant to provide WIA funded services to job seekers who may be less likely to find employment or experience earnings increases when they are placed in a job.
- There are no measures to gauge the performance of the one-stop system as a whole. At least 17 programs provide services through the one stop system and most have

their own performance measures (see chart below). Although these performance measures may be used for assessing outcomes for individual programs, they cannot be used to measure the success of the overall system.

- For example, no program has a measure to track job seekers who use only self-service or informational activities offered through the one-stop, which may constitute a large proportion of job seekers. Not knowing how many job seekers use the one-stop's services limits the one-stop's ability to assess its impact. Furthermore, state and local officials told the GAO having multiple performance measures has impeded coordination among programs.
- In response, the Office of Management and Budget (OMB) began an initiative in 2005, requiring states to implement a common set of performance measures for its employment and training programs, including WIA. These measures include an (1) entered employment rate, (2) an employment retention rate, and (3) an average earnings rate. While, the move to standardize these common measures helps provide a more complete picture of WIA services, numerous problems have been identified, which led NASWA and NGA to develop a new initiative of common measures to increase system-wide accountability and transparency, while significantly decreasing administrative costs and inefficiencies.
- States and local areas are required to report on the Common Measures, yet are also required to report on the 17 measurements required by WIA (except in a few states allowed to report only on the Common Measures through a pilot). This results in an overly burdensome level of performance reporting.

**Quick View of 17 WIA Measures:**

<b>ADULT PROGRAM</b>	<b>DISLOCATED WORKER PROGRAM</b>	<b>YOUTH PROGRAM OLDER YOUTH (AGED 19-21)</b>	<b>YOUNGER YOUTH (AGED 14-18)</b>	<b>ACROSS FUNDING STREAMS</b>
1. Entry into unsubsidized employment;	5. Entry into unsubsidized employment;	9. Entry into unsubsidized employment;	13. Attainment of basic skills and, as appropriate, work readiness or occupational skills;	16. Customer satisfaction for participants
2. Retention in unsubsidized employment six months after entry into the employment;	6. Retention in unsubsidized employment six months after entry into the employment;	10. Retention in unsubsidized employment six months after entry into the employment;	14. Attainment of secondary school diplomas and their recognized equivalents	17. Customer satisfaction for employers
3. Earnings received in unsubsidized employment six months after entry into the employment; and	7. Earnings received in unsubsidized employment six months after entry into the employment relative to earnings of job of dislocation	11. Earnings received in unsubsidized employment six months after entry into the employment;	15. Placement and retention in postsecondary education, advanced training, military service, employment, or qualified apprenticeships.	
4. Attainment of a recognized credential relating to achievement of educational skills, which may include attainment of a secondary school diploma or its recognized equivalent, or occupational skills, by participants who enter unsubsidized employment.	8. Attainment of a recognized credential relating to achievement of educational skills, which may include attainment of a secondary school diploma or its recognized equivalent, or occupational skills, by participants who enter unsubsidized employment.	12. Attainment of a recognized credential relating to achievement of educational skills, which may include attainment of a secondary school diploma or its recognized equivalent, or occupational skills, by participants who enter unsubsidized employment or who enter postsecondary education, advanced training or unsubsidized employment.		

## 8. Dislocated Worker Formula

The formula for the Dislocated Worker program is especially problematic because it causes funding volatility unrelated to a state's recent layoff activity. A “holdharmless” or “stop-loss” provision would stabilize the funding provisions to limit changes in funding to a certain percent of each state's prior year allocation.

### **BACKGROUND:**

- Funding for the Dislocated Worker Program suffers from excessive and unwarranted volatility—significantly more volatile, as much as three times more, than funding for either the Youth or Adult program. While some degree of change in funding is to be expected due to changing dislocations in the workforce, changes in funding do not necessarily correspond to these changes. For example, changes in the numbers of workers affected by mass layoffs from year to year—one measure of dislocation activity—ran counter to changes in Dislocated Worker allocations in several states the General Accounting Office (GAO) examined during past studies. In New York, for example, dislocations due to mass layoffs increased by 138 percent in 2001, but funding allocations that year decreased by 26 percent. Conversely, in 1999, New York’s dislocations decreased by 34 percent, while funding allocations actually increased by 24 percent.
- The formula for the Dislocated Worker program is especially problematic because it causes funding volatility unrelated to a state’s actual layoff activity. Several aspects of the Dislocated Worker formula contribute to funding volatility and to the seeming lack of consistency between dislocation and funding. For example, the excess unemployment factor has a threshold effect—states may or may not qualify for the one-third of funds allocated under this factor in a given year, based on whether or not they meet the threshold condition of having statewide unemployment of at least 4.5 percent. This volatility could be mitigated by “hold harmless” and “stop gain” provisions that limit changes in funding to within a particular range of each state’s prior year allocation, as the formula for the WIA Adult formula does.
- As indicated, a hold harmless provision could lessen change from one year to the next for the Dislocated Worker program, but it does not eliminate concerns regarding the funding to be more responsive to a state’s change in need for those funds. It is recommended further analysis be conducted to determine a more accurate and fair allocation of Dislocated Worker funds.

## **9. Designate Specific Infrastructure Funding for the One-Stop Career System**

In order to establish one-stop centers as inclusive as possible of all relevant programs and services, infrastructure costs should be defined and should receive separate funding.

### **BACKGROUND:**

- Although ETA programs served 33.7 million customers during Program Year 2008, mostly through the one-stop career center system, they have been hobbled by sharp reductions in funding. For the past decade-plus, program funds have steadily diminished. This decrease in program funds results in a decrease amount of funding available to support the infrastructure of the one-stop career center system. As a result, many workers fail to get the help they need from system because of insufficient resources—help that would substantially reduce their adjustment costs. Note that states currently have significantly more resources due to Recovery Act funding, but this is short-term.
- WIA has provided no separate funding source to support one-stop infrastructure. No funds are provided to assist in developing equitable cost sharing agreements with one-stop partners or potential partners. Many of WIA’s mandatory partners have identified resource constraints as a major factor in their ability to participate in the one-stops.
- **WIA’s Adult and Dislocated Worker programs** and, across most sites, **Employment Service**, were the only partners consistently making monetary contributions to pay for the one-stop’s operational costs. Other mandatory partners tended to make in-kind contributions—for example, in some sites the Carl D. Perkins Vocational Education program and the Adult Education and Literacy partners provided computer or GED training.
- In many cases, limited program funding has made it difficult to assign additional personnel to the one-stop system or to devote resources to developing electronic linkages with the one-stop system. Mandatory partners have told GAO that limited funding was a primary reason that, even when they co-located staff at the one-stop, they did so on a limited basis. As a result, mandatory partners have had to employ a wide range of methods to provide the required support for the operation of the one-stops.
- Mandatory partners also noted that restrictions on the use of their funds can serve as another constraint affecting their ability to contribute resources to the one-stops. Some programs have caps on administrative spending that affect their ability to contribute to the support of the one stop’s operations. For example, WIA’s Adult and Dislocated Worker programs have a 10 percent administrative cap for local areas that supports the one-stops’ operation, administrative responsibilities, and board staff at the local level. States have a 5 percent administrative cap. In addition, regulations often prohibit states from using federal program funds for acquisition of real property or for construction. This means partners, such as operators of the Carl D. Perkins Vocational Education program, cannot provide funds to buy or refurbish a one-stop building or site.
- Funding for the one stop system should be clarified, with fair and reasonable contributions among partners established at the federal level to avoid inequities in system funding. Alternatively, funding in the WIA or through a separate line item

that reflects expectations and considers population, workforce and other needs could be established to ensure adequate funding for this critical service.

- Consideration should be given to place the one-stop center system in a separate title within WIA; this separate title would include support for the infrastructure of the one-stop center system. Rationale for a separate title would be to separate the one-stop center system from the programs and services in the current Title I of WIA.
- If WIA continues to list mandatory partners for the one-stop center system, enabling legislation for those partners' programs should require contribution to the one-stop center system to assist in covering infrastructure costs for one-stop centers. The contributions from the mandatory partner programs should not be construed to be from "program services," but from administrative costs.
- States still need to have the flexibility to contribute additional funds from specific programs to support the one-stop center system as needed.
- Indeed, the one stop system should continue to be the access point for information and services needed to support work and education needs of students, job seekers and business. Trained staff offering career guidance and information must be valued by the system and supported by robust computer information systems. The system should also provide access to financial assistance, including financial aid for education, support services and unemployment insurance for those seeking work or preparation for work.

## **10. Provide a Stronger Role for Reemployment Services**

Providing reemployment funds to help states deploy reemployment initiatives to the nation's unemployed, especially those collecting unemployment insurance, should be a high priority.

### **BACKGROUND:**

- Providing reemployment funds to help states deploy reemployment initiatives to the nation's unemployed, especially those collecting unemployment insurance (UI), should be a high priority for Congress and USDOL.
- An investment of \$500 million for reemployment service grants would assist 1.4 million unemployment insurance claimants get back to work. These grants provide job search tools, early intervention services, career guidance, job referrals, and training for UI claimants who currently do not receive these services. Because the average weekly benefit of unemployment compensation is approximately \$300, investing in reemployment services alone could save the UI system about \$840 million in benefit outlays by decreasing the duration of these UI claimants by about two weeks.
- The implicit reasoning is if \$500 million is spent on reemployment services at a cost of \$357 per claimant, this helps 1.4 million claimants. If their duration is reduced by two weeks, which the evidence supports, at \$300 per week in benefits the system saves \$840 million in UI benefit outlays ( $1,400,000 \times 2 \times 300 = 840,000,000$ ). This is a net savings of \$340 million to the trust fund.
- Many studies have found that attention to reemployment needs of UI claimants result in shorter claims duration for beneficiaries. For example:
  - In Washington State, staff-assisted placement services reduced UI claimants' duration of unemployment by 7.7 weeks; (Westat 2000);
  - Staff-assisted job matching reduces unemployment by 3-6 weeks, which is more than enough to pay for the low-cost services in terms of reduced UI outlays and increased earnings (Lou Jacobson, CNA Corporation, February 28, 2006); and
  - The most recent report, completed in December 2006, but not released by USDOL until 2008, concluded that a Wisconsin demonstration project succeeded in increasing the collaboration between the state's UI and Job Service agencies through both its data sharing component and its implementation of expanded reemployment services for unemployment insurance claimants.

# **GENERAL ISSUES**

## **11. Eligible Training Provider**

Allow governors to establish criteria relating to eligibility of providers of training services for WIA funds after consulting with state workforce investment boards. The current requirements for establishing eligible training provider lists are too onerous. In 2008, 37 states received waivers on the time limit\* for the period of initial eligibility for training providers.

### **BACKGROUND:**

- Many training providers consider the current process for certifying their eligibility to be overly burdensome, resulting in reduced training options for job seekers as providers have declined to serve WIA-funded clients.
- Training options for job seekers may be diminishing rather than improving, as training providers reduce the number of course offerings they make available to WIA job seekers. The data collection burden resulting from participation in WIA can be significant and may discourage training providers from participating.
- For example, the requirement that training providers collect outcome data on all students in a class may mean calling hundreds of students to obtain placement and wage information, even if there is only one WIA-funded student in that class. Even if they used other methods that may be less resource-intensive, training providers said privacy restrictions might limit their ability to collect or report student outcome data.
- Training providers also highlighted the burden associated with the lack of consistency between the states use for WIA and for other mandatory partners. For example, the definition a state establishes for “program completer” for students enrolled in WIA can be different from the definition a state establishes for students enrolled in Education’s Carl D. Perkins Vocational Education Program.

## **12. Manage the Size of State Workforce Investment Boards and Local Workforce Investment Boards**

Authorize governors to determine the size and composition of the business led state workforce investment boards (SWIBs) and eliminate the current onerous list of required board membership for both the state and local workforce investment boards.

### **BACKGROUND:**

- Governors and state workforce agencies are concerned that the federally-mandated large state and local board sizes are draining the workforce system of resources that would be better spent helping job seekers. The burgeoning size of boards – local boards can number as many as 70 or 80 individuals – should be managed and streamlined to eliminate excessive administrative costs. In addition to costs, boards of this size are too large to provide effective and meaningful oversight of the workforce system.
- **Local Boards:** Provide governors with the flexibility to voluntarily transition from local to regional workforce boards to better serve job seekers with specific employment needs. The territory of these new regional boards would be established by state boards and local boards; the composition of the regional boards would be set and negotiated by current local boards. However, the governor would have the option to add additional members to the regional boards or local boards if it is deemed necessary. Also, prohibit local boards from establishing even more government funded bureaucracy through the creation of “councils for one-stop partners” to advise the local board; if such councils are viewed as necessary, such activities must be paid for with local funds only; and
- **Grandfather Clause:** The grandfather clause may be maintained for state and local boards, but such latitude should be at the governor’s discretion. This check-and-balance on the grandfather clause will ensure that boards are aligned with economic interests, administrative costs are minimized, and that states that prefer the current design of their boards will not be required to waste time, energy, and limited financial resources to create new boards; and
- **State and Local Boards:** The business majority for state and local boards should be maintained to help ensure business engagement in the WIA system. Governors should determine the composition of their boards. WIA should not federally direct mandatory, required, or minimum partners for state and local boards.

### **13. Designate the Wagner-Peyser program as the Backbone of the Workforce System**

The Wagner-Peyser Act employment services played a key role in economic recovery from the Great Depression of the 1930's to the Great Recession of 2008-2010 but the lack of funding has hobbled its effectiveness.

#### **BACKGROUND:**

- The discretionary funding for Wagner-Peyser Act employment services state grants has remained relatively constant (in nominal dollars) over the past two decades. With stagnant funding and inflation since 1984, real funding has declined by 49 percent. Employment services provided through the Wagner-Peyser Act are available to all workers—those with jobs looking for better career opportunities, those who have lost their jobs and are seeking reemployment, and those seeking employment for the first time.
- The U.S. Employment Service was established 75 years ago by the Wagner-Peyser Act in response to massive unemployment during the Great Depression, and has evolved as the foundation of the workforce system. The Employment Service (ES) started as an agency to refer unemployed to extensive public works programs established under the New Deal. It has evolved over the years to meet changing economic and labor market challenges facing the nation.
- The ES is closely linked with Workforce Investment Act programs and the Unemployment Insurance system, while still preserving its independence as a separate authorization and distinct funding source. The Workforce Investment Act (WIA) of 1998 required ES to be a full partner in state one-stop delivery systems. By federal regulation there must be at least one comprehensive one-stop career center in every Workforce Investment area.
- In addition to interacting with other safety net programs in one-stop centers, the ES has a special role with the Unemployment Insurance (UI) system, through job finding and placement services for beneficiaries and in conducting work-test assessments of UI recipients. In addition to administering the UI work test, the ES is the lead agency for the UI program of Worker Profiling and Reemployment Services (WPRS) by providing required reemployment services in three-quarters of all states and cooperating in WPRS service delivery in all other states.
- It is clear that the ES must be delivered as a seamless service within an array of one-stop services, since job search assistance and access to labor market information is crucial to finding a job, which is the ultimate goal of the public workforce system. Often, ES is the job finding choice for those least able to afford more expensive job-finding providers or those who have special needs.

#### **14. State Oversight of the One-Stop Career Center System**

States should continue to have an oversight role of the One-Stop Career Center System.

##### **BACKGROUND:**

- WIA requires the governor to develop a state plan, including continuous improvement plan of a statewide system of activities that are funded under WIA and carried out through a one-stop delivery system.
- Under WIA, the state plan requires a description of state-imposed requirements for the statewide workforce investment system, a description of state performance accountability system developed for the workforce investment activities to be carried out through the statewide workforce system, a designation of the procedures that will be taken by the state to assess coordination of and avoid duplication of required programs, and other requirements related to the states workforce system.
- Because state plans are submitted by governors and states are accountable for results, it is important to maintain at least as much state oversight of WIA as is included in current law.
- States need to be able to easily access local board financial records, including costs to operate one-stop centers. States are ultimately responsible for the percentage of funds spent for administrative costs (overhead) compared with the amount of funds spent for services. This information helps states oversee the system better by making sure the most funds are being spent on services while maintaining administrative integrity. The ability to easily access local board financial records varies among states. The state has ultimate responsibility for the success of its workforce system, and must be able to determine if the local areas are expending fund efficiently and that sufficient funds are being allotted for program services.