

Workforce Development and Job Training: The Federal System We Have Now

Prior to 2014, the core of the federally supported workforce development system was the Department of Labor administered Workforce Investment Act (WIA), which authorized a nationwide system of state and local/regional workforce planning boards and three job training block grants that they administered. WIA also supported important national grant programs for youth, farmworkers, people with disabilities, Native Americans, and reintegrating offenders, among others.

The federal workforce development system established under WIA persisted for over 15 years virtually unchanged because the law was never reauthorized. Fortunately, the 113th Congress in 2014, on a bipartisan basis, was able to pass a reauthorized workforce development law, the **Workforce Innovation and Opportunity Act (WIOA)**, which made many important changes to a system that was in many ways outdated and inefficient.



The important changes made by WIOA include:

- 1) Pay for performance provisions in Local workforce funding streams and Governor's Reserve :** WIOA created permanent authority for Pay for Performance as an eligible use of Governor's Reserve funds (up to 15 percent of total state WIOA allocations) for statewide workforce activities as well as up to 10 percent of the Adult, Dislocated Worker and Youth formula funding streams available to local workforce boards.
- 2) Disconnected youth/out-of-school youth reallocation:** WIOA directs more resources towards programs that support disconnected/opportunity youth (out-of-school, not employed or in vocational training) by requiring 75 percent of all youth funding be directed to support this population.



- 3) **Focus on transitional jobs:** Up to 10 percent of WIOA Adult and Dislocated Worker funds can be used for transitional jobs (time-limited subsidized work experiences) for individuals who are chronically unemployed and have barriers to employment.
- 4) **Eliminates the ‘sequence of services’, merges ‘core and intensive activities’ into a combined ‘career services’, and focuses on career pathways approaches:** This change through WIOA enables local boards and providers to develop holistic strategies that can train workers and job seekers for in demand careers rather than simply providing them job search, summer work experience, or other limited assistance.
- 5) **Opens up strategies for incumbent workers and on-the-job training trainees, better incentivizes employers, and permits flexible, non-voucher approaches to adult training:** Prior to WIOA, low skilled and other incumbent workers were not eligible for assistance and on-the-job training for eligible trainees was limited. WIOA increases the ability to use on-the-job training, incumbent working training, and customized training through increased reimbursement rates and allowable use of local funds.
- 6) **Utilization of prior learning assessments:** Under WIOA, the use of prior learning assessments was authorized for students, workers, and job seekers to demonstrate mastery of specific skills through assessment.
- 7) **Combined state plans:** WIOA provides authority for workforce systems to develop a combined state plan that includes core workforce programs as well as one or more additional programs with a workforce component such as Career and Technical Education, Supplemental Nutrition Assistance Program Employment and Training, Community Development Block Grant, Community Services Block Grant, and Temporary Assistance for Needy Families. This authority will allow states to develop and implement workforce strategies that address the social, educational, and economic needs of those in their communities.

Above and Beyond WIOA

Though WIOA serves as the official authorizing law for the federal workforce development system, only about a fifth of the more than \$60 billion annually that finds its way into workforce development programs and credentialing is authorized by WIOA and directly administered by the federal workforce development system. In fact, investments by other agencies, particularly the Department of Education, make up the larger share, and employer investments make up a significant share of total spending on workforce development (for example, employer investments under Section 127 of the federal Internal Revenue Code helps underwrite an average of \$1,849 in career education and training for approximately one million workers each year).

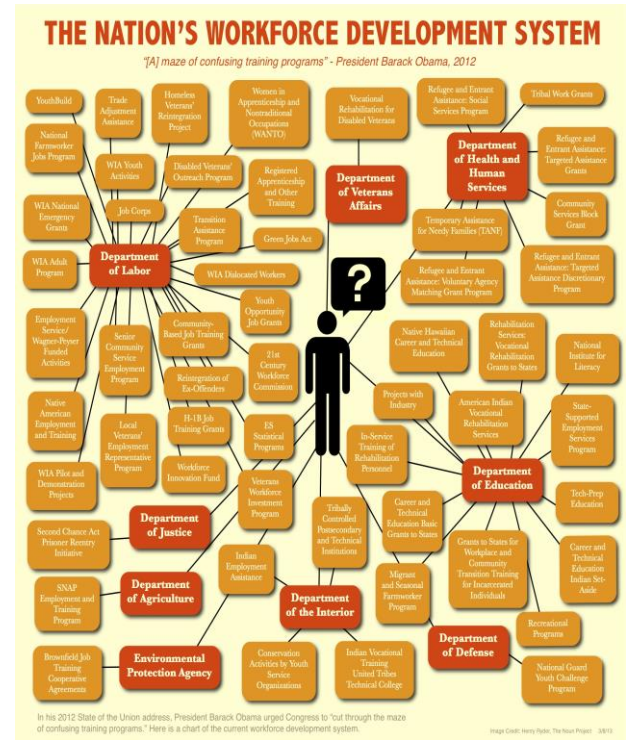
Approximately \$50 billion is from federal post-secondary grant and loan dollars that arrive at the local level each year by following students eligible for such Higher Education Act grants and loans into accredited and certified post-secondary programs of career training, mostly intended to enable students

to obtain workforce credentials. A Congressional report suggests that for-profit institutions alone receive more than \$30 billion per year in the Department’s grant and loan dollars, mostly for workforce-related career education curricula, with community colleges and non-profit vocational and technical schools together receiving a similar amount of federal grant and loan dollars for workforce-related career education curricula.¹ These estimates do not take into account an additional estimated \$5 billion received by these three types of institutions for workforce-related career education curricula from veterans, active military, and military families federal student loan programs.

For the most part, there is little coordination between the career training choices such students make with these federal student grant and loan dollars and the local/regional/state planning done by the federal workforce system to deliver the precise and valued skills, credentials, and skills upgrades desired by area employers. And the limited intersection of these two broad categories of federal workforce development resources (workforce development grant programs for state and local entities and career education dollars following student trainees) is, quite often, simply incidental to the dual eligibility of students for such assistance.

WIOA is also paralleled by a variety of other federal training grants to state and local governments for Temporary Assistance for Needy Families (TANF) recipients, Food Stamp recipients, individuals with disabilities, adult education and literacy, educating secondary students for technical careers, and other purposes. The WIOA and other federal training programs total approximately \$10 billion per year specifically allocated to workforce training (even though the total funding for such programs exceeds that amount). These federal programs tend to operate locally in separate silos absent significant and persistent efforts by state and local providers to overcome federal stipulations to integrate or coordinate these resources.

Image Source: Henry Ryder, The Noun Project, 2013



Inputs over Innovation and Impact

Federal workforce development programs such as the WIOA Adult and Dislocated Worker and Youth funding streams, the Job Corps, non-cash TANF, the Senior Community Services Employment Program, the Supplemental Nutrition Assistant Program (SNAP) job training program, and others are required to be highly focused on compliance and inputs (who should be served; what services they should receive; when, where, how and from whom they should receive them; what services are time-limited or



prohibited; and etc.), which inhibits innovation to achieve higher levels of results and often does not adequately serve those who were eligible in the first place. Other funding streams (including higher education) are flexible but offer no accountability either for services provided or outcomes achieved. Because outcomes (and even inputs) are not well-linked to accountability in most workforce funding streams and because they suffer from poor data quality, it is often difficult to tell which streams are most productive. Many providers are unable to keep up with technological advances that would enable them to deliver services more efficiently or manage data that would enable providers to track the impact of their programs. As a result of these many factors, those programs that are successful are not assured of receiving additional resources while weak ones may continue to receive funding.

In addition, workforce development programs that have documented strong positive outcomes have not been rewarded with increased funding and, as a result, are able to serve only a fraction of those individuals who need services or apply for opportunities. For example, despite documented track records exceeding targeted outcomes for disadvantaged and hard to serve populations, federal workforce programs such as YouthBuild and the National Farmworker Jobs Program continue to receive static appropriations right alongside less successful workforce programs. In addition, prior to the authorization of WIOA, many proven nonprofit program models like Year Up, STRIVE, CET, and others received little or no support from federal workforce development programs because they did not fit narrow program definitions or they invest significant per participant resources through their holistic, intensive, longer-term program designs to help achieve extraordinary levels of success.

Furthermore, workforce development systems are too often poorly coordinated with training programs sponsored by employers and with other federal programs that play important roles in workforce development (such as national service and veterans' programs). And although many of the hardest to serve individuals benefit from "bridge building" opportunities (work-based learning that offers training in a work environment rich with supports) – too few of these positions exist.

At America Forward, our goal is to help build a system of community and human development supports that goes beyond workforce preparation to encompass education, service, and leadership development and that better integrates the development of our economy and the needs of our employers with the preparation of our workforce. And our success tells us that it is possible to forge a pathway from poverty to economic prosperity. But it will take hard work, investment in effective efforts currently underway, and continued reform where change is still needed.

¹ http://www.help.senate.gov/imo/media/for_profit_report/PartI.pdf