



Recommendations for Reauthorization of the Workforce Investment Act

Introduction

The Chicago Jobs Council (CJC) is a coalition of community-based training organizations, advocacy groups, businesses, and individuals that works to ensure access to employment and career advancement opportunities for people living in poverty. Since 1981, CJC's membership has grown to include over 100 organizations and individuals who—through collaboration, advocacy, applied research, and capacity building—work together to influence policies and programs that help people obtain employment and advance in the labor market. CJC brings the experiences of poor and working poor families to bear on workforce development policies.

Within Chicago and across Illinois CJC has been at the forefront of influencing how the workforce, public benefits, and education systems intersect to prepare disadvantaged populations¹ to enter and be successful in employment. CJC has strong collaborative relationships with local and state level administrators, and our input is sought when new local and state policies are in development. CJC has been engaged in Workforce Investment Act (WIA) related advocacy since the legislation was authorized in 1998, working to ensure that the WIA system is responsive to the needs of disadvantaged job-seekers.

The following recommendations for WIA reauthorization represent the collective input of workforce development providers and advocates in Chicago and across Illinois.² They were also informed by national workforce development experts.³ Our intent is that these recommendations will: 1) inform WIA reauthorization discussions among local and state administrators and 2) inform members of the Illinois Congressional delegation as they deliberate WIA reauthorization.

Background and Statement of Need

Shifts in the economy since WIA's inception have tested its ability to respond to workforce needs in a dynamic labor market. At first employers struggled to fill vacancies in the strong economy of the late 1990s and many trained unskilled job candidates on the job. But, WIA was never structured to meet the long-term employment needs of disadvantaged job-seekers, and presented challenges from the beginning. Authorized two years after welfare reform, WIA shared the new welfare program's focus on rapid job placement. "Work first" models deemphasized training; employment—any employment—became the priority.

The WIA system has not proven effective at helping disadvantaged job-seekers access education or training. The following weaknesses in the WIA system have emerged:

- Federal mandates to serve "universally" through the WIA system did not include resources to make such service feasible. WIA funding decreased over the years and serves fewer job-seekers than it once did. WIA adult funding declined from \$950 million in 2002 to \$859 million in 2008 (9.5%). Dislocated worker funding decreased from \$1.5 billion in 2002 to \$1.2 billion in 2008 (23.6%). Youth funding declined from \$1.1 billion in 2002 to \$850 million in 2008 (24.7%).
- Overall, the WIA system is not funded at the scale necessary to serve the number of low-skill, low-income individuals who need employment services. For example, in 2008, Chicago's WIA system served only about 1.4 percent (7,600) of the approximately 550,000 Chicagoans who live below the federal poverty line.⁴ Although not all individuals living in poverty may be in need of workforce development services, many of them likely are and the WIA system is not equipped to serve them.
- Structural disincentives in WIA—including stringent performance measures; emphasis on placing participants in employment as quickly as possible; and lack of connection to other service systems—makes it very difficult for disadvantaged job-seekers to access the services they need to enter the labor market.
- Weak connections to the human services (TANF) and adult education (WIA Title II) systems limit the opportunity to design workforce strategies for low-skilled individuals.

In recent years, researchers and practitioners have assembled a growing body of evidence about various program models that work well for disadvantaged populations. It is important to note that many program strategies have been developed outside the WIA system because WIA policies, funding, and infrastructure are too rigid. A more flexible WIA system would allow innovative models to expand and serve increased numbers of job-seekers.

- **Transitional jobs** programs combine job readiness, subsidized employment, unsubsidized employment and support services. Research has found that program participants are more likely to get and keep a job, increase

wages over time, and rely less on public benefits.⁵ Research also indicates that re-incarceration rates decrease for groups involved in a transitional jobs program.⁶

- **Bridge programs** contextualize basic education and occupational instruction and have been successful at increasing the education and wage levels among participants. In Chicago, the *Carerras en Salud* program (a partnership between Instituto del Progreso Latino, Association House, Humboldt Park Vocational Education Center, and National Council of la Raza) helped 136 bilingual students attain their Licensed Practical Nursing degree in the past four years—doubling graduates’ salaries to an average of \$40,000 per year.⁷
- There is widespread evidence of the effectiveness of **industry-specific training programs** designed in conjunction with employers. An evaluation of Illinois’ Job Training and Economic Development program (which provides industry-specific training to low income job-seekers and incumbent workers) shows that program participants increase their earnings by nearly \$2,500 per year (nearly 40%) compared to demographically similar non-participants.⁸

It is time to reform our workforce system. Given the alarming numbers of people in poverty who struggle to get employment and advance in the labor market, WIA reauthorization presents an opportunity to create a system that is the primary source of employment services for disadvantaged job-seekers, as well as a connection to the support systems that they need. Moreover, the system must respond to employers’ increasing demand for skilled workers and build on program models that are proven to be effective. The following recommendations provide a framework for developing a system that both responds to employers’ needs and serves the most disadvantaged job-seekers.

Recommendations

System structure and infrastructure

Current challenges

- The current dual customer system is not well-structured to meet employer needs while also serving the most disadvantaged job-seekers. In fact, some individuals are so poorly served by WIA that providers seek alternate funding in order to provide workforce development services to disadvantaged job-seekers. Finding this funding has become challenging as other resources, particularly foundation grants, are shrinking. As the main funding source for the public workforce system, WIA should be the primary employment service system for hard-to-serve populations and link those individuals to other support service systems. This is the only way that the WIA system can serve job-seekers and provide employers with qualified job candidates.
- There are challenges in WIA’s service delivery structure. The one-stop model and universal access mandate, while laudable, are unrealistic. Not all job-seekers can successfully use the same point of entry. Instead, the WIA system should allow a flexible service delivery structure so that job-seekers can readily access a range of services at a one-stop center, a workforce development organization, or another service provider. Chicago has been able to maintain a relatively successful affiliate system of community-based organizations with expertise in serving disadvantaged populations, but performance measures still encourage selective recruitment among affiliates and one-stops. Making performance measures more realistic for affiliates and the system as a whole would enhance the services provided.
- Regardless of where a job-seeker enters the system, there needs to be adequate funding for the first tier of services they receive. WIA must also adequately invest in the retention services that are critical to a newly employed person’s ability to remain employed. Currently, the system under-invests in universal and retention services, requiring providers to either find additional funding or spread their resources very thin.
- The sequence of services requirement that mandates all individuals to use services in a prescribed order, rather than receiving only the services they need, is inefficient.

Recommendations

- 1) Prioritize both the needs of job-seekers and employers through the WIA system, but restructure the system to be able to serve the most disadvantaged job-seekers;
- 2) Ensure multiple points of entry, as well as linkages to appropriate services regardless of the entry point;
- 3) Adequately fund a range of core and post-employment retention services; and
- 4) Eliminate the sequence of service requirement.

Cross-system and access to service coordination

Current challenges

- Lack of appropriate “on-ramps” for disadvantaged job-seekers to get into the WIA system is one reason WIA is ineffective with hard-to-serve populations. Not all job-seekers are immediately ready for the types of services currently provided through WIA. A WIA system based on providing a continuum of services and multiple entry

points for low-skilled individuals would allow the myriad workforce needs of disadvantaged job-seekers to be considered. Emphasis on the importance of serving individuals with multiple barriers to employment must be structured into the federal legislation and required at the state and local levels.

- The WIA, labor information exchange, economic development, human services, adult education, and higher education systems must be better coordinated. The WIA system does not currently coordinate well with related systems that could bolster its effectiveness with disadvantaged job-seekers. If each system's role were clearly defined, and designed to cultivate collaboration, end users would be better off. Expanding program models that require cross-system coordination is one way to foster integration.
- A particular challenge is lack of coordination across the WIA Title I (workforce development) and Title II (adult education) systems. Better articulation between these two systems would greatly strengthen services to a range of job-seekers.
- There are no adequate mechanisms to foster collaboration among federal administering agencies or local administrators and implementers. Different approaches to encourage this collaboration will be appropriate depending on national, state, and local context.

Recommendations

- 1) Expand the use of sector-based strategies, which bring together training providers and industry-specific employers, as a way to foster coordination between the workforce development and economic development systems;
- 2) Formalize coordination between the WIA Title I and WIA Title II systems so that the adult education system is an entry point to workforce development services;
- 3) Expand resources for transitional jobs programs to spur improved collaboration with human services systems and improve access to workforce development services for hard to serve populations;
- 4) Expand bridge programming to foster collaboration between adult education (including ESL and remedial education) and higher education, to provide an entry point for low-skilled individuals, and to link low-skilled individuals with occupational training and career pathways; and
- 5) Adopt more appropriate performance measures as innovative program models are incorporated into the WIA system.

Training

Current challenges

- High quality training has proven effective, but there are not sufficient mechanisms for determining the quality of training providers. If training is a priority expenditure when there are limited resources, providers of WIA core and intensive services need good information about program quality in order to assist individuals to make decisions.
- Programs that do not meet industry standards are not a good investment of job-seeker time or public resources (especially since job-seekers only have one chance to use training funds). Industry standards developed by employers must inform training curricula in order to know whether sector-focused initiatives in high-demand industries are successful in meeting both job-seeker and employer needs.
- Inadequate connection between providers of core and intensive services and those who provide training services leads to problematic outcomes: 1) training providers focus on program completion, and have no incentive to provide job placement assistance; 2) low-skilled job-seekers rarely receive training because providers consider them too risky; and 3) because little accountability is built in, the quality of some training is questionable.
- Lack of funding for income support and support services while an individual is in training makes it difficult for low-income individuals to persist in training because they cannot support themselves during the program.

Recommendations

- 1) Formalize sector-based strategies into WIA and prioritize initiatives that serve disadvantaged job-seekers;
- 2) Ensure that curricula in sector-based training programs are informed by industry experts;
- 3) Develop rigorous requirements for certifying training providers and require the publication of up-to-date information about training providers;
- 4) Require training providers to collaborate with the core and intensive services providers to ensure a successful job placement upon training completion; and
- 5) Provide dedicated funding for support services and income supports (such as paid work experiences, stipends, and needs related payments) for individuals in training programs.

Performance measures and administrative barriers

Current challenges

- Existing performance measures create disincentives for providers to serve the most disadvantaged job-seekers. Rather than prioritizing services for those who need it most, providers are forced to enroll participants who are likely to help them meet their performance benchmarks.
- The current performance measures focus heavily on immediate employment, rather than skill or credential attainment, which undermines meeting employer skill needs.
- The administrative burden placed on job-seekers to supply the necessary eligibility documents often prohibits WIA registration, including current requirements that are difficult for some job-seekers to document (i.e. youth with parents who lack documentation, those who fear losing public benefits when disclosing income).
- Providers spend an inordinate amount of administrative time ensuring all documentation is accounted for in case of an audit.
- The interpretation of eligibility requirements varies across local areas leading to uneven implementation of requirements.

Recommendations

- 1) Develop less absolute performance measures (i.e. focus on wage *change* rather than wage *amount*);
- 2) Create performance measures that look at additional outcomes for job-seekers (i.e. attaining additional skills and credentials or achieving self sufficiency);
- 3) Weight performance measures that so that providers who serve disadvantaged populations can achieve lower outcomes and still meet their benchmarks;
- 4) Allow categorical eligibility for specific groups of job-seekers (i.e. those already deemed eligible for free/reduced price lunch, TANF, public housing, etc. are automatically eligible for WIA with no additional documentation required); and
- 5) Create a more transparent process for determining eligibility so it is not subject to the discretion of each local workforce area.

Conclusion

Now more than ever we must make sure that individuals left behind by our traditional education, workforce development and economic development systems have access to the services they need to enter the labor market and advance into self-sustaining jobs. Our current WIA system must be reexamined and modified in response to what is now a much more challenging economic environment. A new federal administration with new leadership at the US Department of Labor provides an important opportunity for the reauthorization of WIA that accounts for the weaknesses and successes that have emerged over the past decade. Given the current state of the economy, the increasing numbers of unemployed individuals, and the lack of basic skills in our adult workforce, it is imperative that we have a workforce development system that is equipped to respond to the challenges at hand. Implementing the recommendations outlined above will begin to ensure that our public workforce development resources are directed to the most critical areas and are used effectively by those most in need of them.

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¹ For the purposes of this paper, the terms “disadvantaged job-seeker,” “disadvantaged population,” and “most in need” refer to the following groups of individuals (among others): ex-offenders, out-of-school youth, people who are homeless, people with limited English language skills, veterans, victims of domestic violence, and public housing residents.

² Organizations include: Albany Park Community Center (Chicago), Careers, Etc. (Rockford), Central States Ser (Chicago), Employment and Employer Services (Chicago), Harborquest (Chicago), Heartland Alliance (Chicago), Helping Hands of Springfield (Springfield), HESED House (Aurora), Inspiration Corporation (Chicago), Instituto del Progreso Latino (Chicago), Jewish Vocational Services (Chicago), Jobs for Youth (Chicago), Lincoln Land Community College (Springfield), Quad County Urban League (Aurora), Rockford Area Economic Development Council (Rockford), Safer Foundation (Chicago), and West Suburban Jobs Council (DuPage County).

³ Organizations include: The Workforce Alliance, Center for Law and Social Policy, and National Transitional Jobs Network.

⁴ Poverty Trends in Chicago, Illinois. Fact sheet at: www.heartlandalliance.org/research/data/chicagocity07.pdf.

⁵ EnSearch, Inc (2004). *Comparison study: An evaluation that compares outcomes for a multi-state Transitional Jobs program with random samples of participants in the Minnesota Family Investment Program (MN's TANF Program)*. St. Paul, MN: Lifetrack Resources.

⁶ National Transitional Jobs Network (2009). *Priorities for the New Presidential Administration to Reduce Poverty through Transitional Jobs Programs*.

⁷ Information at: www.idpl.org/idpl_carreras_en_salud.html.

⁸ Schrock, G. and Jenkins, D. (2006). *An Evaluation of Illinois' JTED Program*. Chicago, IL: Chicago Jobs Council.