

*A CJC Policy Paper*

**Improving Our Response to Workforce Needs:  
Recommendations for Reauthorization of the  
Workforce Investment Act of 1998 (WIA)**

February 2003

## Acknowledgments

At the heart of our recommendations for WIA reauthorization are the first hand experiences of service providers and their customers who are participating in the one stop system in Chicago. Since WIA was first enacted in 1998, the Chicago Jobs Council (CJC)'s monthly Workforce Development Group, made up of workforce development practitioners and advocates, have actively engaged in efforts to monitor and shape local and state implementation of the law. Through contractual arrangements with the City of Chicago and participation on committees of the Chicago and Illinois Workforce Boards, these service providers and advocates have become experts in what's working and what's not at the local level. We thank all of CJC's Workforce Development Group participants for informing this paper and especially want to acknowledge the WIA Reauthorization Subcommittee for their hard work to prioritize and fine-tune the recommendations contained within:

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## Improving Our Response to Workforce Needs: Recommendations for Reauthorization of the Workforce Investment Act (WIA)

### Executive Summary

The Chicago Jobs Council (CJC) supports the concept of a system where job seekers of all skill levels and incomes as well as employers of all sizes and industry types can get the workforce development assistance they need. Developing public institutions that are free of categorical eligibility requirements and are alternatively driven by assessment of need is a long-term vision we promote. However, in the first couple of years of Workforce Investment Act (WIA) implementation, we have seen how the nation's most needy job seekers were negatively affected by the mandate that local areas create "universal access" without the necessary resources or capacity to do so. The lack of unified planning by federal and state agencies, the existence of misaligned program requirements and performance measures, entrenchment of state agencies, and significant budget crises at the state level have put WIA's universal access goal out of reach. Rather than supporting effective strategies that help job seekers with the fewest skills access career path employment and supporting needs of employers for qualified workers, time and funds have instead been poured into developing the infrastructure for local one stop systems that often do not meet their needs.

Through reauthorization, we urge our congressional leaders to refocus WIA to achieve four primary goals:

- ✓ *Stable, quality employment for the chronically unemployed*
- ✓ *Job advancement for low-wage adult workers entering the labor market*
- ✓ *Skill attainment by low-income adults with limited education*
- ✓ *Access to work experience, literacy and English as a Second Language instruction, high school or General Equivalency Degree (GED) completion, and post secondary education for low-income youth*

Employers will benefit equally from this refocusing. As baby boomers begin retiring and the global economy continues to produce widening skills and wage gaps, the public workforce development system must address the large population with limited academic, technological and vocational skills. Despite a downward-turned economy, many employers in several sectors such as health care and manufacturing report job openings that have gone unfilled because of a dearth of qualified candidates.

#### **The Basics**

In order to provide a context for our recommendations, this paper summarizes the basics of WIA, lessons learned thus far from WIA implementation, and background on WIA Reauthorization.

## **Recommendations**

Refocusing the system on building the skills of the workforce and better meeting labor market needs will require the following changes through reauthorization of the law:

### **1. Increase access to, and investment in, job-connected skill-building opportunities for low-income individuals.**

During the first year of WIA implementation, local training providers and business associations throughout the country began expressing concern about the significant decrease in the number of people receiving training. Some of the cited reasons for the decrease included a “work first” implementation of WIA and limited federal funds being appropriated for infrastructure development rather than for training. Indeed, the only data available from the U.S. Department of Labor to date confirms the decrease in training accessed by one stop system customers. Approximately 50,000 adults received training in WIA Program Year 2000, compared to 150,000 adults annually in the final years of the federal Job Training and Partnership Act (JTPA). This drop off was true in Illinois as well. Under this recommendation, CJC offers nine concrete ways to increase access to and investment in job-connected, skill building opportunities, including investing in more promising practices such as sectoral-focused training and transitional jobs programs, eliminating WIA’s mandated sequential access to services, and separating vocational adult education funding from other types of needed literacy funding.

### **2. Measure and reward efforts that move low-income and other disadvantaged individuals toward stable employment and self-sufficiency.**

Because only the progress of WIA registrants is considered in the WIA Title I performance measures, local one stop centers and affiliates have a distinct incentive to register only those individuals who will help them achieve their performance goals. According to the General Accounting Office, many states feel their performance goals were set too high and reported that performance levels may be the driving factor in who gets served at the local level. Additionally, in its initial conception, WIA embraced the goal of self-sufficiency for low-wage workers but did not expand that goal for all individuals. Under this recommendation, CJC suggests three options for encouraging states and providers to increase registration of low-income and other disadvantaged populations, including using weighted performance measures and creating a new high performance state bonus. Additionally, this recommendation includes two suggestions for broadening the use of self-sufficiency standards.

### **3. Work with other federal agencies to align the goals and outcomes for the nation’s workforce development system.**

States found it difficult to develop and implement unified plans under WIA, despite the option in the law, because of the misaligned goals and requirements of federal agencies. Lack of unified planning has significant impact on customers of the system. Job seekers, especially those who are most disadvantaged, are often subjected to numerous eligibility

processes and convoluted communication from various providers before getting the workforce services they need to obtain their first entry-level job, switch to a better entry-level job, or advance in their careers. At best, the workforce service delivery system is difficult and confusing for even highly skilled job seekers to navigate and use. Some of the difficulty and confusion for job seekers results from public administration of funding, which places enormous operational strain on providers and results in inefficient program delivery strategies. Under this recommendation, CJC proposes six strategies for ensuring that federal departments are not working at cross-purposes or making coordination nearly impossible for states. Specific opportunities for coordination are cited, included with TANF, Unemployment Insurance, and Section 3 of the HUD Act.

**4. Increase investment in workforce development and create good jobs for low-income individuals.**

Federal budgets reflect continued divestment in workforce development programs that target low-income individuals. Between 1985 and 1999, overall funding for JTPA and WIA (excluding the summer youth program) decreased by 24%. According to The Workforce Alliance, this decreased funding was largely due to cuts to youth training, but adult training resources also experienced continuous decreases over the past decade: 49% of its value between 1985 and 2001. Last year, we saw Congress approve over \$100 million in rescissions to the WIA FY2001 budget and the Administration continues to propose cuts for the next fiscal year budget. At the same time, states are facing the biggest deficits since World War II. Unstable federal commitment to workforce development has a great impact on local areas' ability to address the growing skills gap currently having a negative impact on local business and residents. Under this recommendation, we make an argument for increased WIA appropriations and the need for federal investment in job creation strategies.

# WIA Basics

## What is WIA?

The Workforce Investment Act of 1998 (WIA) is federal legislation that significantly changed the federal government's approach to funding, overseeing, and providing workforce development services. The Act replaced its predecessor, the Job Training Partnership Act (JTPA), and brought together once separate laws governing job training, adult basic education, vocational rehabilitation and employment services (Wagner-Peyser).<sup>1</sup> Five goals are emphasized in the legislation:<sup>2</sup>

1. *Streamlining* Services through a One Stop service delivery system involving mandated sector partners;
2. Providing *universal access* to all job seekers, workers and employers;
3. Promoting *customer choice* through use of vouchers and consumer report cards on the performance of training providers;
4. Strengthening *accountability* by implementing stricter and longer-term performance measures; and
5. Promoting *leadership by the business* sector on state and local Workforce Investment Boards

## What are the Purposes of WIA?

The Workforce Investment Act of 1998 (WIA) is intended “to consolidate, coordinate, and improve employment, training, literacy, and vocational rehabilitation programs in the United States, and for other purposes.” The five titles cite individual purposes or include specific program amendments as well:

WIA Title I (Workforce Investment Systems): “to provide workforce investment activities that increase the employment, retention and earnings of participants, and increase occupational skill attainment by participants, which will improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the Nation's economy. These goals are achieved through the workforce investment system.”

WIA Title II (Adult Education and Family Literacy): “to create a partnership among the Federal Government, States, and localities to provide, on a voluntary basis, adult education and literacy services, in order to—(1) assist adults to become literate and obtain the knowledge and skills necessary for employment and self-sufficiency; (2) assist adults who are parents to obtain the educational skills necessary to become full partners in the

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<sup>1</sup> The law is available at <http://www.doleta.gov/regs/statutes/wialaw.pdf>. Final regulations are available at <http://www.doleta.gov/regs/statutes/finalrule.htm>.

<sup>2</sup> As summarized by Maria L. Buck, Public/Private Ventures: “Charting New Territory: Early Implementation of Workforce Investment Act,” January 2002, p. 3.

educational development of their children; and (3) assist adults in the completion of a secondary school education.”

WIA Title III (Workforce Investment Related Activities) includes amendments to the Employment Service program also known as Wagner Peysner and establishes the Twenty First Century Workforce Commission.

WIA Title IV (Vocational Rehabilitation): “to empower individuals with disabilities to maximize employment, economic self-sufficiency, independence, and inclusion and integration into society, through—(1) statewide workforce investment systems implemented in accordance with title I of WIA that include, as integral components, comprehensive and coordinated state-of-the-art programs of vocational rehabilitation; and (2) to ensure that the Federal Government plays a leadership role in promoting the employment of individuals with disabilities, especially individuals with significant disabilities, and in assisting States and providers of services in fulfilling aspirations of such individuals with disabilities for meaningful and gainful employment and independent living.”

WIA Title V (General Provisions) provides guidelines for incentive funding for states and describes the option for state’s to develop Unified Plans.

*Who Runs the WIA Program and How?*

Because WIA brought together several federal programs, there is no single administrative agency in charge of it. Instead, three federal agencies work with respective state partners to provide guidance and to monitor and track outcomes for the various titles of the Act. States, in turn, work with local workforce investment boards to administer funding to service delivery providers.

WIA Title	Federal Agency	State Agency	Local Agency
I (Rules and Funding for Adults, Dislocated Workers, and Youth)	US Department of Labor – Employment and Training Administration (ETA)	Illinois Department of Employment Security (IDES)	The State of Illinois is divided into 26 local workforce investment areas (LWIA). Title I Administrators are designated for each LWIA. Chicago’s is the Mayor’s Office of Workforce Development (MOWD)
II (Rules and Funding for Adult Education)	US Department of Education- Office of Vocational Education and Adult (OVAE)	Illinois Community College Board (ICCB)	Competitively-bid contracts
III (Rules and Funding for Employment Service)	US Department of Labor – Employment and Training Administration (ETA)	Illinois Department of Employment Security (IDES)	IDES local offices
IV (Rules and Funding for Vocational Rehabilitation)	US Department of Education- Rehabilitation Service Administration (RSA)	Office of Rehabilitation Services (ORS) - Illinois Department of Human Services	ORS local offices

By law, the boards have to be comprised of a business majority and must also have representatives from organized labor, all mandatory partner programs, other workforce development programs (community colleges, community based organizations), including youth programs. Additionally, WIA requires that each state and local workforce investment board develop five-year strategic plans for administration of each of these funding streams. Title V of WIA describes the option for state agencies to work together to submit a Unified Plan that articulates a vision for coordinating services offered by at least two mandatory partner programs.

### *Which Programs are Mandated Partners in the One Stop System?*

Mandated One Stop partners are described in the law as required to: 1) make available to participants, through a one stop delivery system, mandated program services, and 2) to participate in the operation of a one stop delivery system consistent with agreed upon terms outlined in Memoranda of Understanding. The mandated one stop system programs include:

- Adult, Dislocated Worker and Youth Activities under WIA Title I
- Unemployment Insurance/Employment Services
- Adult Education Activities
- Post secondary vocational education under the Carl D. Perkins Vocational and Applied Technology Education Act
- Welfare-to-Work
- Rehabilitation activities authorized under the Rehabilitation Act of 1973
- Senior Community Employment Services through Title V of the Older Americans Act
- NAFTA/Trade Adjustment Assistance
- Veteran Employment and Training Activities
- Community Services Block Grant-funded employment and training activities
- Department of Housing and Urban Development-administered employment and training activities

Additionally, state workforce investment boards have the option to mandate other program partners. For example, the Illinois Workforce Investment Board voted that TANF and Food Stamp employment and training programs become additional mandatory partners in the state's one stop delivery system.

### *How is WIA funded?*

The law authorizes appropriations for each Title of the Act from 1999 to 2003. Congress sets appropriations amounts annually, which are then allocated to states that have approved 5-year strategic plans based on a set formula. States then distribute the funding for each title to the appropriate state agency. Sub-state formulas exist for distribution of Title I adult, dislocated worker, and youth funding to locally designated workforce investment areas. These funds, along with funding from partner agencies, are governed by local workforce investment boards. Title II funds require a 25% nonfederal match by the state agency, which may be provided in cash or in kind, and in Illinois, are competitively bid to literacy providers statewide. Title III and Title IV funding in Illinois is apportioned to the local offices of the state agencies, IDES and ORS

respectively. If the state does not meet its negotiated levels of performance for WIA Title I for two years consecutively, the following year it will be penalized with a 5% reduction. Incentive funding is allotted to states that exceed their negotiated performance measures for Title I, Title II, and for the Carl D. Perkins Vocational and Applied Technology Act. Illinois was rewarded \$3 million in incentive funding.

How is WIA Performance Measured?

WIA Title I includes 17 measures to evaluate states’ performance in serving disadvantaged adults, dislocated workers, and youth (see below). Each state’s WIA Title I administrating agency negotiates performance goals with the U.S. Department of Labor. Annual achievement of those goals ensures continued funding. However, as described above, a state would have to fail two consecutive years to incur a financial penalty of 5%. The Illinois Department of Employment Security negotiates Illinois WIA Title I performance goals. To date, Illinois has met all 17 performance measures.

<b>Customer / Funding Stream</b>	<b>Performance Measure</b>
Adult	1. Entered employment rate
	2. Employment retention at 6 months
	3. Average earnings change in 6 months
	4. Credential attainment rate
Dislocated Worker	5. Entered employment rate
	6. Employment retention at 6 months
	7. Earnings replacement rate in 6 months
	8. Credential attainment rate
Older Youth (19-21)	9. Entered employment rate
	10. Employment retention rate at 6 months
	11. Average earnings change in 6 months
	12. Entered employment/education/training and credential rate
Younger Youth (age 14-18)	13. Skill attainment rate
	14. Diploma or equivalent attainment
	15. Placement and retention rate
Customer Satisfaction	16. Customer satisfaction for participants
	17. Customer satisfaction for employers

The Core Indicators of Performance for WIA Title II include:

1. Demonstrated improvements in literacy skills levels in reading, writing, and speaking English language, numeracy, problem solving, English language acquisition, and other literacy skills.
2. Placement in, retention in, or completion of, post secondary education, training, unsubsidized employment or career advancement.
3. Receipt of secondary school diploma or its recognized equivalent.

Adjustable levels of performance are negotiated with the US Department of Education for each state for 3 years. The Illinois Community College Board negotiates Title II levels of

performance for Illinois. States can also identify additional performance indicators. The only penalty for non-performance is disqualification from the state incentive bonus.

The Federal Performance Standards and Indicators from the Rehabilitation Services Administration for Title IV-funded programs are:

1. Change in total employment outcomes after an Individual Plan for Employment (IPE)
2. Percent of employment outcomes after services under an IPE
3. Percent of employment outcomes for all individuals that were competitively employed
4. Percent of competitive employment outcomes that were for individuals with significant disabilities
5. Ratio of average vocational rehabilitation wage to average state wage
6. Difference between self-support at application and closure
7. Number of primary indicators in standard 1 that were failed
8. Number of indicators in standard 1 that were failed
9. Minority service ratio

## Lessons Learned From WIA Implementation

While the law clearly requires states to overhaul their former workforce development systems, it allows considerable flexibility to states and local workforce development areas. Some states, including Illinois, had participated pre-WIA in piloting One Stop Centers and voucher-based training. Otherwise, the territory of building One Stop Systems, business-led workforce development boards, and consumer report cards was new. Although variation exists, two and a half years later we are beginning to identify some common themes from reports by state and local government as well as service providers regarding lessons learned.

✓ ***Fewer people have received skills training through the one stop system than did through programs authorized by the Job Training Partnership Act (JTPA).***

During the first year of WIA implementation, local training providers and business associations throughout the country began expressing concern about the significant decrease in the number of people receiving training.<sup>3</sup> Some of the cited reasons for the decrease included a “work first” implementation of WIA and limited federal funds being appropriated for infrastructure development rather than for training. Also, an early look at Individual Training Account policies revealed that many areas outlined restrictive eligibility standards and/or processes in their local WIA implementation plans.<sup>4</sup> Finally, a General Accounting Office (GAO) report requested by Senators Kennedy and Jeffords suggests that states’ difficulty with implementing new provider certification policies led to fewer training options for customers.<sup>5</sup> Indeed, the only data available from the U.S. Department of Labor to date confirms the decrease in training accessed by one stop system customers. Approximately 50,000 adults received training in WIA Program Year 2000, compared to 150,000 adults annually in the final years of JTPA. This drop off was true in Illinois as well. According to the 2002 Governor’s Report on Workforce Development, 5,203 disadvantaged Illinoisans received training in WIA Program Year 2001, compared to 12,113 served in the last year of JTPA.

✓ ***Continuing a long-term stretch of federal disinvestments in workforce development, funding for WIA Title I has been unstable and diminishing.***

Federal budgets reflect continued divestment in workforce development programs that target low-income individuals. Between 1985 and 1999, overall funding for JTPA and WIA (excluding the summer youth program) decreased by 24%. According to The Workforce Alliance, this decreased funding was largely due to cuts to youth training, but adult training resources also experienced continuous decreases over the past decade: 49% of its value between 1985 and 2001. Last year, we saw Congress approve over \$100 million in

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<sup>3</sup> Kathy Patrick and Andy Van Kleunen, The Workforce Alliance: “A Report From the Field: Workforce Stakeholders on the Local Impact of Federal Policies,” May 2001.

<sup>4</sup> Nisha Patel and Steve Savner, CLASP: “Implementation of Individual Training Account Policies Under the Workforce Investment Act: Early Information from Local Areas,” May 2002.

<sup>5</sup> U.S. General Accounting Office, “Workforce Investment Act: Better Guidance Needed to Address Concerns Over New Requirements,” (GAO-02-72), October 2001.

rescissions to the WIA FY2001 budget, then restore the rescission in a supplemental bill only then to eliminate it in the last phase of negotiations. We also watched Congress include education and training funding in many versions of economic stimulus legislation but the final bill included no additional funds. The President's proposed federal Workforce Investment Act (WIA) FY 2003 budget reduced funds from FY 2002 for dislocated workers by 10% (\$1.383 billion from \$1.549 billion) and for disadvantaged adults by 5% (\$900 million from \$950 million). Unstable federal commitment to workforce development has a great impact on local areas' ability to address the growing skills gap currently having a negative impact on local business and residents.

- ✓ ***Limited WIA dollars have been spread out to support universal access leaving fewer dollars available to assist disadvantaged job seekers.***

Because no incentive or mandate exists for partner organizations to contribute financially to the one stop system, they have only done so minimally. One GAO study on WIA articulates programmatic and financial concerns expressed by partner organizations, which have affected their level of participation in the system. Several partners articulated a fear that participation would necessitate a change in their standard service delivery methods resulting in a diminished quality of services. Additionally, several partners were concerned that full integration with the one stop system would mean having to serve a broader population than their program was intended to serve and would also mean further resource constraints.<sup>6</sup> Due to these reasons, WIA dollars—just over \$5 billion/year nationwide—have been the primary funding available to set up one stop centers and affiliate sites, design and launch the consumer reporting and performance management systems, staff the workforce investment boards and implement marketing strategies. The result has meant fewer dollars have been made available to specifically meet the needs of low-income and other disadvantaged populations.

- ✓ ***Performance requirements have produced a variety of problems including a disincentive to register people with multiple barriers to employment and difficulty tracking performance information because states' lack necessary web-based tracking infrastructures.***

Only the progress of WIA registrants is considered in the WIA Title I performance measures therefore local one stop centers and affiliates have a distinct incentive to only register individuals who will be successful and will help them achieve their performance goals. According to the General Accounting Office, many states feel their performance goals were set too high and reported that performance levels may be the driving factor in who gets served at the local level.<sup>7</sup> Those less likely to be registered might include people with limited literacy or education; limited work experience; criminal backgrounds; or unstable housing. Non-registered adults may receive basic or "core" services, but are not eligible for more intensive services such as career counseling or for vocational training. Non-registered youth are not eligible to receive any services under the WIA Youth Program, and a recent study has

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<sup>6</sup> U.S. General Accounting Office, "Workforce Investment Act: Better Guidance Needed to Address Concerns Over New Requirements," (GAO-02-72), October 2001.

<sup>7</sup> U.S. General Accounting Office, "Workforce Investment Act: Improvements Needed In Performance Measures to Provide a More Accurate Picture of WIA's Effectiveness," (GAO-02-275), February 2002.

revealed a strong reluctance among Chicago WIA Youth Program providers to register youth with multiple barriers to employment.<sup>8</sup> There has been immense difficulty in evaluating nationwide who has truly gotten served under WIA because no performance measure exists for core services.

The General Accounting Office February 2002 report also suggested that states are having trouble tracking WIA Title I performance due to a number of reasons: 1) having to develop new automated systems; 2) the lag time with Unemployment Insurance (UI) wage data; 3) the unrealistic earnings gains measure for dislocated workers; and 4) the lack of a definition for who receives a “credential.”<sup>9</sup> Data collected so far by the federal government from states is not comparable and does not give an accurate view of overall one stop system outcomes. Importantly, the vast number and varying definitions of performance measures are two of the main reason states may have not taken advantage of the unified planning option in the law.

✓ ***Some Workforce Investment Boards have struggled to be effective and to engage business in strategic planning.***

A major obstacle for Boards, according to a field report by Public/Private Ventures, was the participation requirements in the law, which resulted in an unwieldy number of board members.<sup>10</sup> Each board is required to have at least 51% business representation, plus representatives from all partner agencies, labor, and community-based organizations. The size simply made boards less effective and left business members, in particular, unclear how to engage. Private sector representatives told the General Accounting Office that structures adopted by boards to accommodate the sheer size didn’t allow for their views to be reflected.<sup>11</sup>

The *Second National WIB Survey Report* suggests more promising practices.<sup>12</sup> According to surveyed local boards, most 1) felt that they understand and embrace the broader role envisioned for them by WIA; 2) believe boards’ focus should be on policy, not operational, issues; 3) take strategic planning seriously; 4) have begun to consider job seekers and employers as their customers; 5) have engaged membership and professional staff; and 6) have made considerable progress toward implementing a broad new mission. Local boards did express a need for further technical assistance and capacity building. Most state boards participating in the survey expressed similar confidence in understanding their mission and strategic planning, but expressed challenges in raising additional funds for the system and measuring their performance in serving customers.

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<sup>8</sup> Illinois Caucus for Adolescent Health: “Compendium of Major Themes from Interviews with Chicago WIA Youth Program Providers,” January 2003.

<sup>9</sup> GAO-02-275 (see previous footnote) and US General Accounting Office, “Workforce Investment Act: Better Guidance and Revised Funding Formula Would Enhance Dislocated Worker Program,” (GAO-02-274), February 2002.

<sup>10</sup> Maria L. Buck, Public/Private Ventures: “Charting New Territory: Early Implementation of the Workforce Investment Act,” January 2002.

<sup>11</sup> GAO-02-72 (see previous footnote)

<sup>12</sup> National Leadership Institute for Workforce Excellence: “Second National WIB Survey,” January 2002.

✓ ***Most states have coordinated TANF and WIA in some capacity.***

Although the law did not name TANF as a mandatory partner in the one stop system, many legislators and federal agencies have since expressed an interest in seeing the welfare and workforce programs coordinated. Despite significant differences in program goals, governance, service delivery models, and accountability provisions, most states have coordinated TANF and WIA in some capacity. That coordination has come in many forms including unified welfare and workforce agency functions, integrated service delivery at the One Stops with one caseworker for all services, coordinated service delivery within One Stops but with separate caseworkers, co-location of services, and information sharing.<sup>13</sup> Coordination appears to be increasing.<sup>14</sup> Still, according to the GAO, several factors contribute to decisions about coordination including historical relationships, geography, adequacy of facilities, and differing perspectives about how to best serve TANF recipients. Different program definitions and information systems pose challenges to coordination.

✓ ***One Stop Centers offer limited access to individuals with disabilities.***

Recent reforms including the passage of the Ticket to Work program and the inclusion of Vocational Rehabilitation (VR) as a mandatory WIA partner were driven by a growing recognition that people who receive SSI and SSDI need broader training opportunities. However, neither WIA nor Ticket to Work has been successful at serving people with disabilities with new service strategies. Several evaluations of local one stop systems have revealed a persistent need to improve access. In a profile of the City of Chicago's One Stop Centers, for example, accessible work stations were found in only a couple of resource rooms and computer labs. Information was also not readily available in alternative print formats (large, Braille, electronic) or audio in any of the profiled One Stop Centers.<sup>15</sup> These factors make it unlikely that individuals with disabilities will become WIA registrants and therefore will not access training options offered through WIA Title I.

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<sup>13</sup> Presentations by Nisha Patel and Abbey Frank of CLASP on "Early State Experiences in Integrating TANF and WIA," December 2002. Full report due out 2003.

<sup>14</sup> U.S. General Accounting Office, "Workforce Investment Act: States and Localities Increasingly Coordinate Services for TANF Clients, but Better Information Needed On Effective Approaches" (GAO-02-696), July 2002.

<sup>15</sup> Dan R. Dickerson, Dickerson Consulting, "Profiles of Chicago's Five One Stop Centers," July/August 2002.

## WIA Reauthorization Basics

### What and when is WIA Reauthorization?

WIA Reauthorization refers to the passage of a new federal law that will extend funding and revise policies for all five Titles of the Workforce Investment Act. Initially passed in August 1998, the current law authorizes programs through September 30, 2003. Congress must decide whether to maintain or change funding requirements by that date. It is likely that in addition to funding requirements, Congress will also revisit the key programmatic policies and governance requirements in WIA and identify modifications to the law.

### Why plan for reauthorization now?

The February 28, 2002 Federal Register included a “Solicitation of Comments on Reauthorization of the Workforce Investment Act and Linkages with Temporary Assistance to Needy Families (TANF)” by the US Department of Labor’s Employment and Training Administration (USDOL-ETA), due by the end of June 2002. During this same time period, USDOL-ETA held public forums across the country including one in the Chicago-land area to seek oral testimony. A discussion guide was made available to inform stakeholders about particular questions for which the Department is seeking answers.<sup>16</sup> USDOL-ETA Administrators have indicated the Department’s intent to release their vision as well as specific recommendations for WIA reauthorization during Winter 2003. We expect the release of the Department’s vision to jumpstart dialogue with Congressional leaders on the topic. CJC and its members developed the following set of recommendations so we could begin informing policymakers and other stakeholders of *our* vision for WIA reauthorization.

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<sup>16</sup> The discussion guide is available at <http://www.doleta.gov/usworkforce/reauthorization/guide-lp.pdf>

# Recommendation 1

## **Increase access to, and investment in, job-connected skill-building opportunities for low-income individuals.**

### *Current Environment*

The U.S. Census confirms that individuals who increase their skill levels will earn more income.<sup>17</sup> An individual with a bachelor's degree, working full-time, year-round will earn nearly twice as much as one with a high school diploma—nearly one million dollars over the course of a lifetime. Even among adults who do not have the literacy skills to attend college, improving from “basic” to “competent” literacy levels—an investment of about 200 hours of course time—can provide \$5,000 to \$10,000 more in annual income.<sup>18</sup> At the same time, Illinois businesses depend on a skilled labor force. Nearly two-thirds of newly created jobs—and virtually all jobs that pay well—require education beyond high school.<sup>19</sup> Yet nearly half of the adults in the Midwest have no more than a high school education.<sup>20</sup> According to the Index of Need used by the Illinois Community College Board, which incorporates census data and other composite measures, there are approximately 2.4 million individuals who are 16 or older living in Illinois who are at-risk or in need of literacy skills.

Despite compelling evidence that workers and businesses need skills, few customers have accessed skills training through WIA's new one stop system. Barriers exist in the law itself that prevent skill acquisition, especially among those who need it most. WIA Reauthorization presents an opening to remove barriers and to support access to job-connected skill-building opportunities.

### *Specific Recommendations*

- a. Encourage the use of WIA funding as well as partner funding to support sector intervention programs, customized training, and other training strategies beyond the one stop delivery system.**

With the passage of WIA, an unrealistic expectation was set that One Stop Centers be the primary broker of labor market exchanges. In Chicago there are many effective publicly-funded strategies that engage employers, especially small and mid-size firms, and train job seekers for good career path opportunities. Labor market intermediaries have worked for many years prior

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<sup>17</sup> United States Census Bureau, “The Big Payoff: Educational Attainment and Synthetic Estimates of Work-Life Earnings,” 2002; and United States Census Bureau, “Earnings in 1999 by Educational Attainment for People 18 Years Old and Over by Age, Race and Hispanic Origin,” Table 9, 2000.

<sup>18</sup> Anthony P. Carnevale and Donna M. Desrochers, “Getting Down to Business: Matching Welfare Recipients’ Skills to Jobs That Train,” 1999.

<sup>19</sup> Carnevale and Desrochers; United States Census Bureau, Educational Attainment by Region

<sup>20</sup> Ibid.

to WIA to develop relationships with industries and to implement strategies that effectively address their labor needs. No *one* Chicago-based intermediary has attempted to understand the business needs of *every* sector but has instead concentrated on developing relationships with one or two growing sectors strategic to Chicago's economy. By doing so, these intermediaries have engaged business effectively, intervened to create new access to well-paid jobs, helped restructure low-wage jobs to improve advancement opportunities, and achieved better economic and working conditions while contributing to the strength and competitiveness of the industry. Businesses have reported financial benefit from engaging in these types of community-business partnerships. At the same time, the majority of businesses say that when they want to tap into a flexible pool of relatively unskilled workers they use temp agencies, not One Stop Centers. The US Department of Labor should continue providing direct grant opportunities and should encourage local areas to financially support sector-focused training efforts with equal investment as they do One Stop Centers.

**b. Encourage use of WIA funding as well as partner funding to contract promising practices such as “bridge” programs, nontraditional training for women, and transitional jobs programs.**

Some literacy providers collaborate with training providers or companies to customize curriculum to help unemployed job seekers and low-wage workers prepare for well-paying, high-demand jobs within certain sectors. These “bridge” programs, also sometimes called vocational literacy programs, are key to moving people from low basic skills to career path jobs in a relatively short amount of time.<sup>21</sup> Because of the programs' flexibility, customization, and integration of case management and supportive services, performance-based contracting is the most appropriate way to fund them.

Similarly, there is a growing body of evidence nationwide about the benefits of transitional jobs programs for *both* adults and youth with multiple barriers to employment.<sup>22</sup> These programs include job readiness classes, resume writing, and interviewing skills, coupled with a time-limited publicly-funded job that pays at least minimum wage and allows individuals to build skills on the job. Locally, a transitional jobs pilot has proven promising—90 days after the program, 70% of participants were employed in unsubsidized jobs compared to only 49% who received basic employment services. Participants also stayed employed longer, and gained earnings 32% higher than employment service participants.<sup>23</sup>

Non-traditional training programs prepare women for jobs that are occupied by more than 75% men. Sectors that tend to have many nontraditional jobs—construction trades, manufacturing, and information technology—also tend to offer higher wages than those jobs traditionally held

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<sup>21</sup> Davis Jenkins, University of Illinois at Chicago: Great Cities Institute, “Beyond Welfare to Work: Bridging the Low Wage Livable Wage Employment Gap,” January 1999; Julie Strawn and Karin Martinson, Manpower Demonstration Research Corporation: “Steady Work and Better Jobs: How to Help Low-Income Parents Sustain Employment and Advance in the Workforce,” 2000.

<sup>22</sup> Markieka M. Klawitter, “Effects of WorkFirst Activities on Employment and Earnings: WorkFirst Longitudinal Study,” Daniel J. Evans School of Public Affairs, University of Washington: September 2001 and US Department of Labor's “What's Working and What's Not,” January 1995.

<sup>23</sup> Amy Rynell, Mid-America Institute on Poverty of Heartland Alliance for Human Needs and Human Rights, “Transitional Community Jobs, Chicago Illinois, A summary report on the program and its outcomes,” June 2002.

by women. WIA removed many of the provisions that furthered gender equity for women. The Nontraditional Employment for Women (NEW) Act, which was included as an amendment to JTPA, was excluded from WIA. NEW required goals to be set for training and placing women in nontraditional occupations and encouraged coordination of funding sources for competitive grants to support these activities. Illinois' Statewide Nontraditional Leadership Team (SNLT) submitted an analysis of local workforce areas' plans to increase the number of women in nontraditional jobs. Despite reported statewide openings in manufacturing, construction and/or transportation, only a few local areas voluntarily set high nontraditional training goals for women.<sup>24</sup> Training that increases access for women into nontraditional employment should be more strongly encouraged.

**c. Eliminate the mandatory sequential access to services and instead allow customers to receive an array of services based on assessment of need.**

The law's prescription of sequential access to services has been interpreted widely as a mandate that individuals find work *before* they can be determined eligible for training. Despite the Department of Labor's guidance that movement from one service to the next does not require set time periods but can be instead the result of assessment, most local areas have implemented time periods. As a result, people have been steered away from training, some individuals have missed registration for training programs, and others have had to repeat intensive services they recently received elsewhere in the system. Many providers avoid the Individual Training Account (ITA) system altogether and refer their customers to more accessible skills training programs that are subsidized with other limited federal, state, or foundation dollars.

**d. Strengthen the requirement in the law that local areas have to provide a mix of training to ensure that people with employment disadvantages are served.**

WIA regulations mandate that state boards require local boards to take into consideration specific economic, geographic and demographic factors in the areas in which providers are seeking eligibility in order to make sure the list of certified training programs include services for disadvantaged populations. There is an implied expectation in the law that if there is not a mix of services for these individuals, the local areas should contract such services. A Chicago Jobs Council analysis of the more than 500 WIA certified training programs in Chicago revealed that only 9% will accept someone with a 6<sup>th</sup> grade proficiency level in reading and only 33% will accept someone with 9<sup>th</sup> grade reading ability. Sixty percent are proprietary schools, providing mostly information technology training. Unfortunately, despite provisions in the law to do so, Chicago has not contracted any training with WIA dollars. Without a strengthened requirement for local areas, disadvantaged job seekers could have severely limited customer choice. One option would be to require that a local area contract training for the most disadvantaged if the majority of WIA-certified training programs require high school diplomas or reading and math skills at or above the 9<sup>th</sup> grade levels.

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<sup>24</sup> Illinois Statewide Nontraditional Leadership Team and the Gender Equity Advisory Committee of the Illinois State Board of Education, "Equitable Access to Employment Services: How Are Women Served In Illinois?" October 2001.

**e. Create a distinct adult education and literacy funding stream that is vocationally-focused.**

Of the more than 30 adult education providers in Chicago, only a handful provides vocationally-focused adult education programming. Yet Title II's inclusion in WIA indicates an interest in using adult education as a form of employment preparation. Vocationally-focused literacy has proven to increase individuals' literacy levels rapidly whereas basic adult education has shown limited impact on employment and earnings gains.<sup>25</sup> Currently, Title II also funds important programs such as family literacy and citizenship for which employment outcomes are not appropriate. Instead, funding for vocational literacy should be made separate from other kinds of literacy so more capacity is created to bridge people to further vocational training and career path jobs. It is critical that other literacy programs continue to be offered as well.

**f. Designate Title II (adult education and literacy) programs as an intensive service and provide additional funding to those Title II-funded providers who choose to determine eligibility and refer directly to WIA- certified training.**

In many ways, adult education providers are well poised to determine individuals' readiness for training. Most operate programs that serve people at all basic skill levels. For those individuals whose goal is employment, some programs can assess their readiness for work versus their need for more training. Those individuals in need of training should be allowed to access Individual Training Accounts without the extra step of going through the One Stops. Not *all* adult education programs are set up to assess vocational education and those that are might elect not to take on administrative task of WIA registration. But, those providers who are vocationally-focused and interested in acting as a One Stop affiliate agency should have that option and should be funded for the additional workload.

**g. Provide additional funding to high-need states to develop targeted workforce development programming for ex-offenders.**

The increasing number of people with criminal backgrounds in Chicago, predominantly living in five city zip code areas, presents major community development and labor issues for the city. 28,000 people with criminal records alone were released from Illinois prisons last year. The number of programs available to serve them is far outweighed by the numbers of ex-offenders. The vast majority of ex-offenders need holistic services including family reunification and/or help navigating child support, community reintegration, substance abuse, housing, literacy, training, and employment placement services. We realize that offenders were listed as a special population in the WIA legislation and that rules and regulations allow local areas discretion to contract services for the offender population. However, we believe this acknowledgement has proven grossly inefficient. Limited funds have hindered local areas from even scratching the surface of this critical problem.

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<sup>25</sup> Tom Stitch, "Functional Context Education: Workshop Resources Notebook," 1997; Julie Strawn, CLASP: "Beyond Job Search or Basic Education: Rethinking the Role of Skills in Welfare Reform," 1998.

**h. Encourage the use of WIA dollars to be used for training stipends.**

Strong anecdotal evidence from workforce development practitioners shows that while staff understands the long-term value of education for their customers, many of their customers choose “any job” over training because of the immediate need for income. We understand the law allows stipends for individuals while they participate in training—as an intensive service—but local areas have not taken advantage of this option in part because of limited funding.

**i. Raise the Eligibility for the WIA Youth Program to 185% of the Federal Poverty Level (FPL).**

While we support the intention to protect services for low-income youth who need them most, WIA’s reach is currently far too narrow. Providers of WIA youth services even in Chicago’s most impoverished communities have encountered great difficulty in registering youth participants because few are able to meet narrow income eligibility requirements.<sup>26</sup> Furthermore, the requirements for documenting low-income eligibility have been described in a recent GAO report as “difficult to accomplish, resource intensive, and diverting of financial and staff resources away from service delivery.”<sup>27</sup>

The eligibility standard for the WIA Youth program should be aligned with other programs serving low-income youth up to 185% of FPL to allow participation in programs such as the Free and Reduced School Lunch Program and the State Children’s Health Insurance Program to serve as income verification for WIA. This would significantly reduce the burden of income documentation for WIA providers and substantially improve access to skill-building opportunities through the WIA Youth Program for low-income youth.

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<sup>26</sup> Illinois Caucus for Adolescent Health: “Compendium of Major Themes from Interviews with Chicago WIA Youth Program Providers,” January 2003.

<sup>27</sup> U.S. General Accounting Office, “Workforce Investment Act—Youth Provisions Promote New Service Strategies, but Additional Guidance Would Enhance Program Development,” (GAO 02-413) April 2002.

## Recommendation 2

### **Measure and reward efforts that move low-income and other disadvantaged individuals toward stable employment and self-sufficiency.**

#### *Current environment*

The publicly-funded workforce investment system should not be used to place people in low-paying jobs that are generally accessible without assistance or to subsidize employers whose jobs have no career paths or stability. Instead, public dollars should be used strategically to invest in moving people along a continuum into good jobs, key to local economies, with opportunities for career advancement. In order to achieve this, financial rewards should be created for states that serve a certain percentage of disadvantaged individuals well. At the same time, disincentives to register disadvantaged individuals should be eliminated. The current performance measures have resulted in registration of only those individuals with the greatest likelihood of succeeding. The needs of customers that require more intensive intervention are being overlooked because providers in the system do not get rewarded for customers' interim progress toward WIA's employment goals. Additionally, self-sufficiency should be stated as a goal for all customers, not just for incumbent workers.

#### *Specific Recommendations*

##### **a. Eliminate the disincentive to serve disadvantaged populations by using weighted performance measures.**

Providers have indicated their hesitancy in registering those disadvantaged adults, dislocated workers, and youth who are unlikely to succeed according to federal performance measures. Yet, these same individuals are in need of services and, in many cases, can make significant progress toward job readiness. By applying weights to the WIA performance of disadvantaged individuals, states and providers could ensure that these same individuals would get registered and have access to intensive and training services. Weighting would not be difficult to administer. Providers already document barriers through the assessment process. The weights could be applied to the progress of individuals considered to be "special populations" in the law. The legislation specifies low-income individuals who are also one or more of the following:

- Individuals with substantial language or cultural barriers
- Offenders
- Homeless individuals
- Other hard-to-serve populations as defined by the Governor involved

Other hard-to-serve populations could include:

- Victims of domestic violence
- Individuals with limited work experience

- Individuals who are financially eligible or in receipt of TANF for three years or more
- Substance users
- English speakers with language barriers
- Individuals who read at less than ninth-grade level
- Individuals or dependents with chronic physical and/or mental health condition

**b. Create a high performance bonus for states that spend 75% of their funding on serving “special populations” and exceed their negotiated performance levels.**

In addition to implementing weighted performance measures, incentives are needed to get states to serve people who are traditionally more difficult to stably place in employment. To qualify for a high performance bonus, states should be required to make a minimum expenditure to serve “special populations.” The reauthorized law should require states to negotiate their list of special populations based on demographic, economic and geographic variables, rather than leaving it to the full discretion of the Governor. One option is to reward bonuses progressively, so a certain amount is granted to states that exceed performance measures by x% and a higher amount is granted to states that exceed the measure by xx%. This kind of incentive mechanism could also improve states’ efforts to coordinate programs. For example, the U.S. Office of Refugee Resettlement (ORR), its contractors and its individual state refugee programs include skilled staff and resources for a wide variety of employment and career programs serving refugee populations. These resources are rarely coordinated or combined with WIA in program planning or implementation despite the crucial need for WIA to respond to worker groups with language and cultural barriers to employment. The U.S. refugee service community can be leveraged with WIA with relatively minimal funding and mandate, producing important gains for populations with comparatively slight employment and advancement barriers.

**c. Make performance measures responsive to downturns and realities in the economy.**

The current wage replacement measure for dislocated workers, conceived of in a time of economic expansion, provides a major disincentive to enroll those dislocated workers with limited education and skills. These individuals are often eligible only for service-oriented jobs, which pay significantly lower than the shrinking number of high paying manufacturing jobs.

**d. Use Self-Sufficiency Standards to benchmark state progress and provide a bonus to states that improve from year-to-year.**

Wider Opportunities for Women (WOW) has partnered with local groups across the country to establish self-sufficiency standards that take into account family composition, geography, and local costs of housing, utilities and other essentials. The Illinois Self Sufficiency Standard—created by Dr. Diana Pierce with WOW and Women Employed—has already been adopted by the state workforce board as a benchmark and has also been used to determine eligibility by the Chicago Workforce Board. These standards should be created for each state and used as benchmarks for state progress in moving people toward self-sufficiency. Those states who show positive movement on self-sufficiency progress indicators should be rewarded.

**e. Expand self-sufficiency as goal for the unemployed.**

WIA regulations describe eligibility for unemployed individuals as simply requiring that they are “unable to obtain employment through core services” whereas eligibility for employed and/or dislocated workers as “in need of intensive services to obtain or retain employment that leads to self-sufficiency.” Titles II and IV of the Workforce Investment Act clearly connect self-sufficiency to employment in all cases. A double standard exists in this case that is inconsistent with the intentions of the law and should be changed.

## **Recommendation 3**

### **Work with other federal agencies to align the goals and performance measures for the nation’s workforce development system.**

#### *Current environment*

States found it difficult to develop and implement unified plans under WIA, despite the option in the law, because of the misaligned goals and requirements of federal agencies. Lack of unified planning has significant impact on customers of the system. Job seekers, especially those who are most disadvantaged, are often subjected to numerous eligibility processes and convoluted communication from various providers before getting the workforce services they need to obtain their first entry-level job, switch to a better entry-level job, or advance in their careers. These customers are oftentimes told by service delivery providers to come back at times that conflict with their current employment or school schedules and being told they are not eligible for services at all because of their income level, place of residence, immigration status, or parental status. Individuals who are eligible for services are often referred from place-to-place to get what they need, with referral systems between agencies not always well developed. They are usually made to go through separate, duplicative intake and orientation processes at every agency from which they receive services. At best, the workforce service delivery system is difficult and confusing for even highly skilled job seekers to navigate and use. Some of the difficulty and confusion for job seekers results from public administration of funding, which places enormous operational strain on providers and results in inefficient program delivery strategies.

#### *Specific Recommendations*

**a. Align goals of federal partner agencies and programs to ensure that they are not working at cross-purposes rather than providing states the option of a “super waiver.”**

Recent TANF Reauthorization efforts provide one example of the problem when agencies have dissimilar goals. Proposals supported by the Administration and passed by the House of

Representatives last year limit TANF participants to 3 months of training prior to work and after 3 months, to 16 hours of training during a workweek. Yet, a Chicago Jobs Council study of the WIA certified training list in three local workforce development areas in Illinois (Chicago, a collar county community, and a rural area) shows how this proposal would sharply limit access to training. In Dixon, a rural area, only 14% of the training programs available can be completed in three months or less. In Aurora, a collar county community, a mere 5.7% can be completed in 3 months or less. In Chicago less than half (49.3%) can be completed within that time frame. It is important to note that those that require less than three months to complete are often one-week courses that will not provide adequate training leading toward family-sustaining employment. This is just one example of how the intent and organization of two federal programs could be better coordinated.

**b. Coordinate outcome measures between federal workforce development programs.**

A February 2002 General Accounting Office report identifies overlapping outcome measures for programs administered by USDOL, US Department of Education, US Department of Health and Human Services, and the Department of Housing and Urban Development.<sup>28</sup> Many federal agencies use different definitions for similar measures making performance measurement unnecessarily complex and burdensome to states and providers. For instance, WIA defines retention at 6 months whereas the Community Service Block Grant defines retention at 90 days. Also, TANF currently considers 30 hours/week to meet employment requirements whereas WIA counts any individual employed in the first quarter after exit regardless of number of hours worked. Common measures are needed to support states, local areas and service providers in administration and coordination of programs offered by these four federal departments. While the four measures recently offered by the Office of Management and Budget are a step in the right direction, we are concerned that the cost efficiency measure will create a disincentive to register people who could benefit from more intensive programs<sup>29</sup>. These programs, although more expensive, often are the most effective in producing long-term success.

**c. Create standards for assessment so that one-stop partners (including TANF-funded contractors), operators and affiliates collect uniform information, which is recognized system-wide.**

Assessment standards would help ensure uniform collection of data and would prevent job seekers from being continually re-assessed at multiple points in the system to collect duplicative information. The results of an individual assessment should drive the service plan and funding to support that plan.

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<sup>28</sup> U.S. General Accounting Office, "Workforce Investment Act: Improving Needed in Performance Measures to Provide More Accurate Picture of WIA's Effectiveness," (GAO 02-275), February 2002, p. 24.

<sup>29</sup> The four measures include: attainment of a job, attainment of a certificate or degree by program participants, earnings gains and cost efficiency. See [http://www.whitehouse.gov/omb/memoranda/print/m02-06\\_addendum.html](http://www.whitehouse.gov/omb/memoranda/print/m02-06_addendum.html).

**d. Make participation in WIA intensive and training services satisfy Unemployment Insurance work search requirements and be considered countable activities under TANF.**

Under JTPA, participating in workforce development programming was an allowable way to meet work search requirements for Unemployment Insurance. This provision should be extended to customers of WIA. Considering all intensive services received by WIA registrants as countable work activities under the TANF program would also eliminate goal conflicts between these two system partners.

**e. Better connect jobs prioritized for public housing residents and low-income individuals through Section 3 of the Housing and Urban Development Act of 1968 (as amended in 1992) to supportive services and training through WIA.**

Section 3 ensures that employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low- and very-low income persons, particularly those who are recipients of government assistance for housing. This mechanism, created by Congress to provide jobs to low-income people, is not coordinated with the one stop system services. The U.S. Department of Labor should work with the Department of Housing and Urban Development to provide technical assistance to local public housing authorities and city administrators to leverage this opportunity.

**f. Modify performance measures for older youth to reflect their dual eligibility for both youth and adult services.**

Young people ages 19 to 21 years are eligible to receive either Adult or Youth services under the Workforce Investment Act. However, because performance measures for this age group are aligned solely with adult performance measures, providers are inadvertently compelled to encourage them to accept only adult services. Unfortunately, many young people in this age group are in serious need of the comprehensive services offered by the youth program, and WIA was correct to offer the flexibility to choose the services that best fit their developmental capacity. The performance measures used for this age group need to reflect that flexibility as well. WIA providers should be able to measure the performance of an older youth using either the youth or adult performance measures.

## Recommendation 4

### **Increase investment in workforce development and create good jobs for low-income individuals**

#### *Current environment*

Some sectors are still seeking skilled labor despite the downward-turned economy. Health care employers in Illinois report labor shortages for every entry-level position, with vacancies as high as 23% for some positions.<sup>30</sup> Chicago's trucking companies report that 20% of their vehicles are not in use because of a limited supply of qualified drivers. And, according to the Manufacturing Workforce Development Project, which the Department funded, half of manufacturing job openings will go unfilled because of a lack of a skilled pipeline of workers. This is true even after accounting for graduates of manufacturing education and training programs.<sup>31</sup> The city has begun to address these and other industry's labor supply problems, but the capacity to address the size of the skill shortage is limited.

At a time when we desperately need more investment to remain globally competitive, the President's proposed federal Workforce Investment Act (WIA) budget for FY 2003 reduced funds for dislocated workers by 10% (\$1.383 billion from \$1.549 billion) and for disadvantaged adults by 5% (\$900 million from \$950 million). This proposal comes on top of an act by Congress to rescind over \$100 million in dislocated worker funds from the FY 2001 WIA budget. Additionally, most states, including Illinois, are facing severe budget deficits that will result in substantial cuts to state-funded workforce and human development programs. The Temporary Assistance for Needy Families (TANF) Bill passed by the House of Representatives last year funds the TANF block grant at current levels while requiring increased work hours and participation rates, placing additional demands on already limited funds for training and work supports. The current downward-turned economy leaves little opportunity for people with limited skills to attach to the labor market.

#### *Specific Recommendations*

##### **a. Enact a long-term investment strategy, with increased appropriations, for WIA.**

Limited partner funds that support needed workforce development and supportive services for various special populations should not be required through law to fund the one stop system. Instead, Congress should simply acknowledge the importance of education and training to our economy and should, at minimum, double the appropriations amount for WIA. Additionally,

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<sup>30</sup> Illinois Hospital Association (IHA), "Report of the IHA Workforce Task Force," November 2002.

<sup>31</sup> Chicago Federation of Labor- AFL-CIO-Workers Assistance Committee, and the Center for Labor and Community Research, "Manufacturing Workforce Development Project: Project Report Summary," December 2001.

base-level funding should no longer be set year-to-year but should instead be considered for five year periods. This assurance to states and its providers that funds will be available would make program planning and administration more efficient and effective.

**b. Allocate two separate funding streams with separate performance measures— one for infrastructure development and the other for intensive and training services.**

In 2002, only \$4.259 million (or 10%) of Chicago’s \$43.661 million dollar WIA budget was dedicated for training. Four times that amount was dedicated to contractors to develop services and systems to ensure “universal” access. Low budgets for training will continue as long as funds for infrastructure and services are granted to states in one sum.

**c. Create a separate allocation for a stand-alone Summer Jobs Program for Youth.**

Under the JTPA, cities like Chicago were able to provide in excess of 40,000 summer jobs to provide young people with training, experience, and supplemental income. It should be noted that evaluations of summer jobs programs have revealed that a large proportion of this earned income contributed to paying for necessary family expenses such as rent, utilities, and food. Unfortunately, summer jobs programs in most local areas have experienced a significant decline in enrollment since the implementation of WIA. While the value of using WIA youth dollars to support year-round programs for youth is obvious, it is highly regrettable that the funding formally used for summer jobs under JTPA is expected under WIA to stretch for the entire year. This dilution of funds has left little to support summer jobs programs for youth.

**d. Invest in job creation strategies.**

The federal government should continue to play a key role in job creation. Supplying key economic sectors such as manufacturing with skilled labor is one good strategy for retention and expansion of good jobs. A recent report indicates that every manufacturing job results in 2 to 3 jobs<sup>32</sup>. Therefore, continued and enhanced support for sector intervention that includes not only customized training, but also assistance to companies to upgrade technology, is essential.

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<sup>32</sup> Chicago Federation of Labor- AFL-CIO-Workers Assistance Committee, and the Center for Labor and Community Research, “Manufacturing Workforce Development Project: Project Report Summary,” December 2001.

## Looking Ahead

The Domestic Strategy Group led by Harvard University Professor David Ellwood recently released a disturbing report card on the state of the U.S. workforce. Strong findings in “Grow Faster Together. Or Grow Slowly Apart” suggest that three reinforcing problems—a worker gap, skills gap, and wage gap— will threaten our country’s productivity and growth, international competitiveness, and cohesiveness in the near future.<sup>33</sup> Many actors must come together to address this crisis. Members and staff of the Chicago Jobs Council believe that enactment of the reforms included in this policy paper through WIA reauthorization is one important way to improve our public workforce development system’s ability to increase workers’ skills and begin closing our nation’s skills gap.

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<sup>33</sup> Domestic Strategies Group, The Aspen Institute: “Grow Faster Together. Or Grow Slowly Apart. How Will America Work in the 21<sup>st</sup> Century?” 2002.

A B O U T
C J C

Founded in 1981, the Chicago Jobs Council (CJC) is a membership organization that works to ensure access to jobs and career advancement for people living in poverty. With 18 original members, CJC has grown to include 100 community-based organizations, civic groups, businesses and individuals committed to helping disadvantaged Chicagoans gain access to the jobs and training they need to enter the labor market, secure stable employment at a living wage, and pursue sustainable careers.

CJC pursues its mission through advocacy, applied research, public education and capacity-building initiatives focused on influencing the development or reform of public policies and programs. Our work is grounded in the perspectives of our members, who contribute their expertise as direct service practitioners, advocates, researchers and employers. Our efforts are also guided by the results of demonstration projects that test innovative solutions to pressing employment problems. By organizing members and other interested parties around workforce development, welfare reform, economic and community development issues, CJC fosters dialogue and cooperative strategies that effect change.

CJC's work is generously supported by: Alphawood Foundation □ Bank One Corporation □ Chicago Community Trust □ Chicago Tribune Charities □ Field Foundation of Illinois □ John D. & Catherine T. MacArthur Foundation □ The Joyce Foundation □ Lloyd A. Fry Foundation □ Northern Trust Foundation □ Polk Bros. Foundation □ Rockefeller Foundation □ Sara Lee Foundation □ Woods Fund of Chicago



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