

## **H.R. 4297, THE WORKFORCE INVESTMENT IMPROVEMENT ACT OF 2012 SUMMARY FOR INTRODUCTION**

The federal government currently administers roughly 47 separate employment and training programs across nine different federal agencies. All of the job training programs overlap with at least one other program with most of the programs targeting similar populations and providing similar services. Only five of the programs have been evaluated for their effectiveness and impact on finding employment opportunities for unemployed and underemployed workers.

The *Workforce Investment Improvement Act of 2012* (H.R. 4297) introduced by Rep. Virginia Foxx (R-NC), Rep. Howard P. “Buck” McKeon (R-CA), and Rep. Joe Heck (R-NV) consolidates 27 existing job training programs into a single Workforce Investment Fund that will assist state and local workforce investment boards in developing comprehensive workforce development systems to get Americans back to work. The bill reforms the nation’s job training system authorized under the Workforce Investment Act (WIA) to ensure it is working for all job seekers and employers by:

- Streamlining the confusing maze of job training programs.
- Strengthening business engagement in state and local workforce decisions.
- Increasing state and local flexibility and reducing administrative overhead.
- Supporting training opportunities for all adults, dislocated workers, and youth.
- Improving employment and training services at One-Stop Career Centers and promoting innovation.
- Ensuring accountability for the use of taxpayer funds.
- Enhancing adult education and vocational rehabilitation services.

Importantly, the new structure will maintain and improve job training and related services offered to all Americans, including unemployed and low-skilled adults and youth, currently receiving services under workforce development programs.

### **Streamlining the Confusing Maze of Job Training Programs**

The *Workforce Investment Improvement Act* builds on the work of state and local efforts, including those in Florida, Texas, and Utah, to create seamless, unified workforce development systems. As President Obama recognized in the State of the Union address, the current design of the public workforce investment system is a maze of individual programs and funding streams with various mandates attached to each program; many of which provide the same or similar services. The legislation will end this fragmented system at the federal, state, and local levels that diverts limited resources from direct employment and training services for unemployed and underemployed workers to administrative bureaucracy.

- One Program for All Workers: The bill creates a single Workforce Investment Fund that provides formula funds to state and local workforce investment boards (WIBs) to create universal employment and training programs for all adults, unemployed workers, and youth. This new fund will ensure that all major job training and related services are co-located and administered through the nation's workforce investment system and the nation's One-Stop Career Centers. This change eliminates duplicative and inefficient job

training programs, streamlines program administration at the federal, state, and local levels, and allows for greater coordination and collaboration among federal, state, and local workforce development programs.

- New Universal Program Structure: The Workforce Investment Fund includes a new formula for state and local areas consistent with the program's universal service structure. The formula is based on four factors: the number of individuals ages 16 through 72 in the civilian labor force; the number of individuals who are unemployed; the number of individuals who are experiencing long term unemployment defined as 15 weeks or more; and the number of disadvantaged youth ages 16 to 24. The program's structure:
  - Allows Governors to reserve up to 5 percent to carry out statewide activities, 10 percent of which may be reserved for Rapid Response Activities that provide assistance to local areas experiencing mass layoffs or plant closings.
  - Minimizes winners and losers by including both a minimum and maximum change in states' and local areas' allotment percentages and a small state minimum allotment.
  - Allows the Secretary of Labor to reserve 2 percent (down from 5 percent) of the total appropriation to carry out national activities, including funding for national emergency grants, evaluations, and technical assistance.
  - This change allocates an overwhelming majority of federal funds to state and local areas that are empowered to get Americans back to work, and away from bureaucrats at the Department of Labor.
  - Allows the Secretary of Labor to set-aside 1 percent of the funds to target employment and training services directly to Indian tribes and related organizations.
  - Limits the administrative activities of state WIBs to 5 percent and local WIBs to 10 percent, ensuring that most state and local funds are spent on workforce investment activities that directly benefit unemployed and underemployed workers.
  - Authorizes level funding, based on the FY 2012 budget, for the Workforce Investment Fund for fiscal years 2013 to 2018.
  
- State and Local Focus on Special Populations: The bill requires state and local WIBs to detail how they will serve dislocated workers (including displaced homemakers), low-income individuals (including recipients of public assistance such as those enrolled in the Supplemental Nutrition Assistance Program), individuals with limited English proficiency, homeless individuals, individuals training for nontraditional employment, youth, older workers, ex-offenders, migrant and seasonal farmworkers, refugee and entrants, veterans (including disabled and homeless veterans), and Native Americans. This change ensures that all states and local areas are working to provide and improve job training and related services to special populations, instead of relying on small, targeted national programs to accomplish this goal.
  
- Consolidation of Duplicative Programs: The bill consolidates 27 existing job training programs that support similar activities to aid individuals in finding and retaining employment. The programs include: (1) WIA Adult; (2) WIA Youth; (3) WIA Dislocated Workers (4) Wagner-Peyser (Employment Services); (5) H-1B Job Training Grants; (6) SNAP Employment and Training; (7) Senior Community Service Employment Program; (8) Environmental Workforce Development and Job Training Grants; (9) Women in Apprenticeship and Nontraditional Occupations; (10) Veterans Workforce Investment Program; (11) WIA Pilot and Demonstration Projects; (12) Community-Based Job

Training Grants; (13) National Farmworker Jobs Program; (14) Reintegration of Ex-Offenders; (15) Native American Employment and Training; (16) Grants to States for Training for Incarcerated Individuals; (17) Job Corps; (18) YouthBuild; (19) Youth Conservation Corps; (20) Second Chance Act Prisoner Reentry Initiative; (21) Refugee and Entrant Assistance - Targeted Assistance Grants; (22) Refugee and Entrant Assistance - Social Services Program; (23) Refugee and Entrant Assistance - Targeted Assistance Discretionary; (24) Workforce Innovation Fund; (25) Green Jobs Act; (26) National Institute for Literacy; and (27) Youth Opportunity Job Grants.

- **Specific Funding for Youth:** The bill encourages states to set aside 18 percent of their Workforce Investment Fund to create Statewide Youth Challenge Grants. These competitive grants will be distributed to local WIBs and/or nonprofit or for-profit organizations with a demonstrated record of placing youth into year-round employment, successfully implementing dropout recovery activities, and successfully implementing intensive and fully supervised programs of education, career training, and work experience. This change will move the administration of national youth programs away from bureaucrats at the Department of Labor to the state level. The new program:
  - Restructures failed and expensive youth workforce development programs to focus on dropout recovery assistance, occupational and skills training, employment experience, and attainment of a high school diploma and postsecondary credentials.
  - Better targets special youth populations, including high school dropouts, homeless youth, foster children, young parents, and youth with disabilities.
  - Allows competitive grants to be used to provide activities combining remediation of academic skills, work readiness training, and work experience; or to operate residential centers.
  - Allows states to fund, or to pool their resources with other states to fund, and operate existing Job Corps Centers. States must ensure they have secured appropriate titles and deeds for the centers from the Secretary of Labor, have conducted in-person reviews of the physical condition and health-related activities of the centers, have passed all necessary occupancy ordinances, and have developed and will enforce professional standards of conduct to protect the lives of at-risk youth.

### **Strengthening Business Engagement in State and Local Workforce Decisions**

The *Workforce Investment Improvement Act* maintains the long-standing practice that the nation's workforce investment system can only be successful in building the skills of jobseekers and helping them secure employment if it is closely linked with employers. The bill puts the business community, the job creators, in the driver's seat, and strengthens business-led workforce investment boards to ensure the system is demand-driven and focused on training individuals for jobs that exist and are growing in the state and local area.

- **Stronger Business-led Boards:** The bill strengthens the presence and participation of the business community on state and local workforce investment boards (WIBs) by requiring business leaders, including those representing in-demand industries, to make up a two-thirds majority on the boards. Business leaders currently have a simple majority on the boards. This change ensures strategic planning focuses on the jobs that are being produced and identifying the gaps in the workforce to train individuals to fit those needs.

- Stronger Business Focus: The bill requires state WIBs to develop strategies across local areas that meet the needs of employers, and ensures local WIBs provide employment and training activities that meet the needs of employers and enhance communication, coordination, and collaboration between in-demand industries and the workforce investment system.
- Relevant to Businesses: The bill requires state and local WIBs to detail how they will more fully engage businesses in workforce investment activities, how they will meet the needs of businesses in the state and local area, and how they will convene industry/sector partnerships that encourage industry growth and improve worker training.

### **Increasing State and Local Flexibility and Reducing Administrative Overhead**

The *Workforce Investment Improvement Act* recognizes that states and local areas should have maximum flexibility to design programs and initiatives best suited to their workers, businesses, and workforce development partners. Though WIA pushes states and local areas to develop business-friendly, customer-centric initiatives, the current system imposes hundreds of heavy-handed mandates, including who can even serve on state and local boards, which have created a crush of paperwork and compliance. The bill streamlines the law's governance system, reducing bureaucracy, and maximizing resources for unemployed and underemployed workers.

- Smaller State and Local Boards: The bill streamlines state and local WIBs by removing all of the federal requirements on board membership, except business and economic development representation and chief elected officials at the state level and business representation at the local level. Governors and chief elected officials would have the power to appoint the remaining one-third membership of each respective board, which may include members of the state legislature and representatives of youth organizations, community colleges, labor unions, community-based organizations, and One-Stop partners. This change will dramatically reduce the size of the boards, making them more manageable and focused on strategic decisions.
- Review of Outdated State Policies: The bill requires state WIBs to review and develop statewide policies and programs that support comprehensive workforce development systems, including determining whether they should consolidate additional job training programs into the Workforce Investment Fund.
- Simplified Program Administration: The bill authorizes states to develop and submit unified state plans and, if they choose, to consolidate additional federal job training and social services programs into the Workforce Investment Fund. This will further reduce inefficiencies in the administration of employment and training programs at the state and local level and create a unified workforce and economic development system. The programs include: (1) all programs authorized under the Workforce Investment Act, including adult basic education and vocational rehabilitation programs; (2) programs under the Trade Adjustment Act; (3) the National Apprenticeship Act; (4) Community Services Block Grants (CSBG); (5) Temporary Assistance for Needy Families (TANF); (6) programs under state unemployment compensation laws; (7) work programs under the

Food Stamp Act; (8) the Community Development Block Grant (CDBG); and (9) Economic Development programs.

- Promoting Local Flexibility: The bill eliminates the requirement in current law that local WIBs give priority to low-income individuals. This change gives local areas additional flexibility to determine how best to get all unemployed Americans back to work and is consistent with the bill's intent to create job training programs that benefit all job seekers.
- Modernizing and Creating Regional Approaches to Job Creation: The bill eliminates the grandfather clauses in current law that allow certain state and local entities similar to WIBs and One-Stop Career Centers that were in existence prior to 1998 to remain in place. It also eliminates all grandfather clauses in current law that allow certain local workforce areas to remain in place, repealing automatic designations for areas with a population of 500,000 or more, local areas in existence prior to 1998, and rural concentrated employment program grant recipient areas that were created in the 1970s and 1980s. These changes are being made not to dramatically reduce the number of local boards, but to remove barriers that are preventing the creation of regional areas. The legislation will also allow state WIBs, in consultation with Governors, to designate local workforce investment areas, taking into consideration existing labor market areas and economic development regions. This change will end duplicative and overlapping service delivery areas.

### **Supporting Training Opportunities for All Adults, Dislocated Workers, and Youth**

The *Workforce Investment Improvement Act* removes the barriers in current law that prevent unemployed and underemployed workers from accessing important job training services. According to the Bureau of Labor Statistics, there are over 3.5 million job openings across the country, because many employers are unable to find skilled workers. The legislation supports states and local areas in developing job training and related services that are in-demand and tailoring services to individuals that meet the needs of each individual worker.

- Dedicated Funds for Training: The bill requires local WIBs to reserve a percentage of funds, as specified by the board, to carry out training activities for job seekers. This change addresses the concern that a significant portion of employment and training funds are currently spent on infrastructure and administrative costs. The reservation ensures job training is a priority for the workforce investment system.
- Direct Access to Training: The bill combines "core services" and "intensive services" into a new category of "work ready services," which will allow individuals to receive the services that best meet their needs quickly. This change eliminates the cumbersome "sequence of services" process that individuals must go through to access training under current law.
- Reducing Burdensome Requirements: The bill allows states to determine what standards will be required for eligible training providers, streamlining the bureaucratic requirements that have forced many community colleges and other training providers out of the system. It also permits local areas to contract directly with community colleges and

other institutions of higher education to provide specialized group training programs designed for employers who are looking to hire several workers with a particular skill. The legislation allows local WIBs to develop and implement industry and sector partnerships to aid in aligning resources and training efforts among multiple firms.

### **Improving Employment and Training Services at One-Stop Career Centers and Promoting Innovation**

The *Workforce Investment Improvement Act* responds to the changing U.S. economy as a result of new technologies and globalization. States and local workforce boards should have the tools to implement and continuously improve workforce programs, including those at the 3,000 One-Stop Career Centers, to keep pace with the dynamic real time evolution of local and regional economies. The legislation supports the innovative approaches taking place at the state and local level by maintaining and strengthening the One-Stop Career system, without authorizing new and duplicative programs that empower the Secretary of Labor to pick winners and losers.

- **Strengthening One-Stop Career Centers:** The bill requires each mandatory partner program to contribute a portion of their funds toward infrastructure funding. This change will ensure that all organizations are paying a fair share for the physical structure and administrative costs to One-Stops, thereby ensuring employment and training dollars are spent on direct services for individuals. The legislation requires state WIBs to describe how they will encourage regional cooperation within the state and foster communication and partnerships with nonprofit organizations to enhance the quality and comprehensiveness of services available to workers.
- **In-Demand Occupations:** The bill requires local WIBs to conduct and regularly update workforce research and regional labor market analysis, in coordination with economic development agencies. This analysis will be used to determine the immediate and long-term skilled workforce needs of in-demand industries, as well as the knowledge and skills of the workforce in the area to address critical skills gaps between employers and job seekers.
- **Reducing Barriers to Employment:** The bill encourages states to set aside 2 percent of their Workforce Investment Fund to create Job Training Grants for Individuals with Barriers to Employment. These competitive grants to local WIBs and/or nonprofit or for-profit organizations will provide additional assistance to local areas to support hard-to-serve workers obtain the skills necessary to gain employment. This change uses the expertise and knowledge of the statewide workforce investment system to serve individuals that have barriers to employment, instead of continuing to support national programs operating outside of the WIA system. The new program:
  - Provides maximum flexibility to state and local areas to identify the targeted population they aim to assist and to develop job training and related programs to address their unique needs.
  - Requires eligible grantees to demonstrate their capacity to achieve the best results for individuals with employment barriers and reimburses programs on their ability to achieve specified performance outcomes and criteria, established by the Governor.

- Increased Use of Technology: The bill encourages state and local WIBs to use technology to facilitate access of employment and training services in remote areas. The legislation allows state and local WIBs to disseminate information not only in writing, but also electronically, to ensure full transparency of their actions and intentions.
- Better Services for Individuals with Disabilities: The bill requires state and local WIBs to describe how they will serve the employment and training needs of individuals with disabilities and stipulates that local WIBs are to work with the area's disability community to make available comprehensive, high-quality services to individuals with disabilities.

### **Ensuring Accountability for the Use of Taxpayer Funds**

The *Workforce Investment Improvement Act* ensures taxpayer funds are spent effectively and efficiently, and workforce development programs are helping Americans get back to work. Many federal job training programs have a myriad of performance measures, many of which do not address whether or not an unemployed or underemployed worker received the appropriate training and then secured employment in that particular field. As such, there is little information available to federal, state, and local policymakers on whether federal programs are making a difference in local communities. The legislation responds to last year's GAO report and takes a number of important steps to provide a clear picture as to the true effectiveness of federal job training programs.

- Protecting Taxpayers: The bill requires state and local WIBs to give priority to placing participants in private sector employment, instead of continuing to grow the size of government at all levels. It also requires local WIBs, in consultation with their chief elected officials, to designate or certify One-Stop Career Center operators through competitive processes. This change eliminates the authority for public, government-led consortiums of boards and One-Stop partners to automatically manage the centers. The legislation also makes state and local WIBs responsible for the use and management of employment and training funds spent in their area.
- Common Performance Measures: The bill rewrites the accountability system included in current law to create common performance measures for the Workforce Investment Fund, the Adult Education program (Title II of WIA), and the Vocational Rehabilitation program with the aim of decreasing burdensome administrative and reporting requirements. The legislation also:
  - Creates common performance measures for the Statewide Youth Challenge Grants to ensure young people are obtaining relevant occupational and academic skills.
  - Eliminates the unreliable customer satisfaction measure as a required performance measurement, but allows state and local WIBs to continue to use it if they choose.
  - Allows Governors to add additional performance measures for use within their states.
  - Requires the Secretary of Labor to reduce funding for those states that fail to meet their performance measures for two consecutive years.
  - Requires local WIBs to develop a reorganization plan if they fail to meet their performance measures for two consecutive years. Currently, the reorganization plan is allowed under the law, but it is not mandatory.

- Requires Governors to reduce funding for those local WIBs that fail to meet their performance measures for three consecutive years.
- **Transparency in Results:** The bill requires state WIBs to report on the number of individuals who receive work-ready and training services; the number of individuals who successfully exited out of work-ready and training services; the number of individuals who successfully secured employment in the field in which they were trained; and the average cost per participant of those individuals who received work-ready and training services during the most recent program year and fiscal year, and the preceding five program years. This legislation will improve federal, state, and local efforts to better report performance data and validate worker outcomes.
- **Program Evaluations:** Consistent with the recent GAO finding, the bill requires the Secretary of Labor to conduct an independent evaluation of all job training programs and activities at least once every five years. The evaluations must be contracted out through grants, contracts, or cooperative agreements, and cannot be conducted by Departmental bureaucrats. The results of the evaluations must be made publicly available.
- **Training Providers:** The bill requires state WIBs to set eligibility criteria for training providers that take into account the performance of providers and whether the training programs relate to occupations that are in-demand.

### **Enhancing Adult Education and Vocational Rehabilitation Services**

The *Workforce Investment Improvement Act* reauthorizes the Adult Education program, which provides funds to states to assist adults without a high school diploma to become literate and obtain the knowledge and skills necessary for postsecondary education and/or employment. The bill makes the following changes to Title II:

- Increases the focus of adult education programs on the delivery of the basic skills of reading, writing, speaking, and math, and encourages integrated education and workforce training programs.
- Ensures instructional practices are evidence-based to provide the highest return on federal investments.
- Enhances delivery of services through the use of technology, including distance education, to improve the professional development of trainers and the delivery of instruction to participants.
- Requires better coordination with the business community and the workforce investment system.
- Measures performance using the common performance measures outlined for all workforce investment programs to provide national, state, and local leaders with the data needed to make informed decisions.

The *Workforce Investment Improvement Act* reauthorizes the Rehabilitation Act of 1973, which provides vocational rehabilitation (VR) services to assist individuals with disabilities prepare for, obtain, and retain employment. The bill makes the following changes:



- Streamlines bureaucracy by redesignating the Commissioner of the Rehabilitation Services Agency as a Director, removing the requirement for Senate confirmation, and encouraging better collaboration for individuals with disabilities.
- Requires coordination between VR and services provided under the Assistive Technology Act.
- Includes in the state plan an assessment of the transition services provided through the VR system and how those services are coordinated with services under the Individuals with Disabilities Education Act (IDEA).
- Includes in the state plan strategies the state will use to address the needs identified in the assessment of transition services described above.
- Requires states to use one-half of one percent of their VR State Grants funding to award grants to businesses in partnership with other entities to create practical job and career readiness and training programs, and to provide job placements and career advancement.
- Requires states to reserve 10 percent of their formula grant funds to provide transition services to students with disabilities served under IDEA as they prepare to move out of school to postsecondary education, employment, or independent living.
- Consolidates two duplicative job training programs outlined in the GAO report, the Projects with Industry and State-Supported Employment Services Programs, into the existing VR State Grants program.
- Repeals two additional programs not included in the GAO report, the In-Service Training of Rehabilitation Personnel and Recreational Programs, which have had a limited national impact.

Both the Adult Education and VR programs are mandatory partners in the One-Stop Career system, and will contribute a portion of their administrative funds to the delivery infrastructure based on the state's determination. The bill limits the portion of administrative funds that VR programs are required to contribute to the proportionate use of the One-Stops by the programs in the state.