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Workforce Investment Act of 1998 (WIA): Reauthorization of Title I Job Training Programs in the 108th Congress

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Summary

Title I of the Workforce Investment Act of 1998 (WIA), P.L. 105-220, the country's chief job training legislation, authorizes several job training programs, including: Youth, Adult, and Dislocated Worker Activities; Job Corps; Youth Opportunity Grants; and programs for Native Americans, migrant and seasonal farmworkers, and veterans. The authorization for WIA programs expired on September 30, 2003, although annual appropriations have been continued funds for WIA through FY2005. On May 8, 2003, the House passed H.R. 1261. On November 14, 2003, the Senate amended and passed its version of H.R. 1261 after incorporating the text of S. 1627. No further action was taken. Both bills would have reauthorized the adult education and literacy programs and the Rehabilitation Act of 1973. Congress is expected to revisit reauthorization in the 109th Congress. This report focuses on provisions related to the Title I programs; it will not be updated.

Introduction

The Workforce Investment Act of 1998 (WIA), P.L. 105-220 (29 U.S.C. 2811 et seq.), was enacted in August 1998. Among other things, WIA repealed the Job Training Partnership Act (JTPA), and replaced it with new training provisions under Title I, Workforce Investment Systems. All states were required to implement Title I by July 1, 2000. The authorization for WIA programs expired on September 30, 2003, although FY2005 funding for WIA is included in P.L. 108-447. For information on WIA, see CRS Report 97-536, *Job Training Under the Workforce Investment Act (WIA): An Overview*. For information on WIA funding, see CRS Report RS20244, *The Workforce Investment Act (WIA): Training Programs Under Title I at a Glance*.

On May 1, 2003, the House Committee on Education and the Workforce reported H.R. 1261 (H.Rept. 108-82), as amended. On May 8, the House passed H.R. 1261 by a vote of 220 to 204. On November 5, 2003, the Senate Health, Education, Labor, and Pensions Committee reported S. 1627 (S.Rept. 108-107). On November 14, 2003, the

Senate incorporated S. 1627 in H.R. 1261 and passed its version of H.R. 1261 by unanimous consent.[1]

Both bills, among other things, would have amended and reauthorized the Title I WIA training programs, adult education and literacy programs, and the Rehabilitation Act of 1973. These programs would have been authorized through FY2009. This report focuses on Workforce Investment Systems, Title I of WIA.

Summary of Amendments to Title I

One-Stop Delivery System. Under current law, services for adults are provided primarily through a coordinated service-delivery system overseen locally by local workforce investment boards (WIB). This "one-stop" system is intended to provide a "seamless" combination of services to improve employment opportunities for individuals. The law requires that certain "partners," which are entities that administer programs such as adult education and vocational rehabilitation, provide "applicable" services through the one-stop system. Both bills would have made Temporary Assistance for Needy Families (TANF) a required partner unless the Governor notified the Departments of Labor and Health and Human Services that TANF was not to be a required partner.

Under current law, each required partner must enter into a memorandum of understanding (MOU) with the local WIB regarding, among other things, how the operating costs of the system will be funded. The House version of H.R. 1261 would have required each Governor to determine a portion of one-stop partner programs' federal funds for administration to be contributed toward paying the costs of the one-stop centers' infrastructure (i.e., nonpersonnel costs). The Senate version would have required the Governor to make this determination *only* if the local board, chief elected official, and the one-stop partners in a local area failed to reach agreement in the MOU on methods to sufficiently fund the infrastructure costs. Under the Senate version, there would have been a cap on the portion of federal funds that could be required to be contributed.[2] This cap would have been 3% of federal funds for WIA programs and the employment service authorized under the Wagner-Peyser Act, and 1.5% for other required partners.

Structure of State and Locally Administered Programs. Under current law, the state WIB functions as an advisory body to the Governor. Both bills would have added to the required membership the state agency officials responsible for economic development and would have removed representatives of youth. Both bills would have also required the state WIBs to develop and review statewide policies affecting the provision of coordinated or integrated services through the one-stop system.

Within each local area, a local WIB is certified by the Governor. These local boards have broad responsibility for developing a local workforce investment system. Membership includes representatives of businesses, local educational entities, labor

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[1] Both versions contained some provisions contained in a Mar. 6, 2003 Administration proposal. For a comparison of Administration, House, and Senate provisions, see [http://www.doleta.gov/whatsnew/WIA%20Side-by-Side%20Short%20Final%2012-2-03.pdf].

[2] The cap would have applied to all federal funds allotted to a program, but the funds could be contributed only from the administrative funds.

organizations, community-based organizations, economic development agencies, and one-stop partners. Both bills would have eliminated the requirement that representatives of the one-stop partners be included on the local WIBs; one-stop partners are required to be members of the state WIBs. Under current law, each local board is required to establish a youth council as a subgroup of the WIB to develop the youth portion of the local plan, to recommend eligible providers of youth activities, and to coordinate youth activities in the local area. Both bills would have made youth councils optional.

State and National Programs. Under current law, there are three state administered programs: youth, adult, and dislocated worker, each of which has its own state grant. Both bills would have retained the youth program, but refocused it as described below. The House version of H.R. 1261 would have created a consolidated adult program by combining the state grants for the WIA adult and dislocated worker programs with the state reemployment grants and state employment service grants, both of which are authorized under the Wagner-Peyser Act (29 U.S.C. 49 et seq.) The Senate version would have maintained separate programs.

There are several national programs under current law, such as Job Corps, Youth Opportunity Grants (YOG), and programs for Native Americans, migrant and seasonal farmworkers, and veterans. Both bills would have retained these national programs, except for YOGs, which would have been replaced with Youth Challenge Grants to assist youth in acquiring necessary skills, credentials, and employment experience. YOGs have not been funded since FY2003.

State and Local Allocations. Separate formulas are currently used to allocate funds to states for adult activities, dislocated worker activities, the employment service, and reemployment grants.[3] Under the House version of H.R. 1261, these four funding streams would have been combined into one formula grant for a revised adult program. Funds for this *consolidated adult program* would have been allocated to states by a two-part formula. The first part would have allocated 26% of the funds based primarily on a state's prior year share of the Wagner-Peyser state allotments. The second part would have allocated 74% of the remainder on a formula based on states' relative[4] number of unemployed individuals, relative "excess" number of unemployed individuals (more than 4.5% of the civilian labor force), and relative number of low-income adults. Each state's total allotment would have been the sum of its allotment under the two parts, except that no state would have received less than it would have under the four separate unconsolidated programs (if those formulas had been used for the year) and, unless DOL determined otherwise, no state would have received 3% more in total than it would have under the four separate formulas.

The Senate version of H.R. 1261 would not have created a consolidated adult program; funding streams would have remained separate. The funding formula for *adult*

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[3] For a detailed description of how funds are allotted to states for adults, dislocated workers, and employment services, see [http://www.doleta.gov/budget/WIAFormDesc.pdf].

[4] The word "relative" as used in this report means the number of individuals in a state compared to the total number in all states.

activities[5] would have been a modified version of the current formula,[6] and the dislocated worker formula would have been the same as current law.

Under the House version of H.R. 1261, of the funds allocated to the states for the consolidated adult program, the Governor could have reserved up to 50% for statewide activities.[7] Under the Senate version, of the funds allocated to states for adult activities, the Governor could have reserved not more than 15% for statewide activities, the same as current law.

Under the House version of H.R. 1261, of the funds allocated to local areas for the consolidated adult program, 85% would have been allocated based on a statutory formula and 15% would have been allocated to local areas based on a formula developed in consultation with state and local WIBs. Under the Senate version, of the funds allocated to local areas for adult activities, not less than 70% would have been allocated based on a statutory formula and up to 30% could have been allocated on a formula developed by the State board, the same as current law.

Under current law, funds to states for *youth activities* are allotted by a formula based on states' relative number of unemployed individuals residing in areas of substantial unemployment (at least 6.5%), relative "excess" number of unemployed individuals, and relative number of low-income youth. Of the funds allocated to the state, the Governor can reserve not more than 15% for statewide activities. The remainder of the funds are allocated to the local areas.

Under both bills, the funds would have been allocated to states using the current law formula, except that any funds in excess of the amount available for states for FY2003 (i.e., approximately $977 million) would have been allocated by a formula based on states' relative number of individuals in the civilian labor force, ages 16 through 19 in the House version and ages 16 through 21 in the Senate version; relative number of unemployed individuals; and relative number of economically disadvantaged individuals ages 16 though 21.

Under the House version of H.R. 1261, of the funds allocated for youth activities to the states, the Governor could have reserved up to 10% for statewide activities. Under the Senate version, up to 15% could have been reserved, the same as current law. Under current law, of the remainder, 70% is allocated based on a statutory formula and up to

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[5] Under the Senate bill, the formula would have been based on 40% of the relative number of unemployed individuals residing in areas of substantial unemployment (at least 6.5%), rather than one-third under current law, 25% on the basis of the relative number of individuals in the civilian labor force — which is not currently a factor — and 35% on the basis of the relative number of low-income adults rather than one-third.

[6] The Secretary would have been required to allocate up to $20 million from discretionary funds for dislocated workers to states that would receive less funds under the new formula than they received in program year 2003.

[7] Of this amount, not less than half would have been distributed to local areas by formula to support the provision of core services (e.g., outreach and job search assistance) through one-stop delivery systems. States could employ state personnel to provide the services in local areas in consultation with local boards.

30% is allocated on a formula developed by the State board. Under both bills, 80% would have been allocated to local areas based on a statutory formula, and 20% would have been allocated to local areas based on a formula developed in consultation with state and local WIBs.

Youth Activities. Under current law, at least 30% of the funds allocated to local areas have to be spent on activities for out-of-school youth. Under the House version of H.R. 1261, at least 70% of the funds would have been spent on out-of-school youth. Under the Senate version, at least 40% of the funds would have been spent on out-of-school youth.

Adult Activities. Under current law, three levels of services (core, intensive, and training) are provided to individuals sequentially. To be eligible to receive intensive services, such as comprehensive assessments and development of individual employment plans, an individual must first receive at least one core service, such as job search, and have been unable to either obtain employment or retain employment that allows for self-sufficiency. To be eligible to receive training services, such as occupational skills training and on-the job training, an individual must have received at least one intensive service, and must have been unable to obtain or retain employment.

Both bills would have modified this sequencing of services to provide that individuals could receive intensive or training services if they were unlikely *or* unable to obtain or retain employment through core or intensive services, respectively. Under the House version, unemployed individuals would have been eligible to receive intensive or training services if the one-stop operator determined they would be "unlikely or unable to obtain suitable employment," or in the case of an employed person, "retain suitable employment." Under the Senate version, unemployed individuals would have been eligible to receive intensive or training services if the one-stop operator determined they would be "unlikely or unable to obtain employment that leads to self sufficiency or wages comparable to or higher than previous employment," or in the case of an employed person, leads to "self-sufficiency."

Under current law and the Senate version of H.R. 1261, if a local area determines that funds for adult activities are limited, a priority for intensive and training services must be given to recipients of public assistance and low-income individuals participating in the adult program. The House version would have added a priority for intensive and training services for unemployed individuals in its consolidated adult program.

Both bills would have permitted local WIBs to use 10% of their allotment for adult activities for incumbent worker training programs to assist workers in obtaining the skills necessary to retain employment and avert layoffs.[8] An employer match would have been required.

Training, as in current law, would have been provided primarily though individual training accounts, which would have been called career scholarship accounts in the Senate version. The one-stop operator is responsible for arranging payment to eligible training

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[8] Under current law, statewide activities may include training for incumbent workers, but there is no similar provision for local areas.

providers. Current law stipulates specific procedures states must follow for determining provider eligibility, including specific cost and performance information that providers must collect. Under both bills, current statutory requirements would have been eliminated, and Governors would have been responsible for establishing criteria and procedures regarding the eligibility of providers. Local WIBs and one-stop delivery systems would have continued to retain a list of eligible providers, and participants would have continued to choose providers from this list in consultation with a case manager.

Performance Accountability. Under current law, there are four core indicators of performance for youth ages 19 through 21, adults, and dislocated workers: entry into unsubsidized employment, retention in employment six months after job entry, earnings received six months after job entry, and attainment of a recognized credential. There are also two measures of customer satisfaction, one for individuals and one for employers. The House version of H.R. 1261 would have eliminated the measure of attainment of a credential and replaced it with a measure of the efficiency of the program. The House version also would have eliminated the current measures of customer satisfaction. The Senate version would have modified the earnings measure to be an "increase in earnings." Both bills would have eliminated the application of these indicators to youth ages 19 through 21.

Under current law, there are three indicators of performance for youth ages 14 through 18: attainment of basic skills, attainment of secondary school diplomas and their equivalents, and placement and retention in such things as postsecondary education, advanced training, military service, and employment. Both bills would have modified current core indicators of performance to, among other things, apply to youth of all ages and to include a measure of literacy or numeracy skills or gains. The House version also would have included a measure of the efficiency of the program.

Nondiscrimination. Under current law, discrimination regarding participation, benefits and employment because of race, color, religion, sex, national origin, age, disability, or political affiliation is prohibited. The House version of H.R. 1261 would have continued these prohibitions, but it would have added an exemption for religious organizations with respect to their employment of individuals of a particular religion. The Senate version would not have changed current law.

Authorization. Under the House version of H.R. 1261, youth activities would have been authorized at $1,250,000,000 for FY2004, and for such sums as necessary for each of the fiscal years 2005 through 2009. Adult activities would have been authorized at $3,079,800,000 for FY2004, and for such sums as necessary for each of the fiscal years 2005 through 2009. Under the Senate version, youth, adult, and dislocated worker programs would have been authorized for such sums as necessary for each of the fiscal years 2004 through 2009.