

Policy Points

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Workforce Investment Act Key Implementation Issues

This past summer, the President signed into law the Workforce Investment Act (WIA). The new act requires several changes to the way that the workforce development system operates in the state of Arkansas and presents a range of choices that the state must make as it implements this new law. The state's new program must be up and running by July 1, 2000. Therefore, the state must act quickly to begin establishing the procedures under which the new system will operate. It is likely that state legislation will be required during the upcoming legislative session, at least for some issues.

A summary of the Workforce Investment Act was presented in an August 26, 1998 edition of this publication. This paper takes the analysis of the bill a step further. The following are some of the key changes in the new legislation and recommendations for how those changes should be implemented.

1. **State Workforce Investment Boards** - The law states that the state workforce investment board should be made up of the Governor; two members of each chamber of the State legislature; business leaders who have policymaking or hiring authority, reflect the employment opportunities in the state, and are nominated by state business organizations; local chief elected officials; representatives of labor organizations who have been nominated by labor federations; representatives from organizations that provide youth activities; representatives from training organizations that have experience and expertise in the delivery of workforce investment activities; and state agency officials whose programs are required to be included as one-stop partners. The Governor appoints all members except the legislators. Existing state boards can remain in effect for a five-year period, but only if they substantially meet the requirements of the new Act.

Local Workforce Investment Boards - The membership of local boards must include the following: business leaders who have policy-

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making or hiring authority, reflect the employment opportunities of the local area, and are nominated by local business organizations; representatives of local education entities; representatives of labor organizations who have been nominated by labor federations; representatives of community based organizations; representatives of economic development agencies; and representatives from each of the One Stop partners. Chief elected officials in the local areas appoint members of local boards.

Recommendation: The law should be followed. Attention should be given to appointing members who have experience with workforce development and who can work with their colleagues to encourage and implement necessary changes to the workforce development system.

- 2. State Plans** - Among other requirements, the state plan must include information on current and projected employment opportunities, by occupation; the job skills necessary to obtain such employment opportunities; the skills and economic development needs of the state; and the type and availability of workforce investment activities in the State.

Local Plans - Local plans must include an identification of the workforce investment needs of businesses, jobseekers, and workers in the local area; the current and projected employment opportunities in the local areas; the job skills necessary to obtain such employment opportunities; a description of the one-stop system to be established; a description and assessment of the type and availability of employment and training opportunities; and a description of the competitive process to be used to award the grants and contracts in the local area.

Recommendation: The state and local workforce boards should take these planning requirements seriously. A data-driven workforce investment system, that is based on real employment opportunities and the skills needed for those jobs, is more likely to meet the needs of employers and jobseekers alike. Plans should encourage placement of individuals in jobs that have career paths, benefits, and pay wages sufficient for economic independence. The state should work with local areas to access the data, directly providing data where possible. Both the state and local plans should be developed with public input, making the planning process widely known. Final plans should be made publicly available.

- 3. Priority Given to Different Types of Job Training Activities** – The Act states that funds can be spent on three different types of employment and training activities – core services, intensive services and training services. Core services must include eligibility determination; outreach, intake, and orientation; initial assessment; job search and placement assistance; provision of employment statistics information; provision of performance and cost information on training providers; assistance in establishing eligibility for welfare to work and financial aid; and follow-up for not less than 12 months after employment. Core services must be provided for all adults.

Intensive services include comprehensive and specialized assessments; development of an individual employment plan; group counseling; individual counseling; case management; and short-term pre-vocational services. Two types of individuals are eligible for these services: 1) individuals who are unemployed, unable to find a job through core services, and determined by the one-stop operator to be in need of more intensive services, or 2) individuals who are employed and determined to need intensive services to obtain or retain employment that allows for economic self-sufficiency. Finally, there are training services. Training includes occupational skills training, on-the-job train-

ing; workplace training combined with related instruction; skill upgrading and retraining; job readiness training; adult education and literacy activities; or customized training where the employer commits to hiring an individual who finishes the training successfully. Training can only be provided to someone who meets the requirements for intensive services and has failed to keep a job. In addition, the one-stop operator must determine that the individual is in need of training and has the skills and the qualifications to successfully participate in the training.

Recommendation: The state could interpret the law to mean that an individual must fail at core services and intensive services before he or she could access training services. Instead, the state should use the discretion that is given to one-stop operators to determine who should be eligible for intensive and training services. With economic self-sufficiency as the goal, one-stop operators should use this discretion to help individuals access the training and services they need to obtain viable employment. And one-stop operators should make sure that individuals get to these services as quickly as possible. When determining whether or not an individual has the skills and qualifications to participate in training programs, motivation and willingness to work hard should weigh heavily in the decision. In addition, stand-alone work readiness programs should be limited. Work readiness training should be incorporated with basic education and jobs skills training and connected to real jobs that have the wages, benefits, and career ladders necessary for a person to become economically self-sufficient.

4. Design of One-Stop Delivery Systems - The WIA requires the establishment of a one-stop

delivery system that will 1) provide core services, 2) provide access to intensive and training services, and 3) serve as the point of access to individual training account vouchers. The local board is given authority to develop and enter into memoranda of understanding with one-stop partners, designate or certify one-stop partners, and conduct oversight.

Recommendation: The system should be set up so that an individual can be assessed quickly either by the one-stop shop or another service provider. If an individual tests at a level that is likely to lead to a minimum wage job with no benefits, then he or she should be directed to a training program that will help him or her to prepare for a job that pays decent wages and offers benefits and a career ladder. An adequate number of providers should be identified so there are multiple entry points into the system and so a person does not have to wait an excessive amount of time to be assessed or to receive training or other services. Providers should be located near where individuals live and open at convenient hours. Transportation should be provided for individuals who want to visit the one-stops. One-stop shops should not try to do everything themselves. They should create a network of community-based organizations that can work together to move individuals from unemployment to economic self-sufficiency as quickly as possible.

5. Identification of Providers That Will Be Permitted to Accept Individual Training Account Vouchers - The law states that three types of providers can receive training vouchers: community

colleges, apprenticeship programs, and other public or private providers of training. The state must establish a procedure for use by local boards in determining the initial eligibility of training providers. Community colleges get automatic eligibility, but other training providers must apply through this procedure. The state must develop the procedure with input from local boards and providers of training services.

There is also to be a procedure for determining continuing eligibility as a training provider. Pro-

viders must submit performance information and program cost information and meet annual performance levels. The law states that the Governor or the local board shall provide access to cost-effective methods for the collection of the information or provide additional resources to assist providers in the collection of such information.

Recommendation: The procedure for identification of providers and continuing eligibility should be developed with public input, including input from community-based training providers. The list of available training providers should include community-based training providers. The state should provide training providers with any state data that they might need to determine performance.

- 6. Performance Measures that State and Localities Will Set for Local Training Providers –** The WIA lists core indicators for performance for all employment and training activities. These indicators must include: entry into unsubsidized employment; retention in unsubsidized employment for 6 months after entry into the employment; earnings received in unsubsidized employment 6 months after entry into employment; and attainment of a recognized credential. In addition, customer satisfaction of employers and participants in the system must be measured. Each local area must negotiate with the state about its local levels of performance.

In addition to reporting on these performance measures, the WIA requires the state to include information on participants in workforce investment activities relating to: entry by participants who have completed training services into unsubsidized employment; wages at entry into employment for participants in workforce investment activities; cost of workforce investment activities relative to the effects of the activities on the performance of participants; retention and earnings received in unsubsidized employment 12 months after entry into employment; performance with respect to the above performance measures of participants in workforce investment activities who received training services compared with the performance of participants in workforce investment activities who received only services other than training services; and performance with respect to the performance measures for recipients of public assistance, out-of-school youth, veterans, individuals with disabilities, displaced homemakers, and older individuals.

Recommendation: The state should require local workforce boards to provide all of the data required by the federal law. Local workforce boards should be required to produce this data for all programs funded under their authority, including activities they provide themselves and those activities provided by other organizations. To keep data collection as simple as possible, the federal requirements for performance measures and for the additional data should be combined. The state should work with local workforce boards and other service providers to obtain the data. The state should make available all data to which it has access, and should make sure that local workforce boards and other providers have the resources they need in terms of funding, staff, or access to technical assistance to collect the data. All data reported by the local workforce boards should be made publicly available.

- 7. Contracts in Lieu of Individual Training Account Vouchers -** The WIA lists three opportunities where a contract could be used in lieu of training vouchers: 1) on-the-job training provided

by an employer or customized training; 2) where there are insufficient numbers of providers to meet the purposes of the vouchers; and 3) for programs offered by community-based organizations or other private agencies that serve special participant populations that face multiple barriers to employment.

Customized training is further defined as training: 1) that is designed to meet the special requirements of an employer (including a group of employers), 2) that is conducted with a commitment by the employer to employ an individual on successful completion of the training, and 3) for which the employer pays for not less than 50 percent of the cost of the training. On the job training is defined as training by an employer that is provided to a paid participant while engaged in productive work in a job that 1) provides knowledge and skills essential to the full and adequate performance of the job; 2) provides reimbursement to the employer of up to 50 percent of the wage rate for the participant; and 3) is limited in duration as appropriate to the occupation for which the participant is being trained.

Recommendation: The state should mandate the use of contracts where they would meet the requirements of the Act and where they would support the work of a training program that has been effective or has the potential to be effective in training and placing low-income individuals in jobs that pay decent wages and offer a career ladder and benefits. It is difficult for a training organization to plan for budget and staffing needs if it does not know how many individuals it will serve. Contracts help to make this planning easier.

8. Demonstration Program and Incentive Grants - There are several activities in which the State is required to engage. One of those activities is providing incentive grants to local areas for

regional cooperation among local boards, for local coordination of activities carried out under the Act, and for exemplary performance by local areas on the local performance measures. The Act also allows the State to conduct research and demonstration programs.

Recommendation: The State should use the authority that it has been granted to establish demonstration programs that encourage innovation and creativity. Rather than passing through the majority of Federal funds straight to local workforce boards, the State should hold back some funds for state-level demonstrations. Such demonstrations should be open to a broad range of organizations that may have creative ideas to be tested. These ideas can lead to more effective training programs within the workforce development system.

The state should use incentive grants to reward PICs and community based providers that are successful in placing individuals in jobs that have career paths, benefits, and pay wages sufficient for economic independence.

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