

# **WORKFORCE INVESTMENT ACT INTRODUCTION**

## **BACKGROUND**

In 1998 Congress passed the Workforce Investment Act, the first major reform of the nation's job training system in over 15 years. It was designed to replace the patchwork federal system that developed over the last sixty years with a locally designed and driven system to improve the quality of the workforce, enhance the productivity and competitiveness of the nation and reduce welfare dependency.

The Workforce Investment Act took effect on July 1, 2000. It passed by a wide bipartisan majority in part because it was designed to permit communities and states to build a workforce investment system that respects individual choices, reflects local conditions, and results in increased employment, retention, and earnings of participants, and increases occupational skills attained by participants.

The Workforce Investment Act redesigned the nation's workforce development system to:

- Streamline multiple employment and training programs into an integrated One-Stop Career Center system, simplifying access to services for job seekers and employers.
- Empower individuals to get the services and skills they need to improve their employment opportunities through qualified training programs of their choosing.
- Increase accountability of states, localities and training providers for their performance based on job placement rates, earnings, retention in employment, skill gains, and credentials earned.
- Involve local elected officials and the private sector in business-led boards for the local areas focusing on strategic planning, policy development and local oversight.
- Allow state and local flexibility to implement innovative and comprehensive workforce investment systems to meet the needs of their communities.
- Improve youth programs by creating Youth Councils that are linked more closely to local labor market needs and the community.

### **New Roles and Flexibility**

Partnerships at all levels -- local, state and federal -- and across the system are the hallmark of the new workforce investment system. All levels are required to coordinate and collaborate with agencies and entities that have not been a part of the traditional workforce development system. Accountability and responsibility for outcomes at all levels of the system now exist, with each level having unique and integral roles and responsibilities.

### **Local Responsibilities**

In the new system, the local level remains key for operational and administrative decisions. It is where customers access services and where the design for the new One-Stop Career Center system and the consumer-driven training system is implemented. Local Workforce Investment Boards have important roles in the new system.

The chief local elected officials have a central role in the administration of workforce investment activities. Specifically, the chief local elected official:

- Appoints the members of the local board that establishes workforce investment policies in the local area;
- Develops, in collaboration with the local board, the local workforce investment plan, which specifies the types of services that are provided;
- Serves, or designates an entity to serve, as the grant recipient for job training funds provided under the Act;
- Works with the local board to conduct oversight of the One-Stop Career Center in the local area, designates and certifies One-Stop operators, appoints One-Stop partners from participating programs and develops and approves the memoranda of understanding under which One-Stop Career Centers are administered; and
- Works with the local board to negotiate with the Governor the performance levels that will be applicable to local areas and that could result in incentive funds or sanctions.

Additionally, representatives of chief elected officials are members of the state board that develops the state plan and carries out other statewide activities.

## **State Responsibilities**

The Act includes numerous features designed to provide states with increased flexibility in designing and implementing workforce investment systems. It also prescribes new roles for Governors. For example, the Workforce Investment Act:

- Requires that each state establish a business-led State Workforce Investment Board, consisting of the Governor and appointees of the Governor representing business, education, labor, local elected officials and others;
- Requires states to develop a comprehensive 5-year strategic state plan for all workforce investment activities, and monitor the operation of the workforce investment system;
- Increases significantly the Governor's flexibility to finance activities that are state priorities by allowing the state to reserve fifteen percent from each of the three funding streams to use for an array of workforce investment activities;
- Provides the Governor with a significant role in developing performance measures used to evaluate the effectiveness of the workforce investment system in his/her State.

State Workforce Investment Boards also play an important role in the design and implementation of state systems. For example, the Board assists the Governor in developing a 5-year strategic plan, continuously improving the system, designating local workforce investment areas, developing state performance measures, and developing funding formulas.

## **Federal Responsibilities**

The federal role is also changed. The federal role is now one of a leader and an enabler, with a focus on coordinating services with other federal agencies and ensuring overall accountability for results. The federal role includes:

- Strategic planning and policy formulation;
- Designing performance accountability to ensure that states and localities meet program performance requirements and provide the highest level of service to customers;
- Providing research and evaluation findings to the workforce investment system;

- Providing expert assistance to state and local partners and other stakeholders;
- Administration and oversight to ensure financial accountability of programs and compliance with legal requirements.

### **Performance Accountability under WIA**

Section 136 of the WIA specifies core indicators of performance for workforce investment activities in adult, dislocated worker, and youth programs. Fifteen core measures apply to the adult, dislocated worker and youth programs, and two measures of customer satisfaction apply across these three funding streams for a total of 17 required measures. The measures specified in the Act are as follows:

#### *Adult Program*

1. Entry into unsubsidized employment;
2. Retention in unsubsidized employment six months after entry into the employment;
3. Earnings received in unsubsidized employment six months after entry into the employment; and,
4. Attainment of a recognized credential relating to achievement of educational skills, which may include attainment of a secondary school diploma or its recognized equivalent, or occupational skills, by participants who enter unsubsidized employment.

#### *Dislocated Worker Program*

5. Entry into unsubsidized employment;
6. Retention in unsubsidized employment six months after entry into the employment;
7. Earnings received in unsubsidized employment six months after entry into the employment relative to earnings of job of dislocation; and
8. Attainment of a recognized credential relating to achievement of educational skills, which may include attainment of a secondary school diploma or its recognized equivalent, or occupational skills, by participants who enter unsubsidized employment.

#### *Youth Program*

##### *Older Youth (aged 19-21)*

9. Entry into unsubsidized employment;
10. Retention in unsubsidized employment six months after entry into the employment;
11. Earnings received in unsubsidized employment six months after entry into the employment; and

12. Attainment of a recognized credential relating to achievement of educational skills, which may include attainment of a secondary school diploma or its recognized equivalent, or occupational skills, by participants who enter unsubsidized employment or who enter postsecondary education, advanced training or unsubsidized employment.

*Younger Youth (aged 14-18)*

13. Attainment of basic skills and, as appropriate, work readiness or occupational skills;

14. Attainment of secondary school diplomas and their recognized equivalents; and

15. Placement and retention in postsecondary education, advanced training, military service, employment, or qualified apprenticeships.

*Across Funding Streams*

16. Customer satisfaction for participants; and

17. Customer satisfaction for employers.