

# CRS Report for Congress

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## Workforce Investment Act of 1998 (WIA): Reauthorization of Title I Job Training Programs

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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 funding authorization for WIA programs expires on September 30, 2003. On March 6, 2003, the Administration released its proposal for reauthorization of the Title I programs. On March 27, 2003, the House Committee on Education and the Workforce approved H.R. 1261, as amended, the Workforce Reinvestment and Adult Education Act of 2003. In addition to reauthorizing the Title I job training programs, the bill would also reauthorize the adult education and literacy programs and the Rehabilitation Act of 1973. This report focuses on provisions related to the Title I programs, and will be updated after major legislative developments.

### Introduction

The Workforce Investment Act of 1998 (WIA) (P.L. 105-220),<sup>1</sup> 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 Among other things, WIA repealed the Job Training Partnership Act (JTPA), and replaced it with new training provisions under Title I, Workforce Investment Systems.<sup>2</sup> All states were required to implement Title I by July 1, 2000. The authorization for WIA programs expires on September 30, 2003.

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<sup>1</sup> 29 U.S.C. 2811 et seq.

<sup>2</sup> For more information see CRS Report 97-536, *Job Training Under the Workforce Investment Act (WIA): An Overview*, by Ann Lordeman.

On March 6, 2003, the Administration released its proposal for reauthorization of WIA.<sup>3</sup> On March 20, 2003, the House Subcommittee on 21<sup>st</sup> Century Workforce Competitiveness of the House Committee on Education and the Workforce marked up H.R. 1261, which is based on the Administration's proposal. On March 27, the full committee ordered to be reported H.R. 1261, as amended. A notable change in the bill as ordered to be reported is the omission of provisions for Personal Reemployment Accounts.<sup>4</sup>

H.R. 1261, among other things, amends and reauthorizes the Title I WIA training programs,<sup>5</sup> adult education and literacy programs,<sup>6</sup> and the Rehabilitation Act of 1973.<sup>7</sup> These programs would be authorized through FY2009. Regarding adult education, H.R. 1261 would authorize the Adult Basic Skills and Family Literacy Education Act to replace the Adult Education and Family Literacy Act (AEFLA); however, most AEFLA provisions would be continued. Program authority would be expanded to include assistance for immigrants in acquiring an understanding of the American free enterprise system and individual freedoms. Regarding the Rehabilitation Act of 1973, H.R. 1261 would require state vocational rehabilitation (VR) plans to describe how VR services would be better coordinated with services under the Individuals with Disabilities Education Act (IDEA); and remove the requirement that the Commissioner of the Rehabilitation Services Administration (RSA) be appointed by the President and confirmed by the Senate.<sup>8</sup> The remainder of 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 mandates that certain “partners,” which are entities that administer programs such as adult education and vocational rehabilitation, provide “applicable” services

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<sup>3</sup> For more information on the Administration's proposal, see [[http://www.doleta.gov/whatsnew/WIA\\_Factsheet\\_Final\\_v3.cfm](http://www.doleta.gov/whatsnew/WIA_Factsheet_Final_v3.cfm)].

<sup>4</sup> These provisions were removed, but are contained in H.R. 444, the Back to Work Incentive Act of 2003. For information on the accounts, see CRS Report RL31825, *Personal Reemployment Accounts: Result from Bonus Demonstrations*, by Linda Levine.

<sup>5</sup> For a brief summary of programs authorized under Title I of WIA, see CRS Report RS20244, *The Workforce Investment Act (WIA): Training Programs Under Title I at a Glance*, by Ann Lordeman.

<sup>6</sup> For information, see CRS Report RL30106, *Adult Education and Family Literacy Act, Title II of the Workforce Investment Act of 1998, P.L. 105-220*, by Paul M. Irwin.

<sup>7</sup> For information on the Rehabilitation Act, see CRS Report RL31378, *Rehabilitation Act: Programs and Funding*, by Sidath V. Panangala.

<sup>8</sup> Programs authorized under both the Adult Education and Family Literacy Act and the Rehabilitation Act of 1973 would be affected by amendments regarding the one-stop delivery system in Title I of WIA. For information on these amendments, see the section of this report on the one-stop delivery system.

through the one-stop system.<sup>9</sup> Partners must enter into written agreements with the local WIBs regarding services to be provided, the funding of the services and operating costs of the system, and the methods of referring individuals among partners. Partners also serve as representatives on the local WIBs.

H.R. 1261 would add the requirement that each Governor determine a portion of federal funds provided to state and local areas under the federal laws authorizing the one-stop partner programs (e.g., adult education and vocational rehabilitation programs) to be used toward paying the costs of the one-stop centers' infrastructure (i.e., nonpersonnel costs). Each state WIB would develop the formula to be used by the Governor in allocating the funds to the one-stop centers it would certify for this purpose.

**Structure of State and Locally Administered Programs.** Under current law, the state WIB, which functions as an advisory body to the Governor, includes in its membership: the Governor; members of the state legislature; chief elected officials; representatives of the lead state agencies responsible for the programs carried out by one-stop partners, business, and labor organizations; and individuals and representatives of organizations having experience with youth. H.R. 1261 would add to the required membership the state agency officials responsible for economic development and would remove representatives of youth. H.R. 1261 would also amend the functions of the WIB by adding the requirement that they assist the Governor in certifying one-stop centers and awarding infrastructure funds.

One function of the state WIB is to assist the Governor in the designation of local workforce investment areas. Under current law, a request for designation from any unit of general local government with a population of 500,000 or more is automatically approved. H.R. 1261 continues this requirement, but allows the Governor to deny a request for designation if the unit of government "did not perform successfully" during the preceding 2 years. H.R. 1261 is silent on how successful performance would be determined.

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. H.R. 1261 would eliminate the requirement that membership of local WIBs include representatives of the one-stop partners; they are required 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. H.R. 1261 would eliminate the requirement for youth councils; they would be 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. H.R. 1261 would retain the youth program, but refocus it as described below. H.R. 1261 would also create one state grant for adult activities by consolidating the state grants for the WIA adult and dislocated worker programs with the state reemployment

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<sup>9</sup>In addition to the mandatory partners, WIA also specifies optional partners, which could include entities that administer Temporary Assistance for Needy Families (TANF).

grants and state employment service grants, both of which are authorized under the Wagner-Peyser Act (29 U.S.C. 49 et seq.)

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. H.R. 1261 would eliminate YOGs, which are competitive grants made to local WIBs and other entities to increase the long-term employment of youth living in empowerment zones, enterprise communities, and high poverty areas. H.R. 1261 would replace the program with Youth Challenge Grants, which would include competitive grants to states and local areas and discretionary grants to public or private entities to provide assistance to both in-school and out-of-school youth.

**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.<sup>10</sup> Under H.R. 1261, these four funding streams would be combined into one formula grant for a revised adult program. Of the funds appropriated for **adult activities**, the Secretary of Labor would reserve 10% to provide for national dislocated worker grants (currently called national emergency grants), demonstration projects, and technical assistance. As in current law, 0.25% of the total appropriation would be reserved for grants to outlying areas. Of the remainder, 60% would be allotted to states on the basis of the relative<sup>11</sup> number of unemployed individuals, 15% on the basis of the relative “excess” number of unemployed individuals (more than 4.5% of the civilian labor force), 15% on the basis of the relative number of individuals in the civilian labor force, and 10% on the basis of the relative number of low-income adults.

Of the funds allocated for adult activities to the states under H.R. 1261, the Governor could reserve up to 50% for statewide activities.<sup>12</sup> Of the remainder, 80% would be allocated to local areas based on a statutory formula and 20% would be allocated to local areas based on a formula developed in consultation with state and local WIBs.

Under current law, funds to states for **youth activities** are allotted by a formula based one-third on the relative number of unemployed individuals residing in areas of substantial unemployment (at least 6.5%), one-third on the basis of the relative “excess” number of unemployed individuals (more than 4.5% of the civilian labor force), and one-third on the basis of the relative number of low-income youth. Of the funds allocated to the state for adult and youth programs, the Governor can reserve not more than 15% for statewide activities. The remainder of the funds are allocated to the local areas.

Under H.R. 1261, of the funds appropriated for youth activities, the Secretary of Labor would reserve 25% for Youth Challenge Grants. As in current law, 0.25% of the

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<sup>10</sup> For a detailed description of how funds are allotted to states for adults, dislocated workers, and employment services, see [<http://www.doleta.gov/budget/statfund.asp>].

<sup>11</sup> The word “relative” as used in this report means the number of individuals in a state compared to the total number in all states.

<sup>12</sup> Of this amount, not less than half would be 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.

total appropriation would be reserved for grants to outlying areas and not more than 1.5% for youth activities for Native Americans. Of the remainder, one-third would be allotted on the basis of the relative number of high school dropouts ages 16 through 21; one-third, on the relative number of jobless out-of-school youth ages 16 through 21; and one-third, on the relative number of “economically disadvantaged” youth.

Of the funds allocated for youth activities to the states in H.R. 1261, the Governor could reserve up to 10% for statewide activities. Of the remainder, 80% would be allocated to local areas based on a statutory formula and 20% would be allocated to local areas based on a formula developed in consultation with state and local WIBs.

**Youth Activities.** At least 30% of the funds currently allocated to local areas have to be spent on youth activities for out-of-school youth. Under H.R. 1261, at least 70% of the funds would have to be spent on school dropouts, recipients of a secondary school diploma or the “General Equivalency Diploma” (GED),<sup>13</sup> court-involved youth attending an alternative school, and youth in foster care or who have been in foster care. Within this group, priority for youth services must be given to school dropouts. No more than 30% of the funds could be spent on in-school youth who are low income.

Under current law, services to youth must be provided through grants to providers made on a competitive basis. H.R. 1261 would repeal this requirement.

**Adult Activities.** Under current law, three levels of services (core, intensive, and training) are provided to individuals sequentially. An individual must first receive at least one core service, such as outreach, initial assessment of skills and needs, and job search and placement assistance to be eligible to receive intensive services, such as comprehensive assessments and development of individual employment plans. 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.

H.R. 1261 would eliminate the sequencing of services in certain instances. Individuals would be eligible to receive intensive service if the one-stop operator determined they would be unlikely *or* unable to obtain “suitable employment” through core services and are in need of intensive services to obtain suitable employment. Likewise, individuals would be eligible to receive training services if the one-stop operator determined they would be unlikely *or* unable to obtain “suitable employment” through intensive services and in need of training services to obtain suitable employment. The Governor would define the term “suitable employment.”

At present, if a local area determines that funds 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.<sup>14</sup> H.R. 1261 would add a priority for intensive and training services for unemployed individuals.

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<sup>13</sup> This is an apparent reference to the General Educational Development program, which is often seen as an equivalent to a high school diploma.

<sup>14</sup> There is no similar priority for the dislocated worker program.

H.R. 1261 would permit local WIBs to use 10% of the allotment for adult activities for incumbent worker training programs to assist workers in obtaining the skills necessary to retain employment and avert layoffs.<sup>15</sup> An employer match would be required.

Training, as in current law, would be provided primarily through individual training accounts. The one-stop operator is responsible for arranging payment to eligible training providers. In order for training providers to be certified by the Governor, they currently must report on certain performance measures, such as program completion rates and wages at completion, that are established in law. Under H.R. 1261, the Governor would establish the criteria and procedures regarding the eligibility of providers. The Governor would be required to take into account performance indicators, such as entry and retention in unsubsidized employment, or other “appropriate” indicators and other factors the Governor determines to be appropriate to ensure quality of services, accountability of providers, and the informed choice of participants. Local WIBs and one-stop delivery systems would continue to retain a list of eligible providers, and participants who have individual training accounts would continue to choose providers from this list in consultation with a case manager.

**Performance Accountability.** Under current law, there are 15 core indicators of performance for adults, dislocated workers, and youth and two indicators of customer satisfaction. H.R. 1261 would reduce the number of indicators from 15 to eight and would make indicators for customer satisfaction a local option.

**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. H.R. 1261 would continue these prohibitions, but it would add an exemption for religious organizations with respect to their employment of individuals of a particular religion.

**Authorization.** Under H.R. 1261, youth activities would be authorized at \$1,001,000,000 for FY2004, and for such sums as necessary for each of the fiscal years 2005 through 2009. Adult activities would be authorized at \$3,079,800,000 for FY2004, and for such sums as necessary for each of the fiscal years 2005 through 2009.

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<sup>15</sup> Under current law, statewide activities may include training for incumbent workers, but there is no similar provision for local areas.