

# Workforce Investment Act Reauthorization: Supporting the Nation's Economic Recovery

## ABOUT AIWP

The Association of Iowa Workforce Partners (AIWP) is an assembly of direct workforce service providers. AIWP strives to enrich Iowa's economic development through the delivery of innovative workforce services and works to provide the link between people, communities and industry. AIWP was established in 2000 and currently has 17 member organizations. Members include Workforce Investment Act providers, Iowa Workforce Development, and agencies serving special populations.

Depression. From December 2007 to September 2009, Iowa has lost 45,700 jobs, representing 3 percent of non-farm employment, compared with 5.2 percent nationally. Long-term joblessness in Iowa is a growing concern with 25 percent of Iowa's unemployed having been so for 27 weeks or more.

As part of the American Recovery and Reinvestment Act (ARRA), Congress made substantial and much needed investments in WIA. The Association of Iowa Workforce Partners (AIWP) appreciates that investment, but urges Congress to reauthorize Title I of the Workforce Investment Act with a renewed focus on providing broad access to training to create a skilled workforce for the future economy. AIWP supports the following recommendations for WIA Reauthorization:

### *Continuation of the Summer Youth Program*

AIWP strongly supports the continuation of the summer youth program as a part of the Workforce Investment Act Reauthorization, which

## BACKGROUND

In 1998, Congress passed the Workforce Investment Act (WIA), replacing the Job Training Partnership Act (JTPA) as the largest single source of federal funding for workforce development activities. The goal of WIA was to create a universal access system of one-stop career centers, which would provide access to training and employment services for a range of workers, including low-income adults, low-income youth, and dislocated workers. WIA authorization expired in 2003. Congress continues to appropriate funds, extending the program based on current statute pending reauthorization.

## IMPORTANCE TO IOWA

The nation is facing its worst economic crisis since the Great

would allow regions to conduct year-round planning for the program. The summer youth program is an integral tool in enabling young people to develop the skills they need to succeed in the workplace. Due to the worsening economy, the number of unemployed youth increased by 1.1 million between April and July 2009, and the proportion of employed youth in July 2009 was 51.4 percent, the lowest employment rate on record (United States Department of Labor, Bureau of Labor Statistics, *News: Employment and Unemployment Among Youth*, August 2009). Many Iowa employers noted that had it not been for the summer youth program created by the American Recovery and Reinvestment Act, the economic recession would have prevented them from hiring youth workers. When asked the greatest value of the program, employers and program participants cited the teaching of workplace skills such as professionalism and responsibility; job seeking skills such as resume development; the invaluable work experience component; and the availability of life skills training and supportive services, such as financial literacy. This program produces results for youth work readiness; 80 percent of participants increased their skills over the course of the program, which was measured by a comparison between pre- and post-program assessments.

### *Accelerated Skills Training Funding*

Many high-demand occupations in Iowa, such as welding, semi-truck driving, and computer technology, require short-term, non-credit, industry-recognized training. These opportunities have a high return on investment, and workers can be trained quickly to fill these positions. However, Pell Grants and other traditional sources of student financial aid do not allow use of funding toward non-credit programs, and the training is unaffordable for many potential workers. There is a need for a funding source for these programs to fill the gap for people who are unable to access other education or training assistance and to leverage current workforce resources to provide funding directly to people for training. This funding for short-term skills training would not only allow unemployed workers to return to work, but also those living on or below the poverty line to improve their skills and earning capacity.

### *Local Decision-Making and Leadership*

AIWP supports local decision-making and allocation of funding through regions. Local Workforce Investment Boards (LWIBs), in partnership

with Chief Local (City and County) Elected Officials (CEOs), should have an active role in decisions involving workforce development issues in their communities, since they best know regional needs and resources and have the relationships necessary to connect customers to supports and services. Planning, implementation, and funding to the local level best ensure:

- Responsiveness to local needs (working out solutions where employer and customer needs are known quickly);
- Selection of the best providers, with good reputations, credibility, and results;
- Local involvement from schools, chambers of commerce, and community groups that contribute to the system;
- An entrepreneurial spirit (a catalyst to leverage non-WIA resources);
- Accountability financially and for results region by region;
- Reasonable allocation and service to all parts of the state.

Local elected officials should be empowered to appoint Local Workforce Investment Board members who will provide the quality of leadership needed to drive the local workforce development system without undue administrative requirements. Local Workforce Investment Boards should be empowered and financially supported to allow them to be the strategic leaders for workforce development in local communities.

Regardless of the manner in which states receive WIA funding, local workforce investment areas should be guaranteed that the majority of dollars flow directly to Chief Local Elected Officials and Local Workforce Investment Boards. Additionally, business leadership at both the state and local levels is essential to the success of the workforce development system.

#### *Create New Sector Partnership Capacity under WIA*

Sector partnerships organize stakeholders connected to an industry—multiple firms, unions, education and training providers, and local workforce systems—to develop customized solutions for that industry on a regional level. Creating a congressionally authorized program with designated funding and performance measures would support unique capacity for sector partnerships to help local industries plan, grow, and re-tool their workforces for the future. This investment stream should be a permanent part of WIA and structured to complement existing services and infrastructure.

#### *Optional Youth Councils*

Chief Local Elected Officials and Local Workforce Investment Boards should retain authority to create Youth Councils if it is believed the Councils add value to local areas.

#### *Adequately Fund Job Training*

In order to fully recover from the economic recession, Iowa will need to provide unemployed workers with the tools and training they need to succeed in the workforce. For many, this means entering a training or education program that gives workers the skills needed to enter a new field. In Iowa, WIA funds are used to provide both direct training and for staff to organize volunteers, lead group workshops, provide one-on-one instruction and counseling, and organize community responses to large hirings or layoffs. AIWP recommends the adequate funding of WIA and allowing local workforce boards, business leaders, and local elected officials to decide on its best use. It is a low cost investment that more than pays back the cost per person during the first year of employment in increased earnings, increased tax payments, and reduced public benefits. The greater the investment, the greater the return. Specifically, AIWP recommends the adequate funding of on-the-job training, which is currently an allowable cost for the program but is under-utilized because of the need to fully fund the option. Employers express that there is a need for on-the-job training, but businesses have a harder time providing that opportunity during a period of economic uncertainty.

#### *Areas of Concern*

For the most part, AIWP supports WIA Reauthorization recommendations set forth by the National Skills Coalition, the National Association of State Workforce Agencies (NASWA), and testimony given by Assistant Secretary for the Employment and Training Administration (ETA), Jane Oates. However, AIWP has concerns about the following suggestions:

- **The Required Use of Merit Staff for Specific Workforce Programs** – AIWP does not support the required use of merit staff for specific workforce programs. Instead, AIWP supports the use of performance measures and Local Workforce Investment Boards in order to ensure accountability. By limiting the number of workforce professionals able to work in specific programs, it will limit service capacity and undermine efforts in Iowa to integrate the workforce system.
- **Designation of Specific Workforce Programs as the Backbone of the Workforce System** – AIWP does not support the designation of specific workforce programs as the backbone of the workforce system. By designating specific programs as the backbone of the system, it does not provide flexibility to respond to local needs based on timely factors. Instead, AIWP supports a workforce partnership effort between programs, in order to best serve customers based on their needs and circumstances.
- **Allowing States Maximum Flexibility** – AIWP supports the provision of flexibility in general, as long as it enables local decision-making, in order to best respond to community needs and circumstances.
- **Allocating Funding through Block Grants** – AIWP does not support the use of block grant funding for the Workforce Investment Act. Instead, AIWP supports funding that is channeled as directly as possible to workforce regions, in order to serve clients in a manner that is responsive to local needs.