Working for a Living, Learning for the Future

Updating the Workforce Investment Act to Create a Competitive 21st Century Labor Force

By Louis Soares  January 2010
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Balancing work, education and life in the 21st century U.S. economy is enormously complicated for most American workers. Even before the two-year long Great Recession, many Americans were already struggling to provide for their families amid a jobless recovery while also trying to learn new skills in order to enter better paying professions. Policymakers in Washington need to help unemployed autoworkers in Michigan and construction workers in Florida get retrained for green jobs, single mothers working in hotel housekeeping get their associate’s degrees in nursing, and real estate agents return to college to pursue an entirely new profession.

These and millions of other workers in other professions must balance family, work and education responsibilities in their quest to achieve the American Dream through improved knowledge and skills. And these “working learners” are a key to our national economic competitiveness. They comprise the nearly 75 million Americans, or 60 percent of our workforce—in the labor market but lacking any kind of postsecondary education credentials from a university or community college. These working learners also include a range of individuals who never completed high school or who have low literacy and English language skills. They are the workers our nation will need to compete more effectively in the global economy and yet they are woefully ill-equipped to do so.

Postsecondary education is demonstrated to increase national innovation, economic productivity and individual incomes and prosperity, yet we are failing to educate this large portion of our workforce.¹ The U.S. Bureau of Labor Statistics estimates that more than 71 percent of employment opportunities through 2016 will require postsecondary credentials. Of those working learners who actually begin their college education only about 34 percent have an associate’s degree or college degree after six years of study. And our nation’s workforce investment system, which is largely designed to help workers who are suddenly unemployed find new jobs quickly, offers workers few chances at earning postsecondary credentials such as associate’s degrees, technology certificates or occupation licenses.

When well-prepared with the right skills and credentials, however, working learners can muster the exact mix of technical knowledge, business acumen and creativity necessary to compete in today’s highly mobile, innovation-driven economy.² Science and technology are creating innovation-enabled 21st century job opportunities for working Americans in frontline jobs such as biomedical and energy efficiency technicians, social media com-
munications assistants, new materials production workers and advanced manufacturing factory floor laborers. But these are the kinds of jobs that require learning new skills on the job and outside of the workplace. The capability of these working learners to compete at all levels of the U.S. economy is in turn important for economic recovery and essential to sustained economic growth.

Unlike the once traditional college student—18-to-24 years old, dependent on parents, attending college for four years and then entering the workforce—working learners must obtain their postsecondary credential while balancing life and work responsibilities over time rather than in a traditional two- or four-year postsecondary education programs.

Working learners pursue knowledge and skills related to employment goals, which include a range of sub-baccalaureate programs and credentials. To be successful simultaneously at work and at school, working learners require flexible education programs, courses of study that yield recognized educational credentials, career guidance, and easy-to-use financial assistance. Such ideal educational programs for working learners are at best rare, but Congress has before it this year an opportunity to help working learners and rebuild U.S. economic competitiveness and prosperity.

Congress needs to focus on the unique needs of working learners as it considers the reauthorization of the landmark Workforce Investment Act of 1998. WIA was originally designed to unify a fragmented set of federal employment and training programs and create a single, universal workforce development system that could provide services for unemployed job seekers and employers. With an annual budget of about $3 billion for training, WIA was never intended to educate millions of working learners, yet the program occupies a unique place in federal public policy. It is the only program that explicitly attempts to build a bridge between education and the economy for all American workers. This bridge is critical in a labor market defined by an increasing demand for workers with postsecondary education and job churn that puts people in new jobs requiring new skills with new companies more often than ever before.

The challenge before Congress is daunting, however, because meeting the needs of working learners is a task that no single labor training or educational institution can possibly meet by itself. Rather, these needs require partnerships between government agencies, colleges and other education providers, non-profit organizations, employers and unions. These partnerships build pathways to education and life success that expand our traditional conceptions of two- and four-year college experiences. The original WIA legislation did envision the need for many partners in education, especially for low-income, low-skill workers, but in practice the decentralized system of local workforce investment boards that runs the current WIA system tends to focus on quick job placement, short-term training with poor quality measures of success, and very little in the way of postsecondary credentials earned.
An improved WIA program would provide a reliable, consistent platform from which working learners could access and persist on these education-career pathways to obtain a postsecondary credential. Such a workforce system would focus more on attaining a postsecondary credential than on quick job placement, more on career development than crisis intervention, and more on quality education programs than quick-fix training. While the current economic crisis is appropriately focusing public policy attention on the needs of millions of unemployed workers, policymakers in Congress must also be sure to build a workforce development system that recognizes education and skills improvement cannot only happen at points of crisis in order to sustain workers’ long-term economic opportunity and our national economic competitiveness.

In short, we need a more balanced WIA system that is able to work with both the unemployed and employed workers who lack postsecondary credentials, workers who are trying to balance work, learning and family responsibilities while competing aggressively in the labor market. For this to happen, Congress needs to help working learners navigate their way toward their simultaneous needs for jobs and better educational opportunities, which is no easy task. In order to succeed, working learners require support finding and keeping jobs while enrolled in education programs that will allow them to meet their other day-to-day responsibilities and future ambitions. Specifically, working learners need federal programs that support:

- **Flexibility**—education programs that adapt to work and life responsibilities and incremental career and educational advancement.
- **Credentials**—courses of study that lead to credentials valued by employers.
- **Career Guidance**—professional assistance to define career paths and select available providers.
- **Resources**—financial assistance that is easy-to-use and understand.

The challenge for Congress when it reauthorizes WIA later this year is that, at its best, the program was never intended to take on the challenge of providing postsecondary credentials at a national scale, while at its worst it is an underfunded and overly complex set of programs that place too many unemployed workers in quick fix low-paying jobs, do not invest enough in training and are not measuring whether funded training yielded useful credentials valued by employers. The current decentralized system of 650 local workforce investment boards providing job placement and training services through a network of 1,600 One Stop Centers and a diverse set of educational providers must be transformed to meet the challenge of helping working learners obtain postsecondary credentials.

Fortunately, this report finds that there are a few key legislative changes that can help WIA become a system focused more on career development and postsecondary attainment for working learners. To this end, CAP Action recommends that Congress:
• Change WIA performance measures to focus on postsecondary attainment, not employment, to increase the number of working learners that obtain credentials valued in the labor market.

• Create a Community College Innovation Center to research alternate education pathways for working learners that include occupational career pathways, compressed associate degree programs and apprenticeships.

• Simplify the Individual Training Account and WIA Title I and II funding streams and allow for contract training to pay for education programs to better serve working learners.

• Build the capacity of the Employment Service, funded through WIA Title III—the Wagner Peyser Act labor exchange program—to deliver relationship-based career guidance.

• Eliminate WIA eligibility categories for adults and dislocated workers to better use limited resources to serve the needs of all working learners, including those who are low skilled, but employed.

• Create board membership standards to ensure that business leaders have talent development expertise so they can set standards and enforce educational program quality.

• Eliminate the WIA system’s so called sequence of services, which creates incentives for workforce development boards to pursue quick job placement for unemployed workers rather than further training to improve their job skills before job placement.

These recommendations are meant to help to improve labor market opportunities for working learners by building a sustainable a postsecondary education system that combines the labor market focus of the workforce development system with the pedagogical rigor and college credits of the higher education system.

In the following pages, this report first details today’s labor market conditions for working learners to better grasp the postsecondary skills demands of workers and employers. These conditions show that we need a workforce development system that is sensitive to the near-term skills demand of the labor market but connected to the educational rigor of higher education.

The report then describes working learners as a substantial new student group, showing that their similarities should guide policy more than their differences, and then examines the current WIA system and its challenges in meeting the needs of working learners. We then elaborate on the key role of community colleges should play in helping educate working learners. With this analysis in hand, we then close the report with as a final set of recommendations for changes to the WIA legislation to make its systems target postsecondary credential attainment for working learners as its broadest goal.
Rebuilding the American Dream for millions of workers is dependent on helping them
to complete postsecondary education after they are in the labor market, whether they
are employed or unemployed. This requires a workforce development system that
is flexible enough to allow working learners to obtain credentials with labor market
value at their own pace given work and life responsibilities. This will require legislative
changes to the Workforce Investment Act that make training funds easier to use, trans-
form community colleges into key players in education delivery and improve overall
system quality and performance.
The 21st century economy

The postsecondary skills premium in a dynamic labor market

New technologies, technology services, globalization and changes in the way businesses organize work are driving two key trends in the 21st century economy: The increase in demand for postsecondary level skills and credentials and the need for workers to continuously adjust to changes in the labor market.4

Postsecondary credentials include associate's degrees, vocational certificates and credentials associated with licensed occupations. The U.S. Bureau of Labor Statistics estimates that over 71 percent of all job openings in the next ten years will require these kinds of credentials. While there is still some debate over how much postsecondary education is enough, experts now generally agree that a minimum of one year is required to consistently get someone to skill levels that support a job with family sustaining wages.

Research from a Washington State study, for example, found that an occupational credential and 45 credits was the “tipping point” for substantially increasing earnings for working learners. The study also found that compared to students who earned fewer than 10 college credits, those who took at least one year’s worth of college credit courses and earned a credential had an average annual earnings advantage of:

• $1,700 for those entering with a high school diploma.
• $2,700 for those entering with a General Educational Development, or GED high school-equivalency certificate.
• $7,000 for students who started in an English-as-a-Second-Language program.
• $8,500 for those who started in Adult Basic Education or GED preparation.5

Similarly, a recent study of students in Florida’s postsecondary education system found that students with at least an occupational or technical certificate had median earnings that were 27 percent above those with no credential.6 These and other studies illustrate just how important it is for working Americans to attain at least some college-level education.

Today’s labor market is also more dynamic than 25 years ago. Gone are the days when workers were hired by big, vertically integrated companies and then climbed identifiable company career ladders. Workers today are highly mobile, moving more than ever before
from company to company, with upward mobility linked to applying existing and new skills to different workplaces. In 2007, for example, 54.6 million workers, or 39.6 percent of the labor force, left their jobs. More than half voluntarily quit their jobs, while slightly more than a third were laid off or fired. At the same time, there were 57.7 million new hires, absorbing 42 percent of the labor force. Excluding data related to the current downturn, research suggests a trend toward increased “job churn” in every quarter, with an estimated 8 million jobs added and 7 million jobs lost.

Two factors driving this dynamism are the demise of larger companies and the emergence of small-and mid-size companies as job-creation engines. Between 1940 and 1980, the ranks of the Fortune 100 companies turned over only twice. Between 1980 and 2004 the ranking turned over five times. The upshot: Large blue-chip corporations are no longer a ticket to stable employment.

Further complicating the development of stable career paths is the emergence of fast growing “high-impact” companies, or those that have 20 percent revenue and employment growth for at least four years, as job creation engines. Between 1994 and 2006, high-impact companies with fewer than 500 employees created 58 percent of all net new jobs. Research indicates that these high-impact companies account for almost all private-sector employment and revenue growth in the economy.

The trouble is in identifying and tracking career opportunities in these companies. While there are an estimated 375,000 of them in the U.S. economy, many have fewer than 20 employees and most have fewer than 100. By virtue of their size and speed of growth they are simply hard to find. Many job seekers have never even heard of them until they are already larger, when employment opportunities at these companies are stabilizing.

A labor market in constant flux is driving the need for an effective career guidance system to help working learners sort through their education and employment options to build career pathways that are as dynamic as those in our 21st century economy. In the 20th century, a linear, sequential perception of the relationship between school and work made sense. The skills individuals learned at the front end of their work life might be enough to carry them through a good portion of their career. Today, the two trends noted above have combined to make learning continuous and co-extensive with work and thus creates a new kind of college student—a working learner—with unique needs.

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**Working learners: A new kind of college student**

The needs of working learners are now in the public eye because of President Barack Obama’s aggressive postsecondary attainment goals. The president wants every American to attain at least one year of postsecondary education and for the nation to produce 5 million additional Associate’s degrees by 2020. But we cannot just count on graduating more
high school students and having them enroll in college. The Aspen Institute in a recent report finds that about two-thirds, or 65 percent, of our 2020 workforce is already beyond the reach of our elementary and secondary schools. Even if we assumed perfect performance from high schools in graduating students, the numbers simply aren’t there to meet the President’s goals.

Even if they were, we are not doing a good job graduating college students, either. Since 1991, we have fallen from third to sixth place among developed countries for percent of our population with an associate’s degree or above. Further, the National Center for Higher Education Management Systems estimates that for the United States to retake the global lead for the proportion of its adults with a postsecondary credential it will need to enroll, at a minimum, 10 million individuals who would be considered nontraditional students, or in our parlance working learners. Without the enhanced skills of these individuals, the United States will lack the productivity boost to move us through economic recovery to growth.

The term “working learners” is a policy tool to better define the diverse set of Americans who could comprise those in need of further education by their commonalities rather than the usual policy approach of defining them by their differences, such as their mastery of English as a second language or low-literacy, in order to make the education challenge more manageable. At the highest level of similarity, working learners are individual ages 18 to 64 who are already in the workforce but who lack a postsecondary credential and are needed wage earners for themselves or their families. A working learner can be married or single, male or female, or a child living with a parent but whose earnings are critical to family income. A conservative measure of this potential pool of working learners is 75 million Americans or 60 percent of the workforce. Working learner diversity, however, belies three key commonalities. As students they:

• Will obtain a postsecondary education through simultaneous working and learning or moving between the two.
• Seek to build skills and obtain credentials that employers will recognize and compensate.
• Need developmental education to shore up literacy, numeracy, English-language and college-success skills.

Developmental education is a common trait that presents unique challenges for working learners. A recent report, “Reach Higher America,” by the National Commission on Adult Literacy, estimates that almost all working learners need help in at least one of these areas when pursuing further education, especially college.

The rise of the working learner is clearly evident. According to the U.S. Department of Education, 75 percent of college undergraduates in the 1999-2000 school year were in some way nontraditional in that they do not meet the definition of a “traditional” student—a high school graduate that attends college immediately is full-time and is
financially dependent on parents. During the early 1970s nearly three-fourths of undergraduate students fell into the 18-to-21 age bracket, but today only about 56 percent fit that description.

The percent of undergraduates over the age of 24 is also on the rise. In the 2003-2004 academic year, about 43 percent of undergraduates who were enrolled in postsecondary education were age 24 or older, up from 27 percent in 1970. Eighty-two percent of these older undergraduates worked while enrolled in postsecondary education in 2003-2004, the last year in which complete data are available. This is up from 27 percent in 1970. This aging of undergraduates is redefining the boundaries between college and other adult activities such as employment, marriage, and childrearing.

Working learners who are combining work, life and educational responsibilities face particular challenges when they attempt to pursue postsecondary credentials. Longitudinal research that follows a group of students over a decade finds that six years after students began their postsecondary education, 62 percent of adult “employees who study”—working learners who put their work before their studies, or in economic parlance have a high labor market attachment—had not completed a degree or certificate and were no longer enrolled, while 37 percent had achieved a degree or certificate. Among the adult “students who work”, or working learners who put their studies before their work, or have less labor market attachment, the rate of attrition was 39 percent, with 44 percent of them achieving their credential within six years.

The reasons for the higher level of attrition among working learners seeking postsecondary degrees or certificates is straightforward. A national survey of 1,500 adult students conducted by the Lumina Foundation documented these key factors. When asked which items would make it easier for them to succeed in obtaining a postsecondary credential, they responded:

• Convenience to work and home
• Affordability
• Good information regarding financial aid and credential programs and processes
• Child care supports
• Developmental education
• More convenient courses

Affordability and convenient courses are of particular concern. For working learners the financial barrier to postsecondary education is substantial. Paying $2,000 for a full-time semester at a community college or even $300 to $500 in tuition and fees for one course at a community college has to compete with paying for living expenses and raising a family. Courses for subassociate’s degrees or occupational certificates can cost between $5,000 and $9,000. Costs for books, transportation and childcare add to the bills.
Convenient courses—at times and in ways that fit with work and life responsibilities—are a key to working learner success. Yet most postsecondary institutions ask working learners to get their education the same way that traditional students do. Programs are typically available over 16-week semesters, with each course usually requiring multiple campus visits each week—very often during the day. There is a great emphasis on hours in the classroom rather than on allowing students to demonstrate proficiency on a topic and move on to the next topic or course.

In short, the needs of working learners push the boundaries of traditional postsecondary education. In order to succeed, they require support both to navigate what will be a long journey and education programs that allow them to meet their other responsibilities. Specifically, they need:

- **Flexibility**—education programs that adapt to work and life responsibilities and incremental advancement.
- **Credentials**—courses of study leading to credentials that employers value.
- **Career guidance**—professional assistance to define career paths and select available providers.
- **Resources**—financial assistance that is easy-to-use and understand.

Most postsecondary institutions fall short in most of these areas. In fairness, it is unreasonable to believe that these institutions could deliver all of these services, but it is in exactly these areas that an improved WIA program can be a bridge between education and the labor market by building partnerships to meet these diverse needs and help working learners be successful in postsecondary education.
The WIA system, its participants and its challenges

The Workforce Investment Act of 1998 was intended to “consolidate, coordinate, and improve employment, training, literacy and vocational rehabilitation program in the United States.” Further, it was intended to provide “workforce investment activities, through statewide and local workforce investment systems, that increase the employment, retention, and earnings of participants, and increase occupational skills attainment by participants, and, as a result, improve the quality of the workforce and enhance the productivity and competitiveness.”

WIA was designed to accomplish this by unifying a fragmented set of employment and training programs into a single, universal system—a one-stop system with local one-stop centers that could serve the needs of all job seekers and employers. This WIA one-stop system brought together 16 categories of programs from four separate federal entities: The Departments of Labor, Health and Human Services, Education and Housing and Urban Development.

The Department of Labor distributes WIA funding through state and local workforce investment boards, or WIBs, which include businesses, unions, postsecondary educational institutions, community-based organizations, and government agencies. Local WIBs must be lead by businesses—51 percent membership is required—to promote employer engagement with the system. Currently 650 local WIBs operate over 1,600 one-stop service centers that deliver employment and training services.

Services are delivered to three eligible participant categories: Adults, dislocated workers and at-risk youth. Services are divided into three types:

• **Core**—job search and labor market information
• **Intensive**—skills assessment, case management, literacy, conflict resolution, work skills, and GED services
• **Training**—occupational skills and on-the-job training

There is a fourth service category, Supportive Services, that is underused. Supportive Services include transportation, child care, and housing if they are necessary to enable WIA participants to take part in WIA activities. A noteworthy distinction of WIA funding because of its program implications is that Title I-funded education activities, managed by the U.S.
Department of Labor, target occupational skills training while Title II-funded education activities, managed by the U.S. Department of Education, target adult and family literacy.

All of these services must be offered sequentially—from core to intensive to training—with participants required to show that they need the next level of assistance. Training services are outsourced to certified vendors and paid for through vouchers called Individual Training Accounts, or ITAs. The system is designed to promote accountability through a series of performance measures that include job placement, retention, earnings, skill attainment and customer satisfaction.

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### WIA participants are working learners

A quick scan of WIA program participants demonstrates that they fit the profile of working learners.

The data on whom WIA serves is maintained in the Workforce Investment Act Standard Record Database. WIASRD counts those individuals that have registered for services and having received at least one service “exit” from the system into employment. These individual are called “exitors.” Tables I and II below provide data about the age and education levels of WIA exiters. It is clear that the workforce development system has experience working with exactly that group of students that we dub working learners. From Table I, we can see that, across all program years, the majority of WIA exiters are in their prime working years, ages 22 to 54, but with substantial groups of individual it either end of the working learner age range.

The same is true for education levels presented in Table II. A large majority of all WIA exiters, 90 percent or more in any program year, have attained some college credits or degrees. Further, within this group, approximately 70 percent in any given program year have a high school diploma or below.

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### WIA challenges in meeting the needs of working learners

Unfortunately, the workforce development system framed by WIA was never intended to take on the task of moving millions of American workers successfully through some form of postsecondary education. Based on WIA exiter data, however, we see that many individuals fit the working learner profile so, at the very least, the system has experience with the challenges faced by

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**TABLE 1**

<p>| Age profile of all WIA adult exiters PY 2001 through PY 2005, in percents |</p>
<table>
<thead>
<tr>
<th>Age categories</th>
<th>PY 2001</th>
<th>PY 2002</th>
<th>PY 2003</th>
<th>PY 2004</th>
<th>PY 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 to 21</td>
<td>11.6</td>
<td>12.8</td>
<td>11.8</td>
<td>12.3</td>
<td>12.4</td>
</tr>
<tr>
<td>22 to 29</td>
<td>27.7</td>
<td>27.9</td>
<td>27.8</td>
<td>28.7</td>
<td>28.8</td>
</tr>
<tr>
<td>30 to 44</td>
<td>39.4</td>
<td>38.7</td>
<td>38.6</td>
<td>37.5</td>
<td>37.0</td>
</tr>
<tr>
<td>45 to 54</td>
<td>15.4</td>
<td>15.0</td>
<td>15.7</td>
<td>15.5</td>
<td>15.8</td>
</tr>
<tr>
<td>55 and over</td>
<td>5.9</td>
<td>5.5</td>
<td>6.0</td>
<td>6.0</td>
<td>6.0</td>
</tr>
</tbody>
</table>

**TABLE 2**

<p>| Education Level WIA Adult Exiters |</p>
<table>
<thead>
<tr>
<th>Highest grade completed</th>
<th>PY 2001</th>
<th>PY 2002</th>
<th>PY 2003</th>
<th>PY 2004</th>
<th>PY 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>8th or less</td>
<td>3.5</td>
<td>4.3</td>
<td>3.3</td>
<td>2.9</td>
<td>2.6</td>
</tr>
<tr>
<td>Some high school</td>
<td>14.8</td>
<td>15.4</td>
<td>14.2</td>
<td>14.1</td>
<td>13.6</td>
</tr>
<tr>
<td>High School Graduate</td>
<td>51.2</td>
<td>48.8</td>
<td>47.0</td>
<td>45.9</td>
<td>44.9</td>
</tr>
<tr>
<td>High School equivalency</td>
<td>6.0</td>
<td>6.6</td>
<td>6.9</td>
<td>7.5</td>
<td>7.7</td>
</tr>
<tr>
<td>Some postsecondary</td>
<td>18.6</td>
<td>17.8</td>
<td>21.3</td>
<td>22.9</td>
<td>24.1</td>
</tr>
<tr>
<td>College Graduate (4-year)</td>
<td>5.9</td>
<td>7.0</td>
<td>7.3</td>
<td>6.7</td>
<td>7.2</td>
</tr>
</tbody>
</table>

Source: Program Year 2005 Workforce Investment Act Standard Record Database Databooka
these kinds of learners. In practice, though, WIA programs focus on job placement and are unfortunately a very cumbersome mechanism to deliver postsecondary educational credentials over an extended period of time and thus meet the needs of working learners.

Below we present the key challenges of moving the WIA system more toward career development and postsecondary attainment for working learners and make recommendations for congressional action to change the system. We grouped these challenges and recommendations into three categories:

- **Credentials and career guidance**—WIA focuses more on crisis intervention and quick job placement rather than career development and postsecondary credential attainment.
- **Quality, flexible education**—WIA focuses on shorter term training of uncertain quality rather than quality, flexible postsecondary education.
- **Financial resources**—WIA focuses on complex funding streams rather than make financial assistance easy to understand and use.

We’ll now consider each of these challenges in turn and then make specific recommendation about how to fix the problems.

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**WIA’s shortsighted focus on quick job placement**

As the “employees who study” data suggest, working learners will obtain credentials over extended periods of time. But WIA is currently designed to focus on job placement. The system is currently designed around crisis intervention at the point of unemployment. While working learners need assistance at these crisis moments it is far from the only time they should be thinking about postsecondary attainment for receiving services to help them pursue this goal.

Moreover, this crisis-intervention mindset leads to a transaction focus. The One Stop system provides discrete services such as résumé writing, Internet job search and even assessment and some training to get them back to work, but the system doesn’t engage the working learner in serious thinking about long-term goals and how to achieve them. To help working learners stay on a career-and-education track toward postsecondary credentials requires a relationship-based approach that engages the employed and unemployed alike with cost effective professional career guidance services.

Data gathered about unemployed workers who apply for assistance under the Trade Adjustment Assistance Act—legislation that provides training and support services for workers displaced by global trade swings—suggest that it can take working learners up to three years to complete a transition to a new career. This includes combining work, educational activities as well as other support services. Clearly, staying on track to postsecondary and career success requires access to services over time, but four overarching design failures in the WIA program inhibit the delivery of these services to WIA participants.
System performance measures drive job placement not postsecondary attainment

WIA use eight measures to assess performance of services provided to working learners. Six of the eight are “entered-employment related goals” or in plain English measures of whether the WIA participant landed a job. Following the old adage what gets measure get done, it is not surprising that only about 40 percent of WIA funds are invested in training workers. The remainder is going to fund other program expenses such as the overhead for One Stop Centers and administrative costs. For example, in program year 2003, of the estimated 13 million who received any services, only about 416,000 individuals were in training, of which only about 323,000 enrolled in occupation programs that teach more advanced skills in specific occupations. WIA performance measures hardwire the system to focus on the transactional services that get people back to work fast, regardless of the job, such as providing job listings and resume writing support.

Statutory limits prevent WIA from working with participants after they go back to work

Data show that 80 percent to 85 percent of participants in WIA programs are unemployed, which means they are getting help when they are already in a crisis situation in terms of income to support themselves and their families. While helping the suddenly unemployed get a job is important, it is not necessarily the ideal time to construct a long-term plan for career success and development. Most working learners need to go back to work and do a good job to meet other life responsibilities before they can consider completing a meaningful amount of credit-bearing education that yields a postsecondary credential that may land them a better paying job. Problem is, WIA programs have statutory limits on how long they can work with participants once they are back at work, which all but locks in the job-placement mentality of those running and staffing.

Lessons from WIA’s focus on job placement and short-term training indicates that while these programs helped millions of workers find jobs and stay in the labor market they do little to build the skills needed by working learners to boost their wages as they move from company to company. Instead, workers cycle in and out of low-wage jobs. Available WIA program data also support the need for a more professional, relationship-based career guidance. Government Accountability Office surveys conducted via interviews with the staff provide data that indicate working learners need help deciding what type of training would best match their skill level while at the same time meeting local labor market needs—help that includes information on job openings, comprehensive skills assessments and individual counseling.
One Stop System staff lack professional career-guidance skills

This crisis intervention model is exacerbated by the diversion of Employment Service funds to support One Stop Center infrastructure such as rents and office overheads. The Employment Service, funded through the Wagner-Peyser Act of 1933 (Title III of WIA) is supposed to provide a public labor exchange, job placement, and counseling services to workers and employers, but funds for these services are now being used to fund one stop non-personal costs. Historically, these funds paid for professional career guidance and labor market information services, but beginning in the 1980s funds were moved to fund rent and office overheads just as the labor market was beginning to become more dynamic and postsecondary skills intensive. The result has been to winnow out the necessary career guidance skills from employment service staff.

The importance of career guidance cannot be understated. Urban Institute Researcher Karin Martinson, who studied emerging career advancement programs designed to address these gaps in services, notes: “What we found in all these programs was the importance of a professional career counselor or case manager—someone who’s focused on helping you navigate the system as well as other barriers.”

Sequence of service builds perverse incentives into client relationship

WIA’s “sequence of services” requires that participants must be unable to obtain or retain employment after core services before they can engage in intensive services and then they must be unable to obtain or retain employment after intensive services before they can receive training. In practice, this requirement has led One Stop centers to focus on the initial use of lower-cost core or intensive services to move clients into a lower-skilled job than what might have achieved over time with additional training.

Recommendations to improve WIA focus on career development

If America is to promote economic opportunity for all workers willing to seize the chance as well as improve our national economic competitiveness to remain globally competitive in the 21st century, we must educate more individuals already in the workforce to postsecondary levels. This requires a workforce development system that is capable of engaging both employed and unemployed workers who must manage a complex set of work, family and education responsibilities if they are to succeed in getting a credential with labor market value. While unemployed individuals may always comprise the bulk of those seeking services, we must turn WIA into an adaptable career-navigation system that helps people blend work and learning over their working life not just give them training when they lose a job. Specifically, we recommend that WIA:
• Require local and state plans have a clearly articulated, detailed strategy for providing career guidance for clients.

• Require that One-Stop Career Center partners include collaborative career guidance opportunities as part of their Memorandum of Understanding for co-location in the center.

• Eliminate the sequence-of-service provisions to enable working learners to move quickly into training.

• Permit the continued availability of services—including training—for individuals after they are employed to ensure that participants are able to receive the support they need to stay on a track to receive a postsecondary credential or make career decisions that sustain or increase their wages and benefits.

• Fund a 10-state demonstration project to build the capacity of the Employment Service to provide career guidance services in One Stop Career Centers.

This recommendation is most important to undertake in order to overhaul the WIA program for the long term. In the demonstration project, states would compete for grants that would be used to upgrade the skills of Employment Service staff to provide career coaching to One Stop Career Center clients, provide training to other organizations to deliver career coaching and set standards for career coaching in career pathways programs. This demonstration project would include a technology supported project to keep individual working learners informed of labor market trends and postsecondary credentials when they go to back to work.

A second phase of this demonstration project would be to develop a Workplace Learning Advisors program. Workplace Learning Advisors would be based at employer locations and provide career and education guidance to workers, effectively extending the reach of Employment Service staff. In this model, based on a concept developed by the American Federation of Teachers, the Employment Service would invest in train actual on-site advisors at workplaces to provide career and education guidance to workers.

For these demonstration project to take hold, Congress also needs to fund new research and development into technology solutions that can help both the Employment Service and Workplace Learning Advisors provide their service in ways that are cost effective. Public sector tools such as Careeronestop.org and Careervoyages.gov can serve as foundations for innovation but these solutions must use the latest in social media and private-sector career development tools, such as IBM’s My Development Intranet, which provides real-time career and education support to employees, as models.
Recommendations to refocus the workforce development system on postsecondary attainment

Skills consistent with at least one year of college credit and an occupational credential provide the minimum foundation for access to good jobs in today’s economy. The challenge for the WIA system is to build the incremental bridge to college credit and occupational credentials for working learners as they improve their education over time. This is an education journey that could take a number of years, enrollment in more than one educational program, blending workplace and classroom learning and attendance at multiple institutions. To keep WIA systems firmly focused on postsecondary attainment for working learners, Congress should:

- Establish postsecondary education goals as part of the WIA performance measures in cooperation with states and local workforce investment boards. State and local boards would be responsible for investing funding in ways that help achieve these goals. Data points should include the number and type of credentials received; the number of individuals that start credential programs; and the number of individuals that start and finish credential programs.

- Create a set of intermediate goals for state and local workforce investment boards that demonstrate progression of working learners toward a postsecondary credential. Data points should include individuals that start and complete remedial education and those who complete remedial education and move onto college credit-bearing courses.

- Revise the eligible training provider list requirements to create a tighter connection between adult basic education, occupation skills training and credit-bearing course work. WIA training providers that do not offer college credit must be able to demonstrate that their program of instruction is accepted as a pre-requisite for credit-bearing course work at a postsecondary institution. For training providers that do offer college credit they must demonstrate that they have effective ways to ensure students transition from not-for-credit course to credit-bearing programs. For this to happen, Congress needs to:

  - Design and implement a measure that assesses the effectiveness of career pathways innovation to increase postsecondary credential attainment.
  - Direct U.S. Department of Labor to conduct a research study of the American Council on Education's [College Credit Recommendation Service](https://www.collegerecognition.org/) to begin the process of aligning WIA funded training with college credit equivalents.
  - Direct U.S. Department of Labor, in partnerships with states, to develop data tools to support outcomes measures in the WIA system that align wage records, job placement information and transcript data at the state level.
WIA does not deliver quality, flexible postsecondary education

To get to a minimum of one year of postsecondary education and a credential that has labor-market value, working learners need to be able to identify quality education providers that can deliver courses in flexible ways and credentials that employers will recognize and compensate. Currently, the WIA is underperforming in these areas.

Training is not yielding postsecondary credentials

According to GAO, the training is not yielding academic degrees or certificates or industry-recognized certifications. Based on the kinds of training provided and the time limits frequently imposed by state and local boards, it seems unlikely that more than a third of the participants gained a degree or a nationally portable credential. This lack of credential attainment is not surprising given the quick job placement drive of the system noted above. Not enough attention is paid to success in gaining a credential.

Quality of services and overall system performance is unknown

WIA also faces challenges measuring quality and operational efficiencies. According to GAO testimony in 2007, little is known about what the WIA system is achieving because:

- Only a small minority of participants are captured by performance measures.
- There is not enough information regarding credentials or certificates earned by participants.
- There is no information regarding ITA vendor quality.
- There is no comparability of data across states to measure national performance.

In addition, nearly two-thirds of the local boards reported that the lack of performance data on providers was a challenge, since it hindered their ability to determine which providers served participants most effectively. WIA does have a Consumer Report Card requirement, which rates training vendor quality, built into the legislation, but it has been waived in practice and is under used in most states.

Business board members lack necessary knowledge and support to promote quality results

Even if local workforce boards had this data is not at all clear that they would know what to do with it. Business leadership of these boards, as mandated by statute, has produced uneven results nationally. This is due, in part, to the political nature of the appointment process but also because of a broad assumption that all businesses inherently understand the intricacies of how to develop workers knowledge and skills.
But it is clear in the private sector that some firms are better at this than others at their own workforce development efforts. In the private sector, firms that have exemplified talent development practices that target and support working learners include Southwest Airlines, Kaiser Permanente and Harley Davidson. Each of these uses high-performance workplaces practices to engage workers.

**Community colleges are not taking a leadership role in promoting working learner success**

Data show that many working learners will begin their journey in community college, gain a postsecondary credential there or pass through on their way to more education. This is because community colleges are the only institutions whose missions encompass academic studies, vocational preparation and developmental education while also offering college credits—the foundation of progression toward a postsecondary credential. Of all the measures of postsecondary attainment, college credit is the most universally understood and nationally portable. Community colleges are an untapped resource to help WIA improve the education of working learners.

Community colleges are active in the workforce system as training providers, but not at a scale commensurate with the challenge. But they could play a role that positions them to catalyze the development of a system that combines the flexibility of workforce development programs with the pedagogical rigor of higher education. Community colleges also serve on local workforce boards and are thus connected to the businesses, unions and other leaders in the local labor market.

The potential of the nation’s community colleges to help working learners obtain postsecondary credentials is significant, but research indicates that they will need to move beyond traditional semester-length courses, develop bridges between for-credit developmental education and integrate career support into their everyday work. The emerging practice of the so-called “career pathways” for working learners provides a systemic framework for implementing these changes in key areas of innovation including:

- Institutional and instructional transformation.
- Student supports and tools.
- Partnership-driven services.
- Employer involvement in education.
- Continuous improvement of instruction and program management.
- Sustainable revenue models to support alternate education-career pathways.

With innovation in these areas, community colleges can become educational leaders in rethinking the way our colleges and universities, workforce development agencies, adult-education services, employers and unions can come together to build an infrastructure to support the long-term success of working learners.
Recommendations to re-focus WIA on delivering quality, flexible postsecondary education

In order to make good choices regarding their education journey, working learners need to know if an educational program is to providing good instruction and supportive services to help them succeed in obtaining a postsecondary credential with value in the labor market. State and local WIB boards have the expertise to establish and enforce standards for education when the goal is to produce individuals with these kinds of credentials. Further, community colleges are the key public postsecondary institution that can build the “college credit” bridge between university transfer, occupational and developmental education, but they must extend their traditional, on-campus, semester-based instruction to include flexible course and supportive services that help working learners succeed. Specifically, Congress should:

• Fully fund and require that all states maintain a user-friendly Eligible Provider Consumer Report Card.

• Set standards for business membership on boards that include requirements that 50 percent of business board members must be from firms that meet standards for being High Performance Workplaces. A simple audit procedure can be designed to validate high performance workplace practices using common definitions as filters. In addition, 50 percent of business board members must provide tuition reimbursement for postsecondary credential attainment or other similar tools such as the emerging Lifelong Learning Accounts, or LiLAs, being piloted in several states including Washington and Maine.

• Create a partnership with the Manufacturers Extension Program, a Department of Commerce program that develops the management and production competencies of small- and mid-size companies. A partnership with MEP would develop the capacity of small businesses and organizations to meet high performance workplace standards so that they can participate on boards.

• Create an incentive fund that encourages states to build the capacity of state and local workforce investment boards to identify training vendors, set standards for education design and delivery, ensure quality and understand labor market skills demand.

• Reestablish the presence of U.S. Department of Labor Regional Office system to provide technical assistance to state and local boards in developing their quality assurance capacity. In the last 10 years, the regional office network has been under resourced and pulled back from its historic role as a technical assistance provider.

To better engage community colleges in working learner success, Congress should create a Community College Innovation Center to research, evaluate and promote change in community college practices to better serve the needs of working learners. This new center would:
• Be within the Office of Adult and Vocational Education at U.S. Department of Education.
• Partner with the Office of Postsecondary Education at the U.S. Department of Education, and the Employment and Training Administration and Office of Apprenticeship at the U.S. Department of Labor.
• Research and analyze the effectiveness of career pathways as catalysts for community college innovation.
• Suggest how federal funds and operations can be modified to promote community college innovation and postsecondary attainment for working learners.

WIA funding streams are too complex

Adult and Dislocated Worker eligibility categories in WIA create artificial differences between working learners seeking postsecondary credentials. The common characteristics of working learner—combine work and learning, seek credential with labor market value, need developmental help—should drive policy, not their differences. Since 2000, The U.S. Department of Labor has processed 700 requests to waive WIA rules for serving adults, dislocated workers and youth. A majority of these requests have been to change services allowable for an eligible participant category—adult, dislocated worker and youth.

While specifics vary, the common aspects of these requests include: the need to provide simultaneous training and support services; to integrate adult basic and occupational education; and to allow participants categorized as youth to receive WIA services normally reserved for adults. As we have illustrated above, working learners seeking postsecondary credentials have similar needs. The eligibility categories are relics from the last century when education and training were thought to be different activities. The only purpose they serve now is to draw stakeholders in the system to fight over smaller pots of funding rather than work together to increase funds for all working learners.

Individual training accounts do not provide program flexibility and are not easy to use or manage

The Individual Training Account voucher system is not delivering quality instruction programs. A GAO report found that although the vast majority of local boards use ITAs, most have faced challenges in managing their use for quality outcomes including generating credentials for “exiters” with labor-market value. Further, 52 percent of local boards responding to the GAO survey in the report encountered challenges linking ITA systems to local economic and business strategies including, sector initiatives and career pathways.

What’s more, the ITA system counts on the availability of a specific type of WIA program rather than allowing for flexibility to design a tailored education pathway for a cohort of working learners or a group of employers. A more flexible type of contract training, for a specific purpose or group, could more readily meet working learner needs.
Around the country the implementation of ITAs is highly varied creating a variety of challenges. Local WIBs have maximum allowed amounts that range from $350 to $15,000. In many cases, maximum amounts are changed on a case-by-case basis. This creates three challenges for working learners.

First, local WIBs spend too much time trying to manage program variability and not enough on credential outcomes. Second, a working learner who might be planning to invest in education toward a credential finds it difficult to understand and use a system with this variability. Third, it is difficult to assess the value of education and training investments nationally with this amount of variation, making it difficult for Congress to see program success and reward it with more funding.

WIA Title I and II funding are not aligned with each other or postsecondary attainment

Title I and II of WIA provide funding for workforce training (managed by the Department of Labor) and adult education program (managed by the Department of Education), yet the performance requirements for these two funding programs are not aligned with each other. This sets up state and local bottlenecks to using funds in complementary ways such as integrating occupational and developmental education.

Recommendations to make WIA funding streams better serve the needs of working learners

Simplifying WIA funding streams will require several changes. First, we must rethink the existing eligibility categories in favor of a more inclusive working learner definition. Second, we must align ITA program structure to parallel other postsecondary education programs, specifically the Pell Grant, so that program participants and elected officials do not require a separate “training” vocabulary to understand program operations. Third, we must align Title I and II funding so that these investments in training can integrate developmental and occupational training. Finally, we should incent states to develop new, complementary funding to federal resources by creating an incentive fund. Specifically, Congress should:

• Eliminate the Adult and Dislocated Worker eligibility categories and create one “working learner” category that acknowledges the similarities of these individuals, as described above. The extensive use of waivers noted above is a strong indication that the Adult and Dislocated Worker categories while well-intentioned are keeping the system from focusing on the common needs of working learners for flexible learning experiences and funding to pay for them. One common category would help us move toward meeting the needs of all these individuals regarding of employment status.
• Overhaul the Individual Training Account system into a Pell Grant-like scholarship for working learners with the following changes:

  – Set the maximum and average ITA amount to match the Pell Grant amounts for the same year.

  – The working learner would select a course of study with support from a trained career counselor or coach. This process will include education as to how the ITA can complement: Pell Grants, Education Tax Credits, tuition reimbursement and other publicly funded learning benefits.

  – Eligibility would be determined by tax return data with the maximum allowable level of family income for eligibility capped at $40,000. To ensure that the lowest income and hardest-to-serve, those with multiple barriers to employment, receive services and training by establishing a minimum percentage of this group to be served for each local workforce investment area based on poverty and other relevant data.

  – Redesign the application process so worker learners select a course of study and a vendor with a trained career counselor-coach. Once a certified vendor is selected, it submits the application for ITA re-imbursement.

These changes will help to simplify funding of education and training programs by setting a uniform maximum at a national level. This will help to make training funding easier to understand for both participants and elected officials while aligning their structure with those of other well known postsecondary funding programs such as the Pell Grant. Other reforms to the financing programs that working learners need to succeed include:

• Establishing the same performance measures for Title I and II of WIA to create synergy of funding rather than the bottlenecks currently caused in program design.

• Reauthorizing in WIA the American Recovery and Reinvestment Act language that allowed flexible contract workforce training programs in order to develop customized education pathways for a cohort of working learners or group of employers when necessary.

• Providing financial incentives to state and local areas to more closely align program funds at the state, regional, local and operational levels. The non-traditional career-education pathways followed by working learners require partnerships across government agencies, employers, education institutions, community based organizations and unions. These partnerships develop through convening leaders to understand and promote economic development at regional, state and local levels. In the context of these relationships, the use of WIA funds can be targeted to jobs in high demand sectors and be used in concert with partner resources to improve working learning success.
• Creating a “Workforce Innovation Incentive Fund” to support the development of innovative funding partnerships at the state and regional level. These funding streams can augment federal investment to increase available resources to meet working learner needs. They could provide a 50 percent match for funds raised at the local, state or regional level, and provide technical assistance to encourage sustainability and scale.
Conclusion

Working learners are the key to increasing the number of individuals with postsecondary credentials and, thus, America’s future economic competitiveness. In order to boost the educational attainment of working learners policymaker must take the best that the U.S. postsecondary and workforce development systems have to offer and adapt them to the purpose of turning working learners into more productive workers with better jobs to benefit themselves and the nation’s economy. We believe the recommendations in this memo can help refashion the Workforce Investment Act as a facilitator of this process.
About the author

Louis Soares is the Director of the Postsecondary Education Program at American Progress. Prior to joining American Progress, he served as director of business development at the Rhode Island Economic Development Corporation where he managed Rhode Island’s business attraction, export assistance, government contracting, and small business initiatives from 2003 to 2006. And as director of education and training for the Rhode Island Technology Council from 2000 to 2002, Louis developed and managed a workforce training strategy for a 240-member trade association, which included implementing education-business partnerships at the high school, college, and corporate levels to align with relevant workplace skills. He also was a small business consultant with the U.S. Peace Corps in Romania in 1995 and 1996. Soares holds a master’s degree in public administration from Harvard University and a bachelor’s degree in business economics from Brown University.
Endnotes

1 Louis Soares and Christopher Mazzes, “College Ready Students, Students Ready Colleges: An Agenda for Improving Degree Completion in Postsecondary Education” (Washington: Center for American Progress, 2008).

2 Ibid.

3 Trade Adjustment Assistance has a similar assistance but is limited to those workers who have lost their job due to trade.


5 Ibid.


9 Rob Atkinson, New Economy Index, 2008.


11 Ibid.

12 NCHEMS presentation to SHEED officers.

13 The age range, 18 to 64, is meant to define the potential population of learner through their working life. While 64-year-olds will certainly not make the bulk of active working learners, more and more individuals of this age are staying in the labor market for many years.

14 US Census Bureau, Current Population Survey 2007, counting individuals with less than high school attainment, high school graduation but no college and high school diploma with some college.


18 Berker and Horn, “Work First, Study Second: Adult Undergraduates Who Combine Employment and Postsecondary Enrollment.”

19 Brian Pusser and others, “Returning to Learning: Adults’ Success in College is Key to America’s Future,” (Indianapolis: Lumina Foundation, April 2007).


22 Ibid, Title I, subtitle b.

23 Program Year 2005 Workforce Investment Act Standard Record Database (WASRDB) Databook.

24 Trade Adjustment Assistance Program Provides an Array of Benefits and Services to Trade-Affected Workers Statement for the Record by Sigurd R. Nilsen, Director Education, Workforce, and Income Security Issues (June 14, 2007).

25 Government Accountability Office, “Substantial Funds Are Used for Training but Little is Known Nationally about Training Outcomes” (June 2005).


27 DOL Annual Report, Fiscal Year 2007 Performance and Accountability Report, United States Department of Labor (2007);


33 Ibid.


35 Berker and Horn, “Work First, Study Second: Adult Undergraduates Who Com- bine Employment and Postsecondary Enrollment.”


27 Center for American Progress Action Fund | Working for a Living, Learning for the Future
Paul Osterman, “How Common is Workplace Transformation and Who Adopts It?” *Industrial and Labor Relations Review* (47) (1994): 173-188; Common benchmarks used to identify High Performance Workplaces are:

- **Self-directed teams**—four indicators: Use teams at all; teams decide on tasks; teams meet to solve problems; teams choose own leaders.
- **Multi-skilling practices**—three indicators: any cross-training; any job rotation; often or very often transfer to other job family.
- **Offline committees**—four types of worker-management committees, used for: implementing new technology; quality control/ improvement; other production problems; health and safety.
- **Performance incentives**—three indicators: group incentives such as gain sharing; pay for learning new skills; profit sharing, or bonus program.


Ibid.

GAO report, “Workforce Investment Act, Substantial Amount is Used for Training but Little is Known Nationally about Outcomes.”


This proposal is modeled after the New Economy Work Scholarship. First introduced by Paul Weinstein, Jr. in “New Economy Scholarships: Universal Access to Training for Dislocated Workers” (Washington: Progressive Policy Institute, 2002).

This recommendation is based on the early success of the National Fund For Workforce Solutions.
The Center for American Progress Action Fund transforms progressive ideas into policy through rapid response communications, legislative action, grassroots organizing and advocacy, and partnerships with other progressive leaders throughout the country and the world. The Action Fund is also the home of the Progress Report and ThinkProgress.