



# CAP's Guide to the Senate HELP Committee's Draft Bill to Reauthorize the Workforce Investment Act

Stephen Steigleder June 2011

The Senate HELP Committee's bipartisan effort to update, improve, and reauthorize the Workforce Investment Act, or WIA, comes at a crucial time for America's workforce. By any reasonable measure, our education and workforce development system is not keeping pace with the technological changes of the knowledge-based economy. Millions of Americans are falling behind because they do not possess the increased skill levels needed for emerging careers in high-demand and high-growth industries. And despite the high unemployment rate, American business owners are reporting ongoing difficulties finding workers with the skills necessary to grow their businesses. We encourage Congress to reverse this downward spiral by strengthening the workforce development system to better prepare our workers for productive careers in the knowledge-based economy.

WIA was originally designed in 1998 to unify a fragmented set of federal employment and training programs and create a single, universal workforce development system that could provide services for employers and unemployed job seekers. But WIA was never sufficient to manage a nationwide system of One-Stop Career Centers while simultaneously educating and training millions of workers with an annual budget of approximately \$4.5 billion for employment services, job training, and adult education.

And 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 workers. This bridge is critical in a labor market that offers job opportunities to skilled workers but has become increasingly stagnant for workers with only a high school diploma or less.

To be blunt, our current education and workforce training system is not meeting the demand for a better-educated workforce. Approximately 44 percent of American workers do not have any education beyond a high school diploma, 26 percent have some college education or an associate's degree, and 30 percent have a bachelor's degree or higher.<sup>1</sup> Those figures fall short of the needs of our increasingly knowledge-based economy.

By 2018, only 36 percent of jobs will be open to workers with a high school diploma, while 30 percent of jobs will require some form of postsecondary education and 33 percent of jobs will require at least a bachelor's degree.<sup>2</sup> According to McKinsey & Company, "The United States needs to produce one million more graduates a year by 2020—about 40 percent more than today—to ensure the country has the skilled workers it needs."<sup>3</sup> To meet this economic challenge, the WIA system needs to become a better partner in developing long-term skills.

It is therefore imperative for Congress to prioritize long-term human capital development as the primary goal of WIA reauthorization. This means additional focus on long-term career guidance and job-training services that lead to industry-recognized credentials in high-demand and high-growth industries. Increasing workers' education and skill levels is the key to rebuilding the middle class and improving our overall economic growth.

This brief reaffirms CAP's priorities for WIA reauthorization, analyzes the Senate HELP Committee's draft bill, and recommends areas for further improvement as the Senate moves toward a committee markup on June 29 and possible floor consideration later this year. At such an important point in our economic recovery, we strongly support efforts in Congress to improve employment and job-training programs to help our workers get the education and skills they need to remain the most competitive workforce in the world.

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## Analysis of the Senate HELP Committee draft bill

Louis Soares outlined CAP's recommendations for WIA reauthorization in a previous report, "[Working for a Living, Learning for the Future](#)."<sup>4</sup> We are pleased to see that many of those recommendations—along with similar recommendations from our colleagues in the workforce development community—were embraced by the Senate HELP Committee and incorporated into its recent draft bill. This section will discuss our previous recommendations and whether they are addressed in the Senate bill.

### Refocuses the WIA system on postsecondary attainment

CAP believes that WIA programs should focus on human capital development by supporting greater worker access to education and job-training programs that lead to at least one year of college credit and an industry-recognized credential. Human capital development is a long-term process that can take an individual a number of years, include enrollment in multiple education programs, and blend classroom and workplace learning. So it will take a clear focus on increasing education and skill levels to shift the system away from short-term interventions and toward more intensive programs.

The Senate bill takes an important step forward by elevating the importance of career pathways and industry-recognized credentials. Career pathways are programs that offer clear sequences of coursework to move from lower skill levels all the way to associate's degrees, with multiple entry and exit points along the way.

Specifically, the Senate bill includes a statutory definition for career pathways that ensures that each pathway should lead to “a secondary school diploma or its recognized equivalent, and *at least 1 recognized postsecondary credential.*” [emphasis added] And the Senate bill places career pathway programs firmly in a central role in workforce development policy by requiring state and local workforce boards to develop plans to incorporate career pathways into their systems.

Equally important, the Senate bill includes a performance measure to track the percentage of WIA program participants who obtain an industry-recognized credential through all of WIA's “core programs,” including WIA state grants for adults, youth, and dislocated workers; adult education; Wagner-Peyser; and vocational rehabilitation. The percentage of program participants who attain industry-recognized credentials will be reported at the state and local level, and also by each eligible training provider. This inclusion of a performance measure for industry-recognized credentials is important for measuring the system's progress toward building a more competitive workforce.

But the current performance measures also needs to be strengthened. First of all, the performance measures continue to overemphasize short-term job placement to the detriment of long-term human capital development. And second, CAP believes that measurement of industry-recognized credentials should include intermediate goals for state and local workforce boards to demonstrate a participant's progress toward a postsecondary credential. In addition, data collection should include the number and type of credentials being earned.

### [Builds the capacity of One-Stop Career Centers to provide continuous career counseling services](#)

CAP believes that ongoing career counseling is an often overlooked and underutilized component of human capital development. WIA's nationwide network of One-Stop Career Centers currently provides basic labor market information, job search assistance, skill assessments, and limited career counseling to millions of workers every year—but too often defaults to short-term crisis interventions that quickly vanish in the next crisis.

In an increasingly complex labor market, readily accessible career counselors who stay with clients over a multiyear period would help workers shift away from short-term training programs that serve as temporary Band-Aids and instead help them prepare for long-term career development.

In that spirit, we proposed a 10-state demonstration project to build the capacity of One-Stop Career Centers to provide career guidance services.<sup>5</sup> In the demonstration project, states would compete for grants that would be used to upgrade the skills of One-Stop staff to provide career coaching to One-Stop clients, provide training to other organizations to deliver career coaching, and set standards for career coaching in career pathways programs.

So we were very pleased to see the Senate HELP Committee’s authorization, under an amendment to the Wagner-Peyser Act, of up to five demonstration projects per year with state agencies “to enhance the professional development and provision of services by the staff of such State agencies.” The authorization language lists six broad categories of activities that would be permissible under the demonstration program, including:

- Expanded career-planning services
- Intensive outreach to small- and medium-size employers to identify job openings
- Professional development and career advancement opportunities for staff to upgrade their skills and competencies in the provision of career development activities
- Professional credentialing for counselors
- Technical assistance and training to assist other providers of workforce development activities, including workplace learning advisers, in providing counseling and employment-related services to workers, job seekers, and employers
- New strategies for integrating counseling and technology to enhance the provision of employment-related services

We are highly supportive of this demonstration project and would like to see a future grant competition that focuses on the expansion of ongoing career counseling services at One-Stop Career Centers, including pilot projects to explore using technology to expand and improve counseling services.

#### [Establishes common performance measures across WIA Title I and Title II activities](#)

CAP believes that common performance measures across WIA Title I and Title II programs would improve overall program effectiveness. Title I supports workforce training (managed by the Department of Labor) while Title II supports adult education (managed by the Department of Education), but the performance requirements for these two funding programs are not aligned with each other. This mismatch sets up unnecessary barriers to state and local workforce boards using funds in complementary ways such as integrating occupational and developmental education.

The Senate reauthorization bill actually goes further than our recommendation in this area by establishing common performance measures across all “core programs,” including Title I State Grants, Title II Adult Education, Title III Wagner-Peyser, and Title IV

Vocational Rehabilitation. In addition, states are required to submit unified state plans outlining the steps they will take to align each of these core programs. This increased level of planning, coordination, and evaluation should prompt states to develop long-term plans that leverage resources across multiple programs and federal agencies.

### Simplifies funding streams across WIA adult and dislocated worker programs

CAP recommends eliminating the semi-arbitrary categories of adult and dislocated workers and, instead, combining those funds into a single pool for state and local workforce boards to address the overlapping needs of adult workers in their communities. This will allow workforce boards to focus on integrating adult basic and occupational education; combining training and support services; and aligning programs to create pathways to industry-recognized credentials. State and local plans also should be required to establish minimum levels of participation for individuals in the hardest-to-serve populations to ensure that individuals with multiple barriers to employment continue to receive education and training services.

While the Senate bill does not eliminate the adult and dislocated worker categories, it does allow a local workforce board to transfer 100 percent of funding between the two programs—subject to approval by the governor. This additional flexibility will enable local boards to skip the process of applying for waivers with the Department of Labor before investing additional funds in innovative or comprehensive programs. It will also bring different stakeholders together to advocate for increased funding for all education and training programs instead of fighting between themselves over consistently shrinking resources.

### Eliminates the sequence of service requirement

CAP agrees with the entire workforce development community in urging Congress to eliminate the sequence of service requirement in the current WIA statute. It 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. This unnecessary mandate creates an incentive for workforce boards to pursue quick job placement for unemployed workers rather than refer them to training to improve their job skills before job placement.

The Senate draft bill eliminates the sequence of service requirement.

Authorizes local workforce boards to contract for training slots with community colleges and eligible training providers for job-training services

Again, CAP agrees with the entire workforce development community in urging Congress to authorize local workforce boards to contract for training slots with community colleges and eligible training providers. This authorization was first included in the Recovery Act and has subsequently been extended in the fiscal year 2010 and 2011 appropriations bills. This flexibility allows local workforce boards to develop customized education and training pathways and link those pathways to regional industries and business strategies.

The Senate draft bill authorizes workforce boards to contract for training slots.

Establishes an innovation fund

CAP has consistently been a supporter of competitive grants to spur the development of innovative programs and partnerships at the state and regional level. These competitive grants should target promising strategies such as career pathways, industry partnerships, and contextualized learning programs. In many cases, competitive grants could leverage resources beyond federal funding by requiring a matching contribution from private-sector partners. Successful programs would serve as prime candidates for replication and scale.

Fortunately, the full-year fiscal year 2011 Continuing Appropriations Act included \$125 million for a new Workforce Innovation Fund located in the Department of Labor. The department is expected to announce a grant competition later this year.

The Senate draft bill includes separate authorizations for Workforce Innovation and Replication Grants and Youth Innovation and Replication Grants. The grants are intended to promote alignment of workforce development systems; innovative workforce development programs; and replication and expansion of proven workforce development models.

CAP strongly supports the establishment of these innovation and replication grants. But the Senate HELP Committee has drafted a funding model that only allows new funds to be used for competitive grants if the overall appropriations for workforce development programs exceed fiscal year 2010 appropriations. That is a high bar to reach in the current fiscal environment. And it might doom the innovation and replication grants to being another good idea that never gets funded.

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## CAP's further recommendations to strengthen the workforce system

The Senate HELP Committee should be commended for putting together a reauthorization bill that continues to improve alignment and coordination in the workforce development system. WIA programs play a central role in developing human capital and strengthening the long-term competitiveness of our workforce. Reauthorization is long overdue, and CAP urges Congress to move forward this year.

We respectfully suggest further consideration of the following proposals as Congress goes through committee markup this week and floor proceedings later this year:

### Ensure that workforce boards include business leaders from high-performance workplaces

It is clear in the private sector that some firms are better than others at developing human capital. Firms that exemplify talent development practices for workers include Southwest Airlines, Kaiser Permanente, and Harley Davidson. Each of these firms uses high-performance workplace practices to engage its workers. The term “high-performance workplace” generally refers to a workplace that develops and leverages an employee’s knowledge and abilities to create value through practices including training, mentoring, knowledge-sharing, incentives, partnership-based labor-management relations, and other shared decision-making mechanisms.

WIA should require state and local workforce boards to include private-sector representatives with experience in high-performance workplaces. In addition to business acumen, these private-sector representatives understand the best practices for building a workforce based on knowledge and skill.

For local workforce development areas that lack business leaders with this type of experience, we recommend creating a partnership with the Manufacturers Extension Program, a Department of Commerce program that develops the management and production capacities of small and mid-size companies. A partnership with MEP would develop the capacity of small businesses and other employers to meet high-performance workplace standards to facilitate participation on boards.

Eventually we would like to see 50 percent of business board members coming from high-performance workplaces.

## Linking all training programs to college credit

In the short term, CAP proposes that all current programs serving workers with college-ready skills be increasingly linked to college credit, which will ensure that low-skill workers are continually improving their skills and earning credentials that retain value and are recognized by employers. Many programs are already moving in this direction by linking apprenticeships and industry-recognized credentials to college credit. This progress needs to be continued and brought to scale.

But we believe the Department of Labor should take a further step by eventually linking all grant competitions to credential programs that also provide transferable college credit. Ultimately, all training funds for college-ready students and workers should be tied to college credit and include a pathway to an associate's degree or better.

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## Endnotes

- 1 U.S. Census Bureau, Educational Attainment of the Population 25 Years and over, by Selected Characteristics: 2010, available at <http://www.census.gov/hhes/socdemo/education/data/cps/2010/tables.html>.
- 2 Anthony Carnevale, Nicole Smith, and Jeff Strohl, "Help Wanted: Projections of Jobs and Education Requirements through 2018" (Washington: Georgetown Center on Education and the Workforce, 2010). Percentages may not sum to 100 due to rounding.
- 3 Byron Auguste and others, "Winning by Degrees: The Strategies of Highly Productive Higher-Education Institutions" (2010).
- 4 Louis Soares, "Working for a Living, Learning for the Future" (Washington: Center for American Progress Fund, 2010), available at [http://www.americanprogressaction.org/issues/2010/01/working\\_learners\\_future.html](http://www.americanprogressaction.org/issues/2010/01/working_learners_future.html).
- 5 Ibid.