Wider Opportunities for Women

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The Workforce Investment Act and Self-Sufficiency

Background on Self-Sufficiency under Current Law

In 1998, the federal Workforce Investment Act (WIA) replaced the Job Training Partnership Act as the federal government's primary workforce development program. WIA-funded programs serve both unemployed job seekers and employed adults seeking different or better employment.

> Section 106 of WIA 1998 states that one of the purposes of the law is to *"increase the employment, retention, and earnings of participants, and increase occupational skill attainment by participants."* (Workforce Investment Act of 1998, Title One, Subtitle B, Section 106)

Clients can obtain a range of services including job search and career information, support services, and access to training at One-Stop Centers. WIA establishes the set of activities that states and localities are required to provide with allocated funds including eligibility criteria, overarching goals, performance measures, and selection of service providers. At the same time, important provisions are left up to state and local workforce boards, giving boards flexibility to design program and policies tailored to their specific labor market and employment needs. Title I and Title II of WIA and the federal regulations make several references to self-sufficiency. (20CFR 663.220 and 20CFR 663.230)

The most significant and most utilized Self-Sufficiency reference defines eligibility for intensive services. Under WIA, One-Stop clients have access to services on a sequential basis: core, intensive and training services. Intensive services are the bridge between the programs offered within the One-Stop and the actual, hands-on training programs that can prepare workers for jobs. Under Sec. 134(d) (3) (A) (ii) workers in jobs not leading to self-sufficiency are eligible for intensive services. The law states that eligibility for intensive services includes those *"who are employed, but who are determined by a one-stop operator to be in need of such intensive services in order to obtain or retain employment that allows for self-sufficiency."*

Federal regulations make clear that state or local workforce boards must set the criteria for determining whether employment leads to self-sufficiency. While many areas utilize the WIA established minimum threshold4 a growing number of local boards have established higher standards than set by the federal law and have used them in a number of innovative programs and practices as reflected in this guide.

> CFR Title 20 Part 663.230 clarifies that State or Local Boards must define self-sufficiency: "State Boards or Local Boards must set the criteria for determining whether employment leads to self-sufficiency. At a minimum, such criteria must provide that self-sufficiency means employment that pays at least the lower living standard income level, as defined in WIA section 101(24). Self-sufficiency for a dislocated worker may be defined in relation to a percentage of a layoff wage."

In 2003, Wider Opportunities for Women (WOW) and the National Association of Workforce Boards (NAWB) conducted a joint survey of over 100 local workforce boards to explore how self sufficiency standards were being utilized. The survey found that nearly half (46%) of responding Local Boards defined self-sufficiency higher than the lower living standard. Of those, more than one third (36%) were using the Self-Sufficiency Standard established through WOW's Family Economic Self-Sufficiency Project. These findings are consistent with a survey conducted by the AFL-CIO Working for America Institute (WAI) that found even stronger results: over 65% of Local Boards in 50 of the largest metropolitan areas adopted a self-sufficiency standard higher than the federal default. All states have access to a self-sufficiency standard or similar measure. In addition to the WOW Self-Sufficiency Standard, the Economic Policy Institute calculates similar, though less geographically and family-specific, cost of living budgets for all 50 states. In addition, some states have developed their own state-specific measures, using differing methodologies.

The Need to Reauthorize WIA

WIA took effect in July 2000, replacing JTPA. Since 2003 when its authorization expired, Congress has made annual appropriations based upon the current statute. This is a precarious footing for future appropriations in the face of mounting deficit pressures and demands for higher spending for education and other Congressional priorities.

In 2006, both the House and Senate each passed their own versions of legislation to reauthorize WIA. However, the bills were never brought to conference or signed into law. With the 2006 elections and close of the 109th Congress, the reauthorization process must begin anew.

In 2006, the Senate and House bills retained the original purpose of WIA: to increase participants' employment, retention, earnings and occupational skill attainment and to improve the quality of the workforce. The House bill moved in the direction proposed by President Bush by emphasizing individual Career Advancement Accounts. Both versions also added a provision to promote informed choices by jobseekers.

In the spring of 2007, the Senate Health, Education, Labor and Pensions Committee is poised to reintroduce its 2006 legislation with only limited changes. That bill expanded the concept of self-sufficiency in provisions relating to goals, client counseling, sector projects, and reporting. In addition, the bill offers a definition of self-sufficiency consistent with the standard used by WOW.

The Workforce Investment Act in the Fiscal 2008 Budget

Had it passed, President Bush's 2008 budget proposal would have had devastating effects on clients who are trying to become economically independent if it had been adopted. Skills training and career and technical, secondary, and post-secondary education are crucial links to good jobs that lead to self-sufficiency. In the week before releasing his budget request, President Bush lamented the country's "rising inequality" to a lack of education and skills. His budget proposal, however, called for slashing funds for education and training programs. His proposal would have cut $900 million from WIA for adult, youth and dislocated worker formula grants. This would have been a 27 percent reduction from their high point of $3.3 billion in 2002. The amounts available this year total $2.9 billion.

In March, the House and Senate rejected the White House budget for skills training, education and a wide array of discretionary and entitlement programs. In budget resolutions whose details still must be worked out in conference, each house also provided that any increase in mandatory spending or any tax cut must be offset by an equal amount of revenue or savings. The resolutions adopted by each chamber allow for approximately 1 percent growth on top of inflation for the broad category of domestic discretionary programs that include training and a wide array of other programs. The Senate budget for domestic discretionary programs totals $410.7 billion, or $7.3 billion more than current year domestic spending adjusted for inflation. The House resolution is somewhat more generous. Its after-inflation increase for domestic discretionary programs is $12.4 billion.

The final House-Senate budget must still be approved by both houses. Its figures will set the overall bounds for domestic and defense spending as well as total revenues. The next step will be for the Appropriations Committee of each house to allocate funds among their 13 subcommittees. The allocation to the Labor-HHS-Education and Related Agencies Ssubcommittee will determine how much its bill will have to divide among all the programs administered by those departments and agencies. The House and Senate budget resolutions make unbinding assumptions that programs such as No Child Left Behind, education and training generally, and the Low Income Home Energy Assistance Program and others will receive significant increases. They also provide for reserve funds, that still must be offset with new savings or revenues, for expansion of the State Child Health Insurance Program (SCHIP) to cover more eligible children.

Major Issues in WIA Reauthorization

The Workforce Investment Act Amendments (S. 1021) that passed the Senate last year made considerable progress on a number of fronts and provides a strong starting point from which to write new legislation in the 110th Congress. The bill retained separate funding formulas and streams for adult and dislocated worker programs, but increased the ability to transfer funds from one to another.

In addition to adding language to encourage training that moves participants toward self-sufficiency, as outlined below, S. 1021 made a number of other improvements. For example, the bill relaxed "sequence of services" language and took other steps to increase the number of low-income persons that can receive intensive and training services leading to jobs that pay self-sufficiency wages. It defined "hard-to-serve populations by specifying such categories as low-income individuals, displaced homemakers, individuals within two years of exhausting TANF Native Americans, individuals with disabilities, older individuals, ex-offenders, homeless individuals, individuals with limited English proficiency or low literacy, individuals facing substantial cultural barriers, migrant and seasonal farmworkers and other populations determined by the Governor. It directed the state and local Workforce Investment Boards to describe how these populations will be served.

The 2006 Senate bill also encouraged the provision of technical assistance regarding strategies for providing training to hard-to-serve populations to enter "high-wage, high-skilled, and nontraditional occupations" and training that leads to placement in nontraditional jobs and comparable pay between women and men. The bill also included financial literacy services as a required intensive service.

Use of "Self-Sufficiency" in the 2006 Senate Bill

Provisions in the S. 1021 relating to self-sufficiency are listed below. References in italics are those in the original bill, S. 1021, which was incorporated as an engrossed amendment HR 27 before passage by unanimous consent on June 29, 2006. To become law, all of these must be incorporated into legislation considered in the 110th Congress.

1. Establishing self-sufficiency as a goal:

- Self-sufficiency is included as a goal of the Act.

  Sec. 111 (1) (A) "Primarily, to provide workforce investment activities, through statewide and local workforce investment systems, that increase the employment, retention, self-sufficiency, and earnings of participants, and increase occupational skill attainment by participants.

  Sec. 111 (1)(B) "As a result of the provision of activities, to improve the quality of the workforce, reduce welfare dependency, increase self-sufficiency, and enhance the productivity and competitiveness of the Nation"

- Includes definition of self-sufficiency by reference to a later provision on allowable uses of funds.

  Sec. 101 (47) "The term "self-sufficiency" means self-sufficiency within the meaning of subsections (a) (3) (A) (x) and (e) (1) (A) (xii) of section 134."

  (This refers to the language of Section 134 below allowing the calculation, commission, or adoption of a self-sufficiency standard.)

- Allows WIA funds to be spent by state and local WIBs to calculate, commission, or adopt a self-sufficiency standard.

  Sec. 134 (a)(3)(A)(x) "adopting, calculating, or commissioning a minimum self-sufficiency standard that specifies the income needs of families, by family size, the number and ages of children in the family, and sub-State geographical considerations."

  Sec. 134 (e)(1)(A)(xii) "activities to adjust the self-sufficiency standards for local factors, or activities to adopt, calculate, or commission a self-sufficiency standard that specifies the income needs of families, by family size, the number and ages of children in the family, and sub-State geographical considerations."

2. **Easing access to training for those who need it:**

   - While the sequence of services has not been completely eliminated progress has been made toward that end. Most notably, the act amends eligibility for intensive and training services to allow One-Stops to serve individuals who are *Sec. 121 (c)(2)(C)(I)* "unlikely or unable to obtain employment that leads to self-sufficiency."

3. **Encouraging placement into high-wage, high-demand jobs through sector analysis:**

   - States are allowed to use incentive funds for Sec. 161 (a) (3) (C) "activities that support statewide economic development plans that support high-wage, high-skill, or high-demand occupations leading to self-sufficiency."

   - States are also allowed to conduct demonstration and pilot projects that *Sec. 146 (a)(1)(B)* "focus on opportunities for employment in industries that are experiencing, or likely to experience, high rates of growth and jobs with wages leading to self-sufficiency."

4. **Performance measures and reporting:**

   - Includes as a goal of WIA increasing the self-sufficiency of clients and creates a mechanism to report on how states are moving clients toward self-sufficiency.

   - *Sec. 122 (d)* "The State shall periodically prepare and submit to the State board, and local boards in the State, reports containing the results of evaluation studies conducted under this subsection, to promote the efficiency and effectiveness of the statewide workforce investment system in improving employability for jobseekers and competitiveness for employers, including information on promoting self-sufficiency and comparable pay between men and women."

Career Advancement Accounts

Although S. 1021 did not include personal Career Advancement Accounts as proposed by the Administration, the President's 2008 budget request unveiled this February again proposed them for the fifth year in a row. It is possible for CAAs to be resurrected as committees begin crafting new WIA reauthorizing legislation and considering amendments. The Department of Labor has suggested that adult, youth and dislocated worker programs, along with the Employment Service program be consolidated into one funding stream and replaced with CAAs, or vouchers. States would use the great majority of the funds for the vouchers and devote the remainder to basic job services and counseling provided through One-Stop Career Centers.

The CAAs would be capped at $3,000 a year and limited to two years. The funds could be spent on any form of post-secondary education or training and could be self-managed or paid directly to the training provider. Administrative caps would be five percent at the state level and ten percent at the local level. DOL based the CAA cap level on the amount it says is the average cost of attending a community college. A Government Accounting Office report has found that only eight percent of local WIBs cap current Individual Training Accounts at $3,000 or less. Under the current WIA system, states offer job training help through training accounts of up to $10,000 with an average value of roughly $5,000 to $6,000. Workers who chose WIA individual training accounts under current law receive intensive counseling and support services so they can make appropriate training choices on their pathway to self-sufficiency. These intensive counseling and support services would be eliminated under the Bush CAA proposal. Plus, the most vulnerable at-risk youth would be given CAA vouchers to purchase education and/or training with no support systems available to ensure they connect with quality secondary and post-secondary education programs.

The Employment and Training Administration conducted pilots in seven states with a CAA model known as Personal Reemployment Accounts. Studies by both the Labor Department and the Upjohn Institute predicted that many workers would not use an individual account. The latter concluded that "most PRA recipients will probably conserve PRA funds by using fewer intensive, supportive and training services than if they were free. Account recipients will instead seek speedy employment with the aim of cashing out their PRA as a reemployment bonus."[1]

[1] http://www.epi.org/content.cfm?id=1979