Congressional Research Service

Report RL32778

Workforce Investment Act of 1998 (WIA): Reauthorization of Job Training Programs in the 109th Congress

Blake Alan Naughton and Ann Lordeman, Domestic Social Policy Division

January 9, 2007

Abstract. The 109th Congress adjourned sine die without reaching agreement on a bill that would have reauthorized and amended the Workforce Investment Act of 1998 (P.L. 105-220). On June 29, 2006, the Senate incorporated S. 1021, the Workforce Investment Act Amendments of 2005, as amended, into H.R. 27 and passed its version of H.R. 27. The bill was reported by the Senate Committee on Health, Education, Labor, and Pensions on September 7, 2005 (S.Rept. 109-134). On March 2, 2005, the House passed H.R. 27, the Job Training Improvement Act of 2005, its version of WIA amendments. This bill was reported by the Committee on Education and the Workforce on February 25, 2005 (H.Rept. 109-9).

Order Code RL32778

CRS Report for Congress

The Workforce Investment Act of 1998 (WIA): Reauthorization of Job Training Programs in the 109th Congress

Updated January 9, 2007

Blake Alan Naughton and Ann Lordeman
Domestic Social Policy Division

Prepared for Members and Committees of Congress

The Workforce Investment Act of 1998 (WIA): Reauthorization of Job Training Programs in the 109th Congress

Summary

Title I of the Workforce Investment Act of 1998 (WIA), P.L. 105-220, the nation's chief job training legislation, authorizes several job training programs, including Youth, Adult, and Dislocated Worker Activities; and Job Corps. The authorization for WIA programs expired on September 30, 2003, although annual appropriations have continued funding for WIA through FY2007.

On February 25, 2005, the House Committee on Education and the Workforce reported H.R. 27 (H.Rept. 109-9), the Job Training Improvement Act of 2005, which would have reauthorized and revised WIA. On March 2, 2005, the House passed H.R. 27, the Job Training Improvement Act of 2005. On September 7, 2005, the Senate Committee on Health, Education, Labor, and Pensions, reported S. 1021 (S.Rept. 109-134), the Workforce Investment Act Amendments of 2005. On June 29, 2006, the Senate incorporated S. 1021, as amended, into H.R. 27 and passed its version of H.R. 27. No further action was taken before adjournment *sine die*.

Both the House and Senate versions of H.R. 27, in addition to reauthorizing the Title I WIA training programs, would have also modified the Adult Education and Family Literacy Act (AEFLA) and reauthorized the Rehabilitation Act of 1973; all three would have been authorized through FY2011. The focus of this report is on Title I of WIA. Some of the Title I issues addressed by both versions include

- funding for the costs of the one-stop centers' infrastructure (defined as nonpersonnel costs);
- the percentage of youth program funds that would be spent on activities for out-of-school youth;
- sequencing of core, intensive, and training services to individuals;
- the criteria and procedures for determining eligibility for training providers;
- the indicators of program performance;
- the flexibility of state and local workforce boards in directing funding to areas of need by creating a consolidated adult program under the House version of H.R. 27, and by increasing the percentage of funds that could be transferred between the adult and dislocated worker programs to 100% under the Senate version;
- the hiring practices of religious organizations that operate job training programs;
- creation of a new Youth Challenge Grant Program to assist youth in acquiring the skills, credentials, and employment experience necessary to succeed in the labor market; and
- creation of new demonstration projects, including Personal Reemployment Accounts under the House version and Community-Based Job Training under both versions of H.R. 27.

This report will not be updated.

Contents

The Workforce Investment Act of 1998 (WIA): Reauthorization of Job Training Programs in the 109th Congress

Most Recent Developments

The 109th Congress adjourned *sine die* without reaching agreement on a bill that would have reauthorized and amended the Workforce Investment Act of 1998 (P.L. 105-220). On June 29, 2006, the Senate incorporated S. 1021, the Workforce Investment Act Amendments of 2005, as amended, into H.R. 27 and passed its version of H.R. 27. The bill was reported by the Senate Committee on Health, Education, Labor, and Pensions on September 7, 2005 (S.Rept. 109-134). On March 2, 2005, the House passed H.R. 27, the Job Training Improvement Act of 2005, its version of WIA amendments. This bill was reported by the Committee on Education and the Workforce on February 25, 2005 (H.Rept. 109-9).

Introduction

The Workforce Investment Act of 1998 (WIA) (P.L. 105-220)[1] was enacted in August 1998. Among other things, WIA repealed the Job Training Partnership Act (JTPA), and replaced it with new training provisions under Title I, Workforce Investment Systems.[2] All states were required to implement Title I by July 1, 2000. The authorization for WIA programs expired on September 30, 2003; however, Congress has continued to fund the programs through the appropriations process.

On February 17, 2005, the House Education and the Workforce Committee approved H.R. 27, the Job Training Improvement Act of 2005, by a party-line vote of 26-20. On March 2, 2005, the House passed the bill by a vote of 224-200, largely along party lines. H.R. 27 is similar to the Workforce Reinvestment and Adult Education Act of 2003 (H.R. 1261), which was passed by the House during the 108th Congress.[3]

On September 7, 2005, the Senate Committee on Health, Education, Labor, and Pensions, reported S. 1021 (S.Rept. 109-134), the Workforce Investment Act

---

[1] 29 U.S.C. §§ 2811 et seq.

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

[3] For more information on reauthorization of WIA job training programs in the 108th Congress, see CRS Report RS21484, *Workforce Investment Act of 1998 (WIA): Reauthorization of Title I Job Training Programs in the 108th Congress*, by Ann Lordeman.

Amendments of 2005, a bi-partisan bill to amend WIA.[4] On June 29, 2006, the Senate incorporated S. 1021 into H.R. 27 and passed its version of H.R. 27 by unanimous consent. S. 1021 is similar to the Workforce Investment Act Amendments of 2003 (S. 1627), which was passed by the Senate during the 108th Congress.

One of the most contentious issues in the House version of H.R. 27 was a provision that would have allowed religious organizations that operate job training programs to take religion into consideration in hiring. This provision is not included under the nondiscrimination provisions of current law and was not included in the Senate version. Another major difference between the two versions of H.R. 27 was that the House version would have created a consolidated adult program by combining funding for adult activities, dislocated worker activities, the employment service, and reemployment grants. The funding for these programs is currently allocated under separate formulas. The Senate version would not have created a consolidated adult program; funding streams would have remained separate. The Senate version would have, however, permitted local boards with the approval of the Governor to transfer up to 100% of their allocations between the adult and dislocated worker programs.

Both versions of H.R. 27, among other things, would have also amended and reauthorized adult education and literacy programs, Title II of WIA, and the Rehabilitation Act of 1973, Title IV of WIA.[5] This report focuses on Workforce Investment Systems, Title I of WIA.

Summary of Amendments to Title I

One-Stop Delivery System

Under current law, services for adults are provided primarily through a coordinated service-delivery system overseen by local workforce investment boards (WIBs). This "one-stop" system is intended to provide a "seamless" combination of services to improve employment opportunities for individuals. The law mandates that certain "partners," which are entities that administer programs such as adult education and vocational rehabilitation, provide "applicable" services through the one-stop system. In addition to these mandatory partners, WIA specifies certain programs, such as Temporary Assistance for Needy Families (TANF), as optional partners. Both the House and Senate versions of H.R. 27 would have made TANF

---

[4] S. 1021, introduced on May 12, 2005, includes and modifies provisions in S. 9, the Lifetime of Education Opportunities Act of 2005, introduced on Jan. 24, 2005, which includes amendments to WIA in Title IV, Subtitle B.

[5] For information on reauthorization of federal adult education and literacy programs, see CRS Report RL32867, *Adult Education and Literacy: Overview and Reauthorization Proposals of the 109th Congress*, by Paul M. Irwin. For information on the Rehabilitation Act of 1973, see CRS Report RL33249, *Rehabilitation Act of 1973: 109th Congress Legislation, FY2006 Budget Request, and FY2006 Appropriations*, by Scott David Szymendera.

a required partner unless the state's Governor notified the Departments of Labor and Health and Human Services that TANF was not to be a required partner.

Under current law, each required partner must enter into a memorandum of understanding (MOU) with the local WIB regarding, among other things, how the operating costs of the system will be funded. The House version of H.R. 27 would have required that each Governor determine a portion of one-stop partner programs' federal funds for administration to be contributed toward paying the costs of the one-stop centers' infrastructure (defined as nonpersonnel costs). Only funds available for the costs of administration for each mandatory or participating optional partner program could have been used, except that federal direct spending programs, such as TANF, would have contributed an amount equal to their proportionate use in the state. Each state WIB would have developed the formula to be used by the Governor in allocating the funds to the one-stop centers it would certify for this purpose.

The Senate version of H.R. 27 would have required the Governor to make this determination *only* if the local board, chief elected official, and the one-stop partners in a local area failed to reach agreement in the MOU on methods to sufficiently fund the infrastructure costs. Under the Senate version, there would have been a cap on the portion of federal funds that could be required to be contributed. The cap would have applied to all federal funds allotted to a program, but the funds could have been contributed only from the administrative funds. This cap would have been 3% of federal funds for WIA programs and the employment service authorized under the Wagner-Peyser Act, and 1.5% for other required partners. For vocational rehabilitation, the cap would have increased from 0.75% to 1.5% over five years.

Under both versions of H.R. 27, the method for determining the appropriate portion of funds to be provided by Native American programs to pay for the costs of infrastructure of a one-stop center would have been determined as part of the MOU.

Structure of State and Locally Administered Programs

Under current law, the state WIB, which functions as an advisory body to the Governor, includes in its membership the Governor; members of the state legislature; chief elected local officials; representatives of the lead state agencies responsible for the programs carried out by one-stop partners, business, and labor organizations; and individuals and representatives of organizations having experience with youth. Both the House and Senate versions of H.R. 27 would have added the state agency officials responsible for economic development to the required membership, clarified that the director of the state vocational rehabilitation unit be a member of the state WIB, and removed representatives of youth organizations as members.

Both versions of H.R. 27 would have amended the functions of the WIB by adding the requirement that they develop and review statewide policies affecting the provision of coordinated or integrated services through the one-stop system. The House version would have also amended the functions of the WIBs by adding the requirement that they assist the Governor in certifying one-stop centers and awarding infrastructure funds.

One function of the state WIB is to assist the Governor in the designation of local workforce investment areas. Under current law, a request for designation is automatically approved if it is from any unit of general local government with a population of 500,000 or more, an area served by a rural-concentrated employment program, or from a local area in Rhode Island. The House version of H.R. 27 would have eliminated the automatic designation for local areas in Rhode Island, but continued automatic designation for jurisdictions with populations of 500,000 or more and rural-concentrated employment programs, although allowing the Governor to deny a request for designation if the unit of government did not perform successfully[6] during the preceding two years. The Senate version would have continued to allow for automatic designation of any unit of general local government with a population of 500,000, an area served by a rural-concentrated employment program, or a local area in Rhode Island, but only if the area performed successfully and sustained fiscal integrity[7] in the two-year period following the enactment of the bill. In addition, the Senate version would have made any area that was a local workforce investment area in the two years preceding enactment an automatically designated area if the area had performed successfully and sustained fiscal integrity.

Within each local area, a local WIB is certified by the Governor under current law. These local boards have broad responsibility for developing a local workforce investment system. Membership includes representatives of businesses, local educational entities, labor organizations, community-based organizations, economic development agencies, and one-stop partners. Both the House and Senate versions of H.R. 27 would have eliminated the requirement that representatives of the one-stop partners be included on the local WIBs; one-stop partners are required members of the state WIBs. Under current law, each local board is required to establish a youth council as a subgroup of the WIB to develop the youth portion of the local plan, to recommend eligible providers of youth activities, and to coordinate youth activities in the local area. Both versions of H.R. 27 would have made youth councils optional. The House version would have added "faith-based organization" to the list of entities that must be represented on the local board. The Senate version would not have made this change, but it would have included a "faith-based organization" in the definition of a community-based organization. Representatives of community-based organizations are required members of the local boards.

State and National Programs

Overview. Under current law, there are three state-administered programs: youth, adult, and dislocated worker, each of which has its own state grant. Both versions of H.R. 27 would have retained the youth program, but refocus it as

---

[6] The House version of H.R. 27 does not define "perform successfully." The Senate version defines the standard to mean that the local area performed at 80% or more of its adjusted level of performance for core indicators of performance, e.g., entry into employment. (See discussion of performance accountability below.)

[7] The Senate version of H.R. 27 defines "fiscal integrity" to mean that the Secretary of Labor has not made a formal determination that funds were "misexpended" in the local area due to willful disregard of the requirements of the law, gross negligence, or failure to comply with accepted standards of administration.

described below. The House version would have created a consolidated adult program by combining the state grants for the WIA adult and dislocated worker programs with the state reemployment grants and state employment service grants, both of which are authorized under the Wagner-Peyser Act (29 U.S.C. §§ 49 et seq.) The Senate version would have maintained separate programs.

There are several national programs under current law, such as Job Corps, and programs for Native Americans, migrant and seasonal farmworkers, and veterans. Both versions of H.R. 27 would have retained these programs and would have created a new Youth Challenge Grant Program.[8]

Youth Challenge Grants. This program would have been designed to assist youth in acquiring necessary skills, credentials, and employment. Under both versions of H.R. 27, of the funds reserved by the Secretary of Labor for this program, not less than 80% would have been used for competitive grants to states and local areas, and not more than 20% would have been used for grants to public or private entities.[9] Under the House version, the Secretary could have required the grantees to provide an unspecified non-federal share of the cost of the activities. Under the Senate version, the Secretary must have required grantees to provide non-federal matching funds of not less than 10% of the cost of the activities. The youth served by the grants would have been ages 14 through 19 under the House version, and ages 14 through 21 under the Senate version for the 80% portion of the funds and 16 through 21 for the 20% portion.

State and Local Formula Allocations

Youth Allocations. Under current law, of the funds appropriated for youth activities, not more than 0.25% is reserved for outlying areas[10] and not more than 1.5% is reserved for youth activities for Native Americans. The remainder of funds are allocated to states by a formula based one-third on the relative[11] number of unemployed individuals residing in areas of substantial unemployment (an unemployment rate of at least 6.5%), one-third on the basis of the relative "excess" number of unemployed individuals (an unemployment rate more than 4.5%), and

---

[8] Youth Challenge Grants would have replaced Youth Opportunity Grants (YOGs) — competitive grants made to local WIBs and other entities to increase the long-term employment of youth living in empowerment zones, enterprise communities, and high-poverty areas. YOGs have not been funded since FY2003.

[9] Under the House version of H.R. 27, 20% of the funds could have been awarded to public or private entities that the Secretary determined would be effective. Under the Senate version of H.R. 27, 20% of the funds would have been awarded to a consortium that would include a State or local board, and a consortium of businesses, and could include local educational agencies, institutions of higher education, business intermediaries, community-based organizations, or apprenticeship programs.

[10] The outlying areas comprise the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

[11] The word "relative" as used in this report means the number of individuals in a state compared to the total number in all states.

one-third on the basis of the relative number of low-income youth. In addition, states receive a minimum of the higher of the amount which is 90% of their relative share of the prior year's funding (i.e., minimum funding) or 0.25% of the total allocation (i.e., floor), and a maximum of the amount which is 130% of their relative share of the prior year's funding (i.e., maximum funding).

Under the House version of H.R. 27, of the funds appropriated for youth activities, the Secretary of Labor would have reserved 25% for Youth Challenge Grants — not to exceed $250 million. Of the remainder, not more than 0.25% would have been be reserved for grants to outlying areas and not more than 1.5% for youth activities for Native Americans. Under the Senate version, the Secretary would have reserved any funds appropriated in excess of $1.0 billion for Youth Challenge Grants up to a maximum of $250 million. Of the remainder not reserved for Youth Challenge Grants, not more than 0.25% would have been reserved for grants to outlying areas and not more than 1.5% for youth activities for Native Americans. Under the Senate version, of the amount reserved for Youth Challenge Grants, the Secretary would have reserved the greater of $10 million or 4% for youth activities for farmworkers. If no funds were appropriated in excess of $1.0 billion then $10.0 million would have been reserved for youth activities for farmworkers from the total funds appropriated for youth activities. The House version does not contain these provisions.

Under both versions of H.R.27, funds would have been allotted to states using the current law formula,[12] except that any funds in excess of the amount available to states for FY2005, estimated at $969 million, would have been allotted by a three-part formula based equally on each state's relative number of individuals in the civilian labor force compared to the total number of individuals in the civilian labor force in all states ages 16 through 19 under the House version and ages 16 through 21 under the Senate version; each state's relative number of unemployed individuals compared to the total number of unemployed individuals in all states; and each state's relative number of economically disadvantaged youth age 16 though 21, compared to the total number of disadvantaged youth in all states.

Under current law, of the funds allotted to states, Governors can reserve not more than 15% for statewide activities. The remainder of the funds are allocated to local areas. Under the House version of H.R. 27, of the funds allocated to the states, Governors could have reserved up to 10% for statewide activities. Under the Senate version, up to 15% could have been reserved, the same as current law. Under current law, of the remainder not reserved for statewide activities, not less than 70% is allocated based on a statutory formula that uses the same factors and weights used to allocate funds to states, and up to 30% is allocated on a formula developed by the state board. Under the House version, 80% would have been allocated to local areas using the same factors and weights that would have been used to allot funds to states, and 20% would have been allocated to local areas on a formula developed in

[12] Under current law, one-third of funds are allotted on the basis of the relative number of unemployed individuals residing in areas of substantial employment; one-third on the basis of the relative excess number of unemployed individuals; and one-third on the basis of the relative number of disadvantaged youth ages 16 through 21.

consultation with state and local WIBs. The Senate version would have allowed that not less than 80% be allocated to local areas using the state allotment formula; the remainder — up to 20% — would have been allocated based on a state-developed formula.

Allocations for Adult Activities. Separate formulas are currently used to allot funds to states for adult activities, dislocated worker activities, the employment service, and reemployment grants.[13] Under the House version of H.R. 27, these four funding streams would have been combined into one formula grant for a revised adult program. Of the funds appropriated for adult activities, the Secretary of Labor would have reserved 10% to provide for national dislocated worker grants (currently called national emergency grants), demonstration projects, and technical assistance.[14] Of the remainder, not more than 0.25% would have been reserved for grants to outlying areas. The remainder would have been allotted by a two-part formula. The first part would have allotted 26% of the remainder based primarily on a state's prior-year share of the Wagner-Peyser state allotments. The second part would have allotted 74% of the remainder as follows: 60% (of the remaining 74% of total funds) would have been allotted to states on the basis of the relative number of unemployed individuals, 25% on the basis of the relative excess number of unemployed individuals, and 15% on the basis of the relative number of low-income adults. In addition, under the second part of the formula, states would have received a minimum of the higher of the amount which would be 90% of their relative share of the prior year's funding (i.e., minimum funding) or 0.20% of the total allocation (i.e., floor), and a maximum of the amount which would be 130% of their relative share of the prior year's funding (i.e., maximum funding). Each state's total allotment would have been the sum of its allotment under the two parts, except that no state would have received less than it received in FY2005 for the total of the four funding streams and, unless DOL determined otherwise, no state would have received 3% more than it had in FY2005 for the four funding streams. The funds needed to ensure that no state received less than it had in FY2005 would have come both from states that would have received an increase greater than 3%, but were reduced to a 3% increase, and from the Secretary's Reserve (i.e., 10% of the total appropriation).

The Senate version H.R. 27 would not have created a consolidated adult program; funding streams would have remained separate. The funding formula for the adult program would have been a modified version of the current formula, with 40% of the funds to be allocated on the basis of the relative number of unemployed individuals residing in areas of substantial unemployment, rather than one-third under current law, 25% on the basis of the relative number of individuals in the civilian labor force — which is not currently a factor — and 35% on the basis of the relative

[13] For a detailed description of how funds are allotted to states for adults, dislocated workers, and employment services, see [http://www.doleta.gov/budget/WIAFormDesc.pdf].

[14] Of the 10%, not less than 75% would have been used for national dislocated worker grants, of which up to $125 million could have been used to carry out a demonstration project on community-based job training, not more than 20% could have been used for demonstration projects, and not more than 5% could have been used to provide technical assistance.

number of low-income adults rather than one-third. The dislocated worker formula would have been the same as current law.

Under current law, of the funds allotted to states for adult activities, the Governor can reserve not more than 15% for statewide activities. The Senate version of H.R. 27 would retain current law. Under the House version, the Governor could have reserved up to 50% for statewide activities. Of this amount, not less than half would have been distributed to local areas by formula to support the provision of core services (e.g., outreach and job search assistance) through one-stop delivery systems. States could have employed state personnel to provide the services in local areas in consultation with local boards.

Under current law, of the funds allocated to local areas for adult activities, not less than 70% are allocated based on a statutory formula, and up to 30% are allocated on a formula developed by the state board. The Senate version of H.R. 27 would have retained current law with respect to the shares of funds allocated under a statutory formula versus a formula developed by a state board, but the statutory formula would have been modified.[15] Under the House version, of the funds allocated to local areas for the consolidated adult program, 85% would have been allocated based on a statutory formula,[16] and 15% would have been allocated to local areas based on a formula developed in consultation with state and local WIBs.

Youth Activities

Under current law, "eligible youth" are individuals not less than age 14 and not more than age 21, low-income, and have a barrier to completing an educational program or securing or holding employment. At least 30% of the funds currently allocated to local areas have to be spent on activities for out-of-school youth. Under the House version of H.R. 27, eligible youth would have been defined as not less than age 16 and not more than age 24. At least 70% of the funds would have to have been spent on school dropouts, recipients of a secondary school diploma or the General Educational Development (GED) certificate, court-involved youth attending an alternative school, and youth in foster care or who have been in foster care. Within this group, which would not have to be low-income, priority for youth activities would have been given to school dropouts. No more than 30% of the funds could have been spent on in-school youth who would be low-income. In addition, activities for in-school youth could have been carried out only during non-school hours.

---

[15] Forty percent of funds would have been allocated on the basis of the relative number of unemployed individuals residing in areas of substantial unemployment, 25% on the basis of the relative number of individuals in the civilian labor force, and 35% on the basis of the relative number of low-income adults. These are the same factors and weights as are used to distribute the 74% of funds to states.

[16] Sixty percent of funds would have been allocated on the basis of the relative number of unemployed individuals in each local area, 25% on the basis of the relative excess number of unemployed individuals, and 15% on the basis of the relative number of disadvantaged adults in each local area.

Under the Senate version of H.R. 27, in-school youth would have been defined as not less than age 14 and not more than age 21, low-income, and have a barrier to completing an educational program or securing or holding employment. Out-of-school youth would have been not younger than age 16 or older than age 21 and would have to have met one of several criteria such as a school dropout or a youth subject to the juvenile justice system. At least 40% of the funds would have been spent on out-of-school youth. Unlike the House version, the Senate version would not have created a priority for serving school dropouts.

Adult Activities

Under current law, three levels of services (core, intensive, and training) are provided to individuals sequentially. To be eligible to receive intensive services, such as comprehensive assessments and development of individual employment plans, an individual must first receive at least one core service, such as job search, and have been unable to either obtain employment or retain employment that allows for self-sufficiency. To be eligible to receive training services, such as occupational skills training and on-the-job training, an individual must have received at least one intensive service, and must have been unable to obtain or retain employment.

Both versions of H.R. 27 would have modified this sequencing of services to provide that individuals could receive intensive or training services if they were unlikely *or* unable to obtain or retain employment through core or intensive services, respectively. Under the House version, unemployed individuals would have been eligible to receive intensive or training services if the one-stop operator determined they would be "unlikely or unable to obtain suitable employment," or in the case of an employed person, "retain suitable employment." The Governor would have defined "suitable employment." Under the Senate version, unemployed individuals would have been eligible to receive intensive or training services if the one-stop operator determined they would be "unlikely or unable to obtain employment that leads to self sufficiency or wages comparable to or higher than previous employment," or in the case of an employed person, leads to "self-sufficiency." Under the Senate version, a self-sufficiency standard defined by states for state activities and local workforce investment boards for local activities would have specified the income needs of families, by family size, the number and ages of children in the family, and sub-state geographical considerations.

Under current law and the Senate version of H.R. 27, if a local area determined that funds for adult activities are limited, a priority for intensive and training services must be given to recipients of public assistance and low-income individuals participating in the adult program.[17] The House version would have added a priority for intensive and training services for unemployed individuals in its consolidated adult program.

Both versions of H.R. 27 would have permitted local WIBs to use 10% of their allotment for adult activities for incumbent worker training programs to assist

[17] There is no similar priority for the dislocated worker program.

workers in obtaining the skills necessary to retain employment and avert layoffs.[18] An employer match would have been required.

Training, as in current law, would be provided primarily though individual training accounts, which would have been called career scholarship accounts in the Senate version of H.R. 27. The one-stop operator is responsible for arranging payment to eligible training providers. Current law stipulates specific procedures states must follow for determining provider eligibility, including specific cost and performance information that providers must collect. Under both versions, current statutory requirements would have been eliminated and Governors would be responsible for establishing criteria and procedures regarding the eligibility of providers. Local WIBs and one-stop delivery systems would have continued to retain a list of eligible providers, and participants would have continued to choose providers from this list in consultation with a case manager.

Demonstration and Pilot Projects

Under current law, the Secretary of Labor is authorized to carry out demonstration and pilot projects that would develop and implement approaches and demonstrate the effectiveness of specialized methods in addressing employment and training needs. Both versions of H.R. 27 would have amended the list of projects that could be funded to include projects that focus on opportunities for employment in industries and sectors of industries that are experiencing (or are likely to experience) high rates of growth, and projects that provide retention grants to job training programs upon placement or retention of a low-income individual in jobs providing a certain level of income. In addition, both versions would have authorized specific demonstration projects that are summarized below.

Community-Based Job Training. Both versions of H.R. 27 would have authorized a competitive grant demonstration project to eligible entities to carry out activities such as the development of rigorous training and education programs. Under the House version, an eligible entity would have been a community college or consortia of community colleges that would work with the local workforce investment system and business in a qualified industry (e.g., an industry or economic sector projected to experience significant growth). Under the Senate version, an eligible entity would have been a community college or a consortium composed of a community college and an institution of higher education, that would work with a local board, business in a qualified industry, and an economic development entity.

For each of the fiscal years 2005 through 2007, the President has requested funding for a competitive grant demonstration project to enhance the capacity of community colleges to provide training, particularly for occupations in demand by high growth industries. Congress has appropriated $125 million for FY2005 and for FY2006. The House version of H.R. 27 would have authorized $125 million under WIA demonstration authority and would have provided that $125 million could be

[18] Under current law, statewide activities may include training for incumbent workers, but there is no similar provision for local areas.

spent from the Secretary's Reserve under the new consolidated adult program. The Senate version does not authorize a specific amount of funding.

Personal Reemployment Accounts (PRAs). The House version of H.R. 27 would have authorized a PRA demonstration project. The PRA provisions in the House version are identical to the provisions contained in H.R. 444, passed in the House in the 108th Congress.

The principal features of the PRA demonstration are as follows:

- States and other eligible entities would provide accounts of up to $3,000 per eligible individual. The initial account balances must be the same for all participants within a state.
- Eligible individuals primarily would be Unemployment Insurance (UI) claimants identified through worker profiling as likely to exhaust their benefits and in need of job search assistance to obtain new employment.[19] Eligible entities could, at their option, extend accounts to individuals who had exhausted their benefit entitlement and (a) are in training for which completion requires additional support, or (b) were laid off from an industry or occupation with declining employment or which no longer provides jobs in a local area.
- Individuals could use the account funds, at their own discretion, to purchase a variety of employment-related services (e.g., intensive services, training, and support services and assistance with buying or leasing a car) on a fee-for-service basis from the one-stop delivery system or other service providers. Recipients could only receive training, intensive, and support services on a fee-for-service basis during the one-year period from the date of establishment of their accounts. Core services provided by one-stop centers would remain free to account recipients (e.g., access to job listings and assistance with writing resumes).
- Individuals with PRAs who obtain full-time jobs within a 13-week qualification period (dating from initial receipt of UI benefits for those still eligible for benefits and from the account's establishment for those who had exhausted their benefits) would receive any funds remaining in their accounts as bonuses. The bonuses would be dispensed in two installments: 60% upon reemployment and 40% six months thereafter.

[19] P.L. 103-152, which amended the Social Security Act, required states to develop systems of profiling new UI claimants in order to identify those likely to exhaust their benefits. After states screen out initial claimants on recall status (including in some cases persons laid off from seasonal industries) and those who exclusively use union hiring halls, the states use statistical models or characteristic screens to identify potential UI exhaustees. Measures taken into account include previous occupation, industry, wages, and job tenure; educational attainment and other claimant characteristics; local economic indicators; and the individual's UI weekly benefit amount. States are not permitted to include such equal opportunity characteristics as age, race, gender, and disability status.

These features are similar to an $8 million PRA demonstration for which the Labor Department (DOL) announced awards to seven states on October 29, 2004.[20] For FY2005, the President requested $50 million under the authority of WIA Section 171 for a PRA demonstration. Funding for the demonstration was not included in the FY2005 consolidated appropriations act (P.L. 108-447). No request for funding was made for FY2006 or FY2007.

Training for Realtime Writers. The House version of H.R. 27 would have authorized competitive grants to court reporting or realtime writing training programs that met certain conditions to promote training and placement of individuals as realtime writers in order to meet the requirements for closed captioning of video programming set forth in Section 723 of the Communications Act of 1994.

Business Partnership Grants. The House version of H.R. 27 would have authorized competitive grants to businesses or business partnerships to expand local sector-focused training and workforce development in high-growth, high-wage industry sectors.

Skill Certification Pilot Projects. The Senate version of H.R. 27 would have required the Secretary of Labor to establish and carry out not more than 10 pilot projects to establish a system of industry-validated national certification of skills. For FY2006, $30.0 million would be authorized for these pilot projects.

Integrated Workforce Training Programs for Adults with Limited English Proficiency. The Senate version of H.R. 27 would have required the Secretary of Labor to establish and implement a national demonstration project designed to both analyze and provide data on workforce training programs that integrate English language acquisition and occupational training. The Secretary would have been required to make not less than 10 grants on a competitive basis. For FY2006, $10.0 million would have been authorized for this demonstration project.

Performance Accountability

Under current law, there are four core indicators of performance for programs serving youth ages 19 through 21, adults, and dislocated workers: entry into unsubsidized employment, retention in employment six months after job entry, earnings received six months after job entry, and attainment of a recognized credential. There are also two measures of customer satisfaction, one for individuals and one for employers. The House version of H.R. 27 would have eliminated the measure of attainment of a credential. The House version would have also eliminated the current measures of customer satisfaction, but would have permitted states to include customer satisfaction of employers and participants as additional indicators of performance in the state plan. The Senate version would have modified the earnings measure to be an "increase in earnings"; it would not have eliminated

[20] The seven states are Florida, Idaho, Minnesota, Mississippi, Montana, Texas and West Virginia. For more information, see [http://www.dol.gov/opa/media/press/opa/OPA20042248.htm].

measures of customer satisfaction. Both versions would have eliminated the application of these indicators to youth ages 19 through 21.

Under current law, there are three indicators of performance for programs serving youth ages 14 through 18: attainment of basic skills, attainment of secondary school diplomas and their equivalents, and placement and retention in such things as postsecondary education, advanced training, military service, and employment. Both versions of H.R. 27 would have modified current core indicators of performance to apply to youth of all ages. The three indicators, that are similar but not identical, would have been entry into employment, education or advanced training, or military service; attainment of secondary school diplomas or their recognized equivalents, and postsecondary certificates; and literacy or numeracy gains. Under the Senate version, a state could have added in the state plan additional indicators of performance including indicators identified in collaboration with state business and industry associations, with employee representatives, and with local boards, to measure the performance of the workforce investment system in serving the workforce needs of business and industry in the state.

Nondiscrimination

Under current law, discrimination regarding participation, benefits and employment because of race, color, religion, sex, national origin, age, disability or political affiliation is prohibited. The House version of H.R. 27 would have continued these prohibitions, but it would have added an exemption for religious organizations with respect to their employment of individuals of a particular religion. The Senate version would not have changed current law.

Authorization of Appropriations

Youth, Adult, and Dislocated Worker Activities. Under the House version of H.R. 27, youth activities would have been authorized at $1.25 billion for FY2006, and for such sums as necessary for each of the fiscal years 2007 through 2011. Adult activities under the new consolidated adult program would have been authorized at $3.14 billion for FY2006, and for such sums as necessary for each of the fiscal years FY2007 through FY2011. Under the Senate version, youth, adult, and dislocated worker programs would have been authorized for such sums as necessary for each of the fiscal years FY2006 through FY2011.

Demonstration and Pilot Projects. The House version of H.R. 27 would have authorized $211.0 million for FY2006 and such sums as may be necessary for each of the fiscal years FY2007 through FY2011. Of this amount, the Secretary would have reserved up to $125,000,000 for the Community-Based Job Training Demonstration Project. The Senate version would have authorized such sums as may be necessary for each of the fiscal years FY2006 through FY2011.