

SELECTED ISSUES: THE 1999-00 BUDGET PROPOSAL FOR: THE WORKFORCE INVESTMENT ACT

As part of the 1999-00 budget, the Governor proposes the Workforce Investment Initiative by using the new federal Workforce Investment Act (WIA) of 1998 as an opportunity to consolidate and improve the state's education, employment and training programs.

The WIA replaces the federal Job Training Partnership Act (JTPA). The JTPA authorizes job training programs to prepare youth and unskilled adults for entry into the labor force. The federal law requires states to implement the provisions of the WIA by July 2000. Currently, the JTPA funds are administered through the state's Employment Development Department.

Some of the major features of the WIA include:

Funding Structure: Under the JTPA, states receive separate funding allocations for disadvantaged adults, dislocated workers, disadvantaged youth, and summer youth programs. Under the WIA, the state will receive separate funding allocations for adults, dislocated workers, and youth programs. The department expects California will receive approximately the same level of funding under the WIA as it does under the JTPA, which is about \$542 million. In addition, the distribution of federal funds among the programs remains essentially the same.

State and Local Funding Allocations: Table 1 – shows the JTPA funding allocations for 1998-99 and the required funding allocations between the state and local levels under the JTPA and the WIA. Under the WIA, statewide activities must include incentive grants, technical assistance, management information systems, evaluation, and "one-stop" system building. Allowable statewide activities include incumbent worker projects, authorized youth and adult activities, and additional system building. No more than five percent may be used for state administration.

COMPARISON OF JTPA AND WIA STATE VS. LOCAL LEVEL FUNDING ALLOCATIONS		
JTPA allocation (1998-99)	JTPA	WIA
Adults \$152 million	<ul style="list-style-type: none"> ◆ 77 percent to local areas ◆ 23 percent for state level (5 percent for state administration, five percent for state incentives, eight percent for education and coordination grants, five percent for older workers programs) 	<ul style="list-style-type: none"> ◆ 85 percent to local areas ◆ 15 percent for statewide activities
Dislocated Workers \$228 million	<ul style="list-style-type: none"> ◆ 60 percent to local areas ◆ 40 percent for state level (includes administration, rapid response, and special projects) 	<ul style="list-style-type: none"> ◆ 60 percent to local areas ◆ 40 percent for state level (15 percent for statewide activities and 25 percent for rapid response activities)
Youth \$162 million	Summer Youth <ul style="list-style-type: none"> ◆ 100 percent to local areas Youth Training <ul style="list-style-type: none"> ◆ 82 percent to local areas ◆ 18 percent for state level 	<ul style="list-style-type: none"> ◆ 85 percent to local areas ◆ 15 percent for statewide activities

Target Population Groups:

Adults: The JTPA serves primarily economically disadvantaged adults ages 22 and older. Under the WIA, *all* adults ages 18 and older are eligible for services. Priority for intensive services must be given to recipients of public assistance and other low-income individuals in areas where funds are limited.

Dislocated Workers: The new law excludes long-term unemployed from the definition of dislocated workers and adds displaced homemakers to the definition.

Youth: Eligible youth must be ages 14-21, low-income, and meet at least one of six specific barriers to employment. Five percent of the youth may be non-low-income if they have one or more specified barriers to school completion or employment. At least 30 percent of the funds for youth must be spent on out-of-school youth. The WIA also puts more emphasis on education and occupational training services for youth. Specifically, the WIA requires additional elements for youth services such as: preparation for postsecondary education opportunities or unsubsidized employment, strong linkages between academic and occupation training, tutoring, study skills training and instruction leading to completion of secondary school, and occupation skills training.

“One-Stop” Delivery System: The WIA establishes the “one-stop” delivery system as the access point for employment-related and training services. All core services must be available through at least one site. California has already established various one-stop centers in certain areas of the state.

Customer Choice: For adult and dislocated worker training, the new law requires the use of Individual Training Accounts (with some exceptions), through which a participant chooses among qualified providers in order to receive services. Currently, most of the training is provided through contracts with training providers and vouchers are used on a limited basis. In addition, a provider must now meet certain eligibility requirements, either through certification or some other procedure.

Performance Measures: The WIA establishes indicators of performance for the various programs. The federal government will negotiate the expected level of performance with the state, and the state must also negotiate the expected level of performance with each local area.

Local Governance: Currently, the JTPA is administered at the local level through service delivery areas by Private Industry Councils (PICs) in partnership with local elected officials. PICs and elected officials are responsible for developing local plans and for oversight. Under the WIA, local workforce investment boards will replace the PICs and will be responsible for planning and oversight of local programs. In addition, local workforce investment areas will replace the service delivery areas.

State Governance: The WIA requires states to establish a state-level workforce investment board to develop the state plan and oversee the programs. The state may retain the current State Job Training Coordinating Council which assists in coordinating and oversight of the state's workforce programs.

Next Steps: The Governor does plan to establish a State Workforce Investment Board. In addition to meeting federal requirements, the Governor has requested that the Board develop a plan which rationalizes the state's use of resources in this area, with consideration to (1) consolidation of various education, training, and employment programs into a comprehensive and integrated workforce development system, and (2) development and application of a performance measurement and benchmarking system with which to measure the effectiveness of workforce development programs and provide a basis for consumer choice in the selection of training providers.

The WIA provides California with an opportunity to make major changes in the state's workforce development system. This year, the Legislature and the Governor will need to decide on many implementation and broader policy issues. Given the recent emphasis on welfare reform and education initiatives, the state should ensure that the implementation of the WIA supports and enhances these efforts.