Commentary/Op-Ed - July 2014

The Federal Workforce Overhaul: Good News for New York City?

After more than a decade of inaction, Congress has finally passed a new federal workforce law. In this July 2014 commentary, CUF senior fellow David Jason Fischer explains why the Workforce Innovation and Opportunity Act bodes well for New York City.

by David Jason Fischer

Despite intense public focus on jobs through the economic bumps of the last few years, the federal government has been mostly missing in action with respect to workforce policy. The federal Workforce Investment Act (WIA), signed by President Clinton in 1998, first came up for reauthorization in 2003—and through the following decade, under presidents and congressional majorities of both parties, legislators considered and rejected one proposed replacement measure after another. Congress kept WIA in effect through continuing resolutions, but imposed deep funding cuts: allocations fell from $4.7 billion nationwide in 2002 to $2.9 billion in 2013.[1] New York City saw a roughly equivalent drop, from $96.6 million in 2002 to $62.7 million last year.[2]

As the late-1990s boom during which WIA was enacted faded into memory, its work-first focus seemed increasingly misplaced—particularly in a place like New York, where education and skills are must-haves for almost any job that pays a decent wage. But the dysfunctional politics of Washington gave little grounds for hope that a new law might pass. This year, however, has brought something close to a political miracle: a new workforce measure, jointly developed by leading Democrats and Republicans in both houses of Congress, enjoying overwhelming bipartisan support. On June 25, the Senate passed the Workforce Innovation and Opportunity Act (WIOA) by a vote of 95 to 3—an almost unthinkable margin for any bill of substance in 2014. This past Wednesday, WIOA came to a vote in the bitterly polarized House of Representatives… and passed by a 415 to 6 count. It now awaits President Obama's signature.

As one might expect of compromise legislation, WIOA is more an update than an overhaul of workforce law. But at a time when New York City's unemployment rate still hovers around 8 percent and an alarming number of New Yorkers lack the skills needed to get decent-paying jobs, the new law bodes well for progress in the city. WIOA's changes should support Mayor de Blasio's efforts to shift the city's workforce development system from its current focus on quickly placing people into jobs to one that stresses building skills that employers demand.

WIOA's key provisions seek to streamline, integrate and rationalize workforce development programming. The legislation eliminates 15 federal job training programs, including high-profile initiatives such as Youth Opportunity Grants and the Workforce Innovation Fund. (Many of these already had been defunded, however, and few if any have been active in New York City.) It supports closer alignment between adult education, postsecondary education and workforce activities, by requiring states to submit one unified plan addressing all these areas. This plan articulates the state's overall workforce strategy, including how it will address the skill needs of workers, jobseekers and businesses.

WIOA further supports system integration by creating one set of performance measures for adults across all programs authorized under the bill and a second set for youth across all WIOA-authorized programs. This should help to strengthen the links between these policy areas—and should give the city's newly created Office of Workforce Development a new lever to integrate programs, perhaps within a career pathways framework. Finally, WIOA integrates processes and rules for jobseeker intake, case management and outcomes reporting—another helpful change as the city constructs a true workforce system from the current set of loosely aligned programs.

As New York City begins to shift its workforce programming toward greater emphasis on training and sector-based partnerships, policymakers should embrace WIOA's changes in this area. The legislation commends a number of best practices related to training, including integrated or contextualized adult basic education and occupational training, and urges more support for helping jobseekers earn industry-recognized credentials in high-demand fields. WIOA also requires local WIBs to "convene, use or implement" sector partnerships, and grants local areas greater latitude to utilize training for incumbent workers[3] as well as to create transitional jobs or contract training services. With federal workforce dollars now available for training activities, the Office of Workforce Development should collaborate with the City University of New York (CUNY) and Department of Small Business Services (SBS), which oversees city workforce programs for adults and dislocated workers, to determine how best to utilize this new flexibility to meet employer needs and advance workers into higher-paying jobs.

Additionally, WIOA's youth-focused measures should make it easier for the city to launch a much-needed overhaul of work-focused education, training and employment services for younger New Yorkers. In addition to defining common measures across programs serving youth, the legislation mandates that 75 percent of youth workforce funds must now support programs for out-of-school youth, defined as 16 to 24 year olds not enrolled in school and facing significant barriers to employment or completing their education. It also clarifies eligibility for services, to include students who receive or are eligible for free or reduced price school lunches, those with a barrier to employment, and young people living in high-poverty communities. Lastly, WIOA requires local areas to spend at least 20 percent of their youth funds to support work experiences—a potentially crucial change in light of record low employment rates for low-income youth.[4] The Department of Youth and Community Development can utilize this provision to start making a dent in the city's abysmally low youth and young adult employment rates.

Best of all, the new law could halt the ongoing slide in federal workforce funding; having worked hard to rewrite workforce law, Congress now has a stake in providing resources to ensure its success.[5] The new measure also revokes two WIA provisions that were poor fits for the five boroughs: the large number of "mandated partners" for the Workforce Investment Board (WIB) charged with policy oversight of local systems, which enlarged WIBs without necessarily adding to their insight or impact, and the "sequence of services" requirement under which jobseekers could access training only after trying and failing to land a job. The de Blasio administration and its newly created Office of Workforce Development should seize the opportunity to create a smaller, nimbler WIB, and to increase emphasis on skill development.

One aspect of WIOA with potentially challenging implications for the city is its shift back toward state rather than local government as the key venue for policymaking. The legislation reserves 15 percent of each state's allocation, to be used at the governor's discretion for statewide workforce activities.[6] Even more significant, the required statewide plan will set a framework and context for every locality as they write their own plans. State policymakers, including the statewide WIB, will make the call on whether to truly integrate adult, secondary and postsecondary education activities with job training and placement programs—or simply to cut and paste the old separate plans into one document. As Mayor de Blasio formulates his Albany agenda, he should be sure to push for a state WIOA plan that enables local areas committed to building true workforce systems, as well as strong New York City representation on the state workforce board.

In a perfect world, a new workforce law might have transformed the policy landscape to embrace the skill-building, sector-focused partnerships and supported work experiences needed to help every individual fully participate in the emerging knowledge economy. The Workforce Innovation and Opportunity Act falls well short of that standard. But it eliminates many of the barriers to building a system that provides value for jobseekers, workers and employers. For New York City, WIOA aligns to the emerging workforce priorities of the de Blasio administration: greater emphasis on training, a more fully integrated system, and new focus on connecting high-need youth to education and employment opportunities. After years in which local leaders strove to work around the inadequacies and restrictions of federal workforce policy, this represents a very welcome change.

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[1] National Skills Coalition: http://www.nationalskillscoalition.org/federal-policy/federal-funding-tool

[2] WIA Allocations, Program Years 2002 and 2003, and PY 2013 Workforce Investment Act Allocations to Local Workforce, online at http://labor.ny.gov/workforcenypartners/alloc/alloc0203.pdf and http://labor.ny.gov/workforcenypartners/alloc/lwia-py2013-allocations.pdf

[3] New York City has used tax levy funds to support incumbent worker training in recent years through Business Solutions Training Grants, managed by the Department of Small Business Services.

[4] Andrew Sum, Ishwar Khatiwada, Mykhaylo Trubskyy, and Martha Ross with Walter McHugh and Sheila Palma, "The Plummeting Labor Market Fortunes of Teens and Young Adults," Brookings Institution, March 2014. Online at http://www.brookings.edu/~/media/Research/Files/Reports/2014/03/14%20youth%20workforce/BMPP_Youth_March10EMBARGO.pd

[5] Indeed, WIOA specifies funding levels for each fiscal year from 2015 through 2020, with annual increases that by 2017 would restore the hundreds of millions that have been cut since 2010. These authorizations amount only to suggestions, however; the actual amounts will be determined through the annual allocations process. For more detail, please see the National Skills Coalition's analysis of WIOA at http://www.nationalskillscoalition.org/resources/publications/file/WIOA-Side-by-Side.pdf

[6] WIA included a 15 percent statewide set-aside, but recent appropriations bills reduced it to as little as five percent.

"The Federal Workforce Overhaul" is part of a series of commentaries about workforce development and human capital issues that was generously funded by the Altman Foundation.

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