

## **Workforce Innovation and Opportunity Act (WIOA) Reauthorization Expanded Waiver and Demonstration Authority to Spur Innovation**

### **Background**

The Workforce Innovation and Opportunity Act (WIOA) of 2014 was the latest in a decades-long series of employment and job training laws designed to provide services to workers and job seekers needing skills for improved employment opportunities. WIOA sought to build upon reforms enacted in 1998 with passage of the Workforce Investment Act (WIA); foremost among these reforms was improved service delivery coordination among a number of federally-funded employment, training, and social services programs targeted at low income, unemployed/underemployed, and disadvantaged populations.

Among other priorities, WIOA authorizes the following key activities:

1. WIOA authorizes funds to states—most of which are in the form of formula grants that are passed through to local workforce development boards/areas—to provide career and training services.
2. WIOA mandates that states coordinate a number of “core” and “partner” programs—including Temporary Assistance for Needy Families—and operationalize a “one-stop delivery system” where services from these partner programs are accessible through “American Job Centers.”
3. States have opportunities to conduct more coordinated and unified planning across partner programs to improve efficiencies and service delivery.

### **Problem Statement**

Since the 1960s and leading up to passage of WIOA, numerous studies and program evaluations have questioned the efficacy and effectiveness of the federal government’s approaches to serving workers and job seekers with employment and training services and addressing employer needs for a skilled and highly-functioning workforce. Recent Government Accountability Office (GAO) reports prior to, and after, passage of WIOA continue to demonstrate “redundant and duplicative” programs and activities across more than 40 federally-funded employment and job training programs, including those identified as partner programs under WIOA.

Exacerbating these documented problems is Congress’ approach to legislating and reauthorizing WIOA. The current statute is riddled with mandates and inflexible approaches for states to implement service delivery and program integration strategies that best meet the labor market conditions of their regional economies, including specific industry, employer, and worker services that reduce the gap between the demand for, and supply of, labor.

Inflexibilities fall into one of three categories:

1. **Program Governance:** States lack the ability to implement program governance structures that enhance performance while promoting administrative efficiencies. For instance, the WIOA title I programs—Adult, Dislocated Worker, and Youth—must be delivered through local workforce development administrative mechanisms overseen by local workforce development boards, while many other programs are delivered through state agencies, including a continued insistence by a number of policymakers that Wagner Peyser Employment Services MUST be delivered by state employees. This ongoing bifurcation in

service delivery inhibits governors and state legislatures from considering bolder strategies to realign state agencies and programs through a strategic workforce development program governance structure, thus impacting service delivery design and program effectiveness.

2. **System Delivery:** The goal behind the implementation of a “one-stop system” is for employer and worker customers in a service region to have a single access point for obtaining workforce development-related services. However, the impediments to move beyond “coordination” and to service delivery integration are numerous within WIOA. Additionally, barriers for streamlining local workforce development areas increase costs and inefficiencies for service delivery. This includes, for example, mandates around the number of physical facilities located within a state based upon workforce development areas.
3. **Financial and Cost Allocation:** WIOA hampers states from implementing more efficient and less burdensome financial and cost allocation procedures due to requirements that local program officials negotiate local cost-sharing agreements among partner programs. This means that few states have statewide cost sharing and tracking systems in place and manage program funds received by the federal government in a coherent and accountable way.

### **New WIOA Waiver and Demonstration Authority**

In the 1990s, Section 1115 waiver authority, as part of the Social Security Act (SSA), allowed states to develop innovative demonstration models as evidence-based solutions to improving public assistance programs under Aid to Families with Dependent Children (AFDC). States modeled different approaches to incentivizing work, providing enhanced transitional benefits and services, and eliminating built-in disincentives for individuals to move to employment. As a result of the overwhelming success of these “laboratories of democracy,” Congress passed national welfare reform under the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), which implemented Temporary Assistance to Needy Families (TANF).

This model serves as an opportunity to improve and reform WIOA by allowing states the chance to model new and innovative solutions to addressing employment and work readiness for their unique populations and labor markets. Examples of the types of WIOA provisions that could be waived under a new demonstration authority might include:

1. Allowing states to become “single state areas” to streamline program governance.
2. Aligning local workforce development areas to reflect regional economies and economic development service regions.
3. Providing more flexibility for states to have streamlined governance models, including state and local board structures and representation.
4. Eliminating requirements around minimum number of physical facilities and basing service delivery upon a mix of in-person and virtual services.
5. Enhancing service delivery between workforce development, social services, and community college partners.
6. Streamlining state and local unified planning processes and providing opportunities for integrated performance management outcomes and data.
7. Allowing states to have a single cognizant federal agency for cost allocation purposes and providing states with opportunities to negotiate statewide cost allocation models.
8. Sharing of infrastructure costs among partner programs through flexible, state-developed “proportionate use” models.