

Investing in Opportunity:

What the new Workforce Investment and Opportunity Act means for New Orleans and Louisiana

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Foreword

Greater New Orleans faces a sizeable workforce deficit by 2020 without strategic intervention. While tens of thousands of new jobs are predicted to become available, an alarming proportion of the region's 16-24 year-olds are opportunity youth, meaning they are currently neither working nor in school. This means a sizeable portion of those who could be expected to fill projected job growth are languishing, unequipped for those positions. The Workforce Investment and Opportunity Act has an increased focus on opportunity youth, and if the funds are used to prepare them for high growth industries, it offers the chance for the New Orleans region, and the state of Louisiana, to fill the potential employment gap with local workers. Aligning local, WIOA-funded programs with projected growth clusters and specific business needs will position the region and state for an equitable, sustainable, prosperous future.

Melissa Ehlinger, Interim President & CEO, **New Orleans Business Alliance**

What is the Workforce Investment and Opportunity Act?

Even in an era of political polarization, ensuring that all Americans who want jobs can find them remains a bipartisan priority. In July 2014, President Barack Obama signed into law the Workforce Investment and Opportunity Act (WIOA). WIOA-funded programs will be administered by the U.S. Department of Labor and the U.S. Department of Education. It will go into effect on July 1, 2015, replacing the prior Workforce Investment Act (WIA). Authorized for the first time in 1998, WIA is **the largest and primary source of federal funding for workforce development**. Over the last ten years, collectively, states have received an average of more than \$3 billion annually in WIA funding.¹ **In 2013, nearly eight million Americans received WIA-funded services, including 7.7 million adults and 200,000 youth.**²

In 2013, Louisiana spent more than \$10 million in federal Workforce Investment Act funding on youth workforce development programming, reaching over 2,000 young people.

What is it designed to do?

WIOA will fund programs that connect and assist job seekers with training, support, and education services so that they can find and maintain employment. Services funded by WIOA will be available to job seekers of all ages, including the chronically unemployed, the disabled, displaced workers, and opportunity youth, who are 16 to 24 year olds who are neither employed nor in school. These job seekers can receive a **range of supports**, including **training** that can improve or teach technical skills, **connections** to actual jobs and employers, and **workplace readiness development** for those with limited employment histories.³ The legislation also aims to promote better alignment among the workforce, education, and economic development systems.

Why is WIOA important?

The 2008 financial crisis led to a spike in unemployment across the United States, reaching a high of 10 percent in October 2009. The economy has since improved and unemployment is now down to 5.5 percent. Yet, **many Americans are still struggling to find jobs that provide living-wage incomes.**

Total Federal Expenditures on All WIA Programs 2009-2014

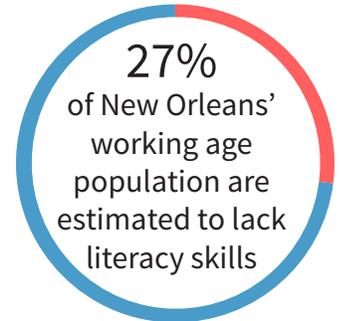


Year-by-year expenditures are less than the total federal allocations states receive. Under WIA, states are allowed to carry over unspent funds to subsequent years.

Increasingly, jobs will require workers to have more education and specific technical skills and training. The Center on Education and the Workforce at Georgetown University found that **by 2020, 65 percent of jobs will require some form of postsecondary education and training beyond high school, but by that time, the nation will face a shortage of five million workers who possess these skills.**⁴ WIOA is intended to support efforts to ensure that the nation has an adequately trained workforce that is ready to meet employer demands now and into the future.

Why is WIOA important to New Orleans and Louisiana?

Though both Louisiana and New Orleans generally fared better than the rest of the economy during the recession, **the state's current unemployment rate of 6.6 percent is higher than the national rate.**⁵ Recent reports by the Brookings Institute and the Greater New Orleans Data Center have found that **there is a significant gap between the skills of New Orleans' workforce and those required by the jobs that are, and will become, available.**⁶ Twenty-seven percent of New Orleans' working age population is estimated to lack literacy skills. This is especially problematic because the region will likely see a jobs boom in the coming years, with an estimated 42,000 new jobs available in Southeast Louisiana between 2013 and 2020 in the skilled crafts sector alone.⁷ New Orleans youth are also challenged by economic inequality: **a 2015 Harvard study found that out of the 100 largest commuting zones in the country, New Orleans ranked 99th in terms of the economic mobility of its residents.**⁸



According to our research, Louisiana has the highest estimated rate of opportunity youth in the nation, while the New Orleans region has the third highest estimated rate of the fifty largest metropolitan areas.⁹ Having so many young people disconnected from education and employment is a significant burden on our local economy, costing the region more than \$360 million annually.¹⁰ WIOA Youth dollars are specifically targeted towards providing more services to opportunity youth.

Who receives services in Louisiana?

WIOA will continue to fund a broad range of services, such as unemployment insurance and employer engagement. This diversity of services makes it difficult to measure the full impact of all its initiatives. However, the state keeps specific counts of all recipients who have received WIA Title I dollars in the past.

Despite similar levels of funding for each demographic group, **far more adults were served by WIA Title I dollars in 2013 than were youth.** Louisiana spent 152 times more per youth than per adult. The services provided to youth are more extensive than those accessed by most adults. Youth often require more training and additional social supports, such as mentoring and case management (see chart).¹¹

Title 1 Program	Total LA Expenditures	Total Participants Served	Average Cost per Participant	Employment or Education Rate	Job Retention Rate
Adults	\$8,578,472	262,072	\$33	63.4%	81.8%
Dislocated Workers	\$9,092,622	3,659	\$2,485	67.4%	86.4%
Youth	\$10,294,499	2,066	\$4,982	67.9%	n/a

Note: WIA Performance Measures are set by the federal government. Total participants include all participants who access services, even those who do not successfully complete a program. Employment is defined as unsubsidized employment and participants must retain it for six months. Education is defined as attainment of a recognized credential, which includes a secondary school diploma or a recognized equivalent or attainment of occupational skills. Louisiana does not record the job retention rate for youth.

For more information, see: <http://www.doleta.gov/performance/quickview/WIAPMeasures.cfm>.

How does Louisiana currently spend workforce funding?

In Louisiana, **federal workforce dollars are overseen and implemented by the Louisiana Workforce Commission (LWC)**, the state's workforce agency. LWC splits Louisiana into 18 Workforce Investment Boards (WIBs), each of which receives a portion of the state's total allocation and then decides how to distribute it locally.

In the 2013 fiscal year, the state spent a total of \$29.9 million on Title I funded initiatives. Notably, this was only 59% of the total WIA funds the state had at its disposal. The rest of the funds were rolled over.¹² While it is crucial to spend federal funds judiciously, Louisiana is 45th in the country in terms of actually expending their WIA Youth, Adult, and Dislocated Worker dollars.¹³ Nationally, the expenditure rate for states is 71.1%. Given the state's workforce needs, the causes of this fiscal restraint require further investigation.

Are Louisiana's WIA dollars being used effectively?

The Department of Labor measures states' performance based on many factors, but foremost among them is the number of exiters, or participants who complete a WIA program annually. This number is far lower than the number who receive any services from WIA initiatives. In Louisiana, 860 youth completed programs in 2013.¹⁴ Based on the total amount of funding the state received over the same time, the average cost to provide services for one youth who completed programming was \$11,317.¹⁵ Comparatively, the national average was less than \$8,000.¹⁶ More research is needed to determine whether Louisiana recipients are getting better or unique services for those additional costs. **Though the state's most recent WIA Annual Report affirms that Louisiana met or exceeded most of its benchmarks for WIA Youth program performance, the state's performance compared to other states is mixed.** Louisiana youth completing WIA programs rank 35th in educational achievement, 20th in summer work experience, and 14th in occupational skills training.¹⁷

What about New Orleans?

In New Orleans, JOB 1, an agency of the City of New Orleans overseen by the Mayor, is responsible for administering WIA programs. JOB 1 is allocated dollars by the regional Orleans Parish WIB. **In 2013, a total of 21,572 adults, 636 dislocated workers, and 226 youth received WIA-funded services in New Orleans.** New Orleans exceeded its goal for youth attaining a degree or certificate, but failed to meet its goal for placement of youth in education or employment, and for literacy and numeracy gains.¹⁸ WIOA revises the metrics by which programs are assessed to make them more aligned with the skills employers are seeking in workers.

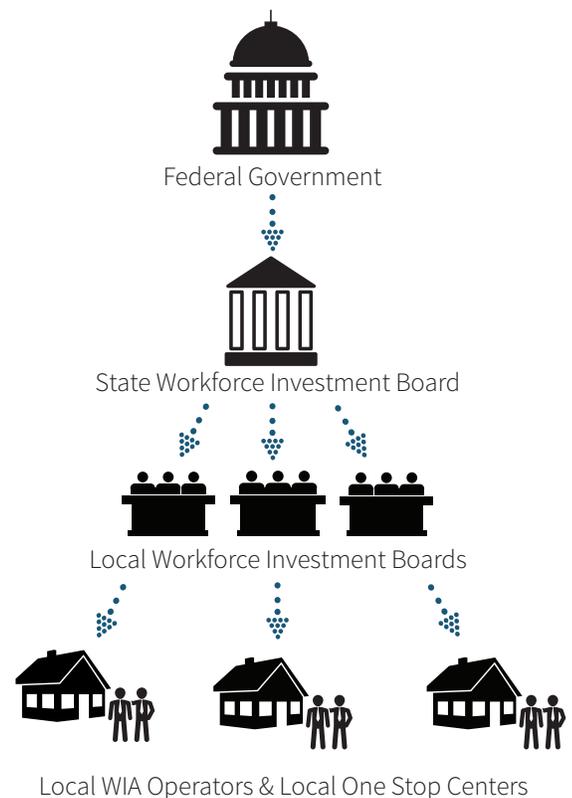
How does WIOA work?

States receive WIOA funding based on formula calculations made at the federal level. In order to determine how those funds will be used, **each state must have a statewide board** composed of governmental, business, labor, and workforce development representatives. Those boards set the priorities for the funding in four-year plans and divide the state into regions, which receive a portion of the state's overall funding. **Each region then has its own WIB** that helps to provide accountability and oversight to ensure the funding is being used as effectively as possible locally.

WIOA continues funding for "one-stop career centers" at the local level through the local WIBs. These centers centralize services, allowing job seekers to access a variety of workforce development and training supports in a single location, and the majority of WIA funds have been used for services in "one-stop career centers" in the past. Finally, to gauge the success of all these efforts, **each state issues an annual report** that compiles data on all of the individuals who have received services from WIOA-funded programs.¹⁹



WIOA Funding Flow



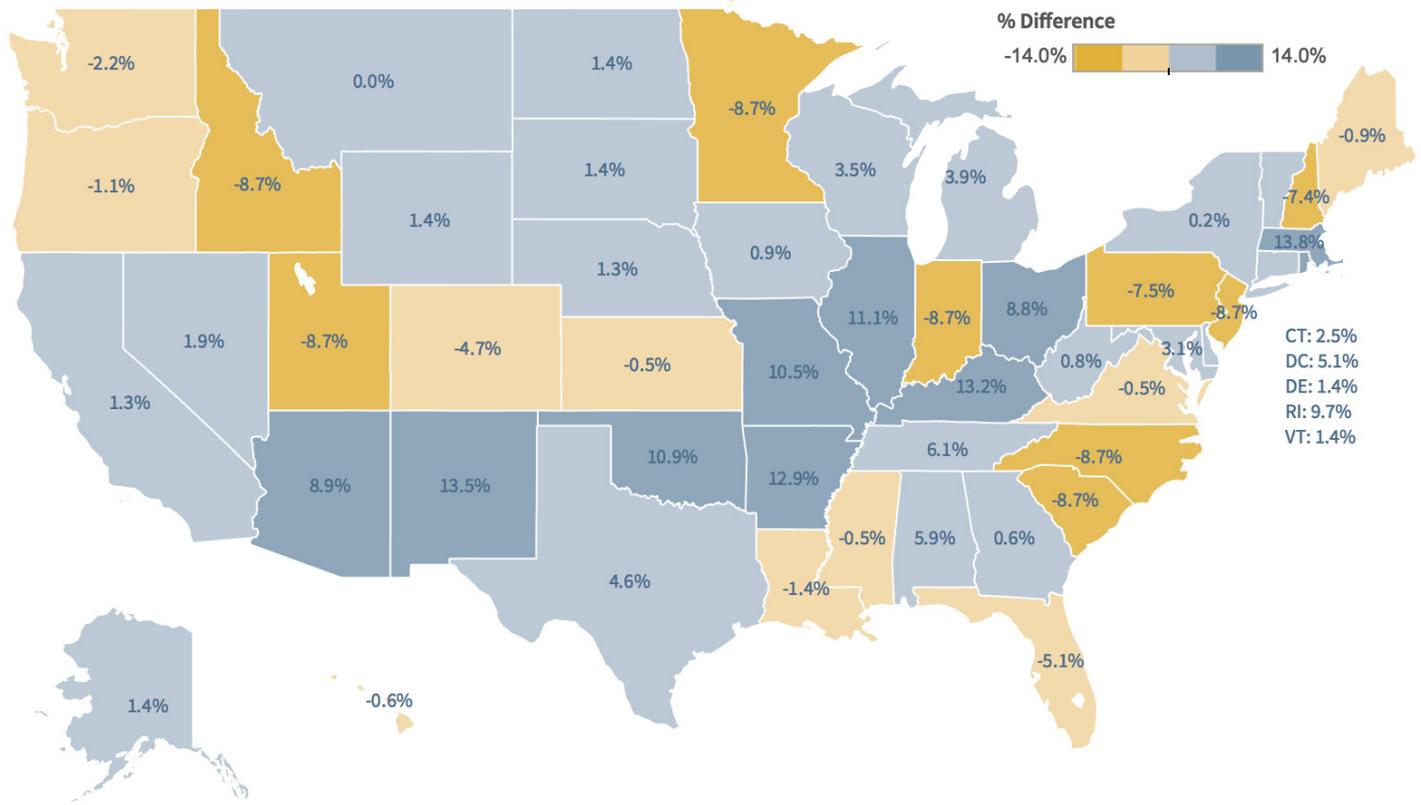
What does WIOA fund?

To achieve its mission, WIOA funds four core programs:

- ▶ WIOA Title I for **Adult, Dislocated Worker and Youth formula programs** that offer career and training services for these populations.
- ▶ **Adult Education and Literacy programs** fund community colleges and other adult education providers.
- ▶ **The Wagner-Peyser Employment Service** program was first created in 1933 and funds job search assistance, referral, and placement for job seekers, re-employment aid for the unemployed, and recruitment for employers.
- ▶ **Programs under Title I of the Rehabilitation Act** that are geared towards linking individuals with disabilities with job training and other workforce development services.

WIOA will also fund other programs targeted at specific populations and overseen by local WIBs, including Job Corps, YouthBuild, Indian and Native American programs, and Migrant and Seasonal Farmworker programs.

Change in WIA Youth Allocations from 2014-2015, by State



This map shows the year-to-year changes in WIA youth allocations by state from 2014 to 2015. The allocation is based on a federal rate that factors in the state's previous year's unemployment rate, excess unemployment, and total number of economically disadvantaged youth.

What should be expected of WIOA in the future?

WIOA will bring about significant changes in how workforce dollars are used, and importantly, many of these changes are specifically designed to ensure that more resources reach opportunity youth. The breakdown below is not intended to be an exhaustive list of how WIOA will alter the delivery of services to job seekers and youth – it is intended to provide a high-level overview of how youth, especially opportunity youth, will be better able to receive services under the new legislation.²⁰

Prioritization of services

Ensures out of school youth and those with lowest skills receive more services

- ▶ 75% percent of state and local youth dollars must now go to opportunity youth, an increase from 45% in WIA.
- ▶ For older youths and adults requiring adult education services, including literacy assistance, WIOA contains new requirements that heavily encourage adult education providers to serve individuals with the lowest skill levels.

Broadens eligibility

Increases the number of youth who can access services

- ▶ Previously, out of school youth had to be between the ages of 16 to 21 to receive Youth-funded services. Now, youth can be up to age 24 and still access these resources.
- ▶ WIOA also expands the definition of homelessness to allow more current or former foster youth and adults to qualify for assistance.
- ▶ Youth no longer have to prove that they come from a low-income household to receive services. Under WIOA, if a youth is living in a high-poverty area, he or she can qualify for assistance without additional documentation.
- ▶ For in-school youth, the eligibility to qualify for services has expanded to now include low-income individuals aged 14 to 21 who are English language learners and those who have a disability.

Expands Education and Training Options

Removes barriers to receiving training and education support

- ▶ Under WIOA, job seekers and youth can qualify to immediately start on a formal career-training program, rather than to first have to partake in programs for which they already have skills.
- ▶ WIOA training funds can be used for individuals who are unable to obtain a Pell Grant.
- ▶ WIOA also encourages integrated education and training, as well as the implementation of a career pathways approach. The development of career pathways is crucial to ensure all participants can gain a clear understanding of the training and education that is needed to advance within a given industry.
- ▶ WIOA promotes on-the-job experience for youth, with a requirement that at least 20 percent of Youth Formula Funds be spent on paid and unpaid work experiences.

Performance and Accountability

Creates higher standards for service providers in order to improve quality and results

- ▶ Most importantly, WIOA requires common performance measures for the core programs, including the Title I youth program. In the past, it has been difficult to assess the quality of a program in a given city or a state due to variability in how each locality measured performance.
- ▶ Part of this new accountability system will assess states on the number and type of credentials attained by their participants, as well as whether these credentials align with jobs that are in the highest demand.
- ▶ WIOA also creates a new “skill gains” measure to gauge the progress of individuals who are enrolled in an education and training program.
- ▶ Under WIOA, state and local performance expectations will also take into account local economic conditions and demographic characteristics of participants.
- ▶ WIOA also encourages more career training opportunities, by requiring states to report how much they are spending on career and training services, and the number of participants benefiting from them.

Looking Ahead

WIOA will provide vital assistance to states in their efforts to create high-skilled workforces for in-demand jobs. Yet, though, WIOA will supply the largest source of federal workforce dollars, **the need nationally, and in Louisiana and New Orleans specifically, far exceeds the services these funds can provide.** The impact WIOA can have must be kept in perspective, as one tool in a larger toolkit designed to assist opportunity youth. It is highly important dollars are used as effectively as possible. Local WIBs should work closely with service providers already serving opportunity youth to ensure **coordination and alignment.** WIBs should also closely track whether entities receiving funds are **meeting their designated performance measures.**

Endnotes

1. Department of Labor, "Budget in Brief FY 2015," <http://www.dol.gov/dol/budget/2015/PDF/FY2015BIB.pdf>
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10. Ibid.
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12. Ibid.
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