An illustration showing several black silhouettes of people standing on a structure made of large red rectangular blocks. Some people are holding blocks up, while others are standing on top of them. The background is a light, textured yellowish-white. A semi-transparent white box with a pinkish tint is centered over the image, containing the title text.

**Demystifying the
Workforce Innovation
and Opportunity Act
(WIOA)
for Community and
Economic Developers:
A Primer**

There is little question the Workforce Innovation and Opportunity Act, or WIOA, will have an impact on workers, employers, and communities. Community and economic development stakeholder groups will need to consider their work in the context of the new WIOA changes, as well as in the context of other ongoing challenges, such as declining and increased competition for federal funding, and local community issues, such as transportation in rural areas. In light of these transformations, stakeholder groups may want to begin considering where synergies and partnerships may exist in the new delivery system and identify opportunities for collaboration to meet aligned goals such as poverty elimination and economic expansion.

Similarly, community and economic development professionals have the opportunity to bring a unique perspective and local neighborhood expertise to workforce development activities, perspectives and expertise that may not have been used in the past, including data sources traditionally not used in workforce development planning and strategy.

The following is not an exhaustive summary of WIOA, which took effect July 1, 2015, but it highlights the legislative and regulatory points of special concern to community and economic development practitioners.

IN THE YEARS SINCE WIA WAS ADOPTED, POLICYMAKERS AND PRACTITIONERS
RECOGNIZED THAT A MORE SYSTEMATIC AND STREAMLINED APPROACH
TO WORKFORCE DEVELOPMENT SERVICE DELIVERY WAS NEEDED TO
ADDRESS THE NEEDS OF TODAY'S MULTIDIMENSIONAL LABOR MARKET.

BACKGROUND

The Workforce Innovation and Opportunity Act (WIOA), designed to improve the public workforce system, especially for youth and those with significant barriers to employment, reauthorizes the nation's core workforce training programs and service delivery infrastructure¹ while instituting significant reforms designed to meet the evolving nature of and challenges to our national labor market.

The WIOA supersedes the Workforce Investment Act (WIA) and amends certain other key workforce legislation, including the Adult Education and Family Literacy Act, the Wagner-Peyser Act, and the Rehabilitation Act of 1933.² The WIA, which was enacted in 1998 to serve as the nation's primary workforce development legislation, established our contemporary framework for the delivery of workforce development services with a view toward enhancing coordination among various state and local workforce development and related programs. The WIA created, for example, the nationwide network of One-Stop centers through which state and local job training and employment services are coordinated today and which remain the cornerstone of the public workforce development system, as well as the system of private-sector-led Workforce Investment Boards (WIBs) charged with the administration of the One-Stop system.³

In the years since WIA was adopted, policymakers and practitioners recognized that a more systematic and streamlined approach to workforce development service delivery was needed to address the needs of today's multidimensional labor market. Thus, the WIOA builds upon the existing architecture for federal workforce development efforts while enacting key changes designed to meet these modern challenges.

¹ <http://www.doleta.gov/WIOA/Docs/WIOA-Factsheet.pdf>.

² Ibid.

³ The Workforce Investment Act and the One-Stop Delivery System; Congressional Research Service Report. See also <http://ow.ly/Qlxdp> and <http://ow.ly/QPr5P>.

A KEY ELEMENT OF THE WIOA IS ITS EFFORT TO INTEGRATE SERVICES AVAILABLE AT ONE-STOP CAREER CENTERS.

Among the reforms, and as discussed in greater detail below, the WIOA legislates specific efforts to enhance coordination, collaboration, and strategic planning in the provision of services at the federal, state, and regional levels; better serve the needs of both job-seekers and employers through improvements in the One-Stop system and enhanced job training efforts; place greater emphasis on advancing the most vulnerable participants in today's labor market; and impose a higher degree of accountability and transparency within the system.

In short, and as emphasized in recently proposed implementing regulations formulated by the Department of Labor, "WIOA is designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy."⁴

THE WIOA'S KEY REFORM EFFORTS

Though the WIOA legislation left much of the current workforce development system infrastructure intact, there are a significant number of changes designed to align and streamline the workforce delivery model moving forward.⁵

Enhanced Coordination, Collaboration, and Strategic Planning

First, the WIOA seeks to enhance coordination, collaboration, and strategic planning in the provision of services at both the state and regional

levels.⁶ While the earlier WIA took initial steps toward the coordination of services, the WIOA imposes targeted reforms and specific requirements to further drive collaboration and coordinate longer-term planning designed specifically to align workforce and education.

Chief among these changes is the requirement that each state develop and submit to the Secretary of the Department of Labor a single comprehensive, four-year, unified strategic plan to coordinate workforce development and related efforts across that state's core programs⁷ in order to address broadly the needs of employers and individual members of the workforce. In addition to this change, WIOA goes a step further and encourages states to consider submitting a *combined plan* that would be inclusive of WIOA's core programs as well as other federal programs with workforce development components.

Last, the WIOA reduces the mandated minimum membership of WIBs and significantly increases their responsibilities. The law charges WIBs with coordinating and ensuring that local workforce development plans tailored for local labor-market needs align with the applicable state plan. They will also be responsible for reviewing the performance of local and statewide programs against applicable performance measures.

Improved Services to Workforce Participants and Employers

A key element of the WIOA is its effort to integrate services available at One-Stop centers. For example, it strongly encourages that Wagner-Peyser employment services and the Temporary Assistance for Needy Families (TANF)⁸ programs be part of the One-Stop career center system. The act also contains various provisions to encourage more robust integration of

⁴ Federal Register / Vol. 80, No. 73 / Thursday, April 16, 2015 / Proposed Rules p.20576, available at <http://ow.ly/QIXUw>.

⁵ Federal Register/Vol. 80, No. 73/Thursday, April 16, 2015/Proposed Rules p.20576, available at <http://ow.ly/QIXUw>; for additional information on provisions of the WIOA, refer to the Frequently Asked Questions (FAQ) webpages on the U.S. Department of Labor's website available at <http://www.doleta.gov/WIOA/FAQs.cfm>.

⁶ <http://ow.ly/QPgpf>.

⁷ These core programs prescribed in WIOA include (a) programs to provide employment assistance and skills training to low-income adults, dislocated workers and youth, the primary source of funding for which is Title I of the WIOA; (b) adult education and literacy programs, funded by Title II; (c) Wagner-Peyser programs, which are the subject of Title III; and (d) vocational rehabilitation programs, addressed by Title IV. States also may elect to include other key partners such as temporary assistance for needy families in their comprehensive planning efforts.

⁸ This applies unless the governor of the state explicitly declines.



THE WIOA ALSO TAKES CONCRETE AND MEANINGFUL STEPS TO SUPPORT THE MOST VULNERABLE MEMBERS OF THE MODERN WORKFORCE, NAMELY THE UNEMPLOYED, THE DISABLED, AND THE OUT-OF-SCHOOL YOUTH.

intake, case management, and reporting systems. And to help ensure quality services, it requires that centers be recertified every three years according to specific, state-established criteria.

The WIOA also employs a wide assortment of specific job-training enhancements designed to more effectively identify and meet evolving employer needs and match employers with skilled job candidates. The act particularly emphasizes the need for quality job training in view of the advanced skills required to meet the demands of modern employers. In this vein, relevant provisions of the act focus on the implementation of a career pathways approach,⁹ including on-the-job training, incumbent employee training, and the use of registered apprenticeship and other programs that lead to industry-recognized post-secondary certification as a means for meeting the complex need of employers while also providing job seekers with access to better and higher-paying jobs. As noted above, WIBs will have expanded responsibility for identifying and responding to specific, local workforce needs in the context of local and regional planning efforts.

Advancing the Interests of the Unemployed, Disabled, and Youth

While strongly emphasizing the need for development programs to be job-driven and designed to meet the needs of employers, the WIOA also takes concrete and meaningful steps to support the most vulnerable members of the modern workforce, namely the unemployed, the disabled, and the out-of-school youth.

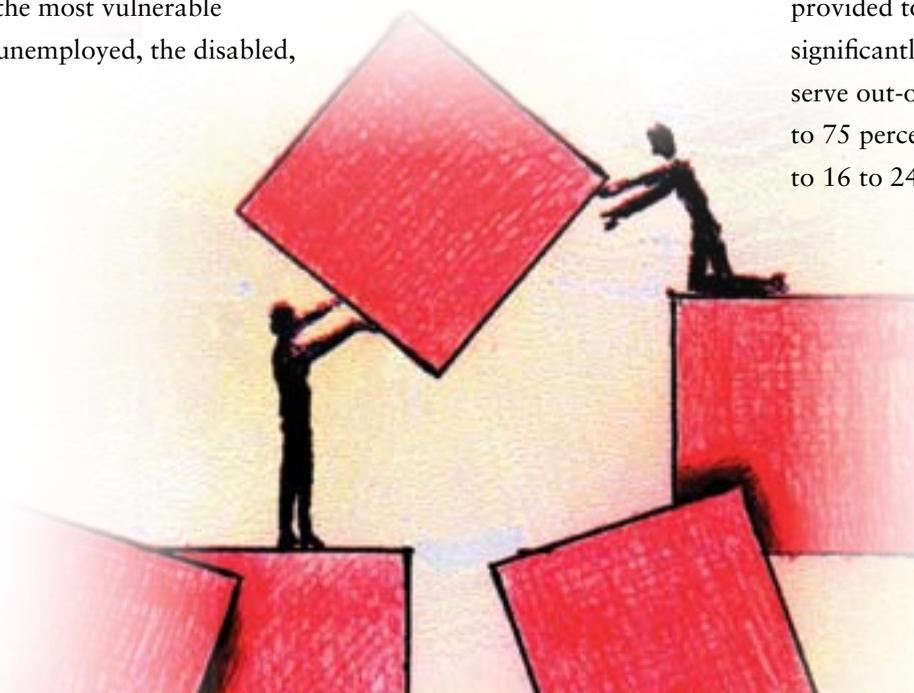
For example, the act provides specific priority for services under its adult programs for participants who receive public assistance or have basic-skill deficiencies. On a more technical front, the act permits localities greater flexibility in meeting the needs of specific disadvantaged populations by eliminating the required sequence of service model¹⁰ under the current system and permitting them to transfer up to 100 percent of funds between adult- and dislocated-worker programs. These and other similar structural changes should allow for far greater customization in the provision of services.

Additionally, the WIOA takes a number of steps to address the specific needs of disabled individuals in the workforce. For instance, One-Stop centers will provide enhanced services and accessibility to job-training programs for disabled individuals, and the act contemplates the formation of a committee to advise the Secretary of Labor on improving the integration of disabled individuals in the workplace. The WIOA provides specific, incremental funding sources for related services, particularly for disabled youth. For example, state vocational rehabilitation agencies are required to dedicate at least 15 percent of their budgets to providing services to disabled youth.

In general, the WIOA also devotes significant focus to serving the needs of youth in the workforce, particularly increasing the level of service provided to out-of-school youth. For instance, it requires that local areas significantly increase their allocation of youth-specific funding used to serve out-of-school youth from the 30 percent required under the WIA to 75 percent, and it extends the out-of-school-youth age eligibility range to 16 to 24 years (up from 16 to 21 years under the WIA).

⁹ The career pathways approach focuses on providing incumbent workers with education and training opportunities so that they can progress to the next level of employment.

¹⁰ The sequence of service model prescribed the advancement of job seekers through WIA's three levels of service delivery: Core, Intensive, and Training.



Greater Accountability and Transparency

Finally, and with only a few exceptions, WIOA seeks to better align definitions, streamline common performance accountability measurements, and integrate reporting across all core program areas. How? In two ways. The act not only refines existing and employs additional reporting and performance accountability measures, indicators and targets for programs under its purview, it also—notably—provides for potential financial and other sanctions against states and localities whose programs fail to satisfy applicable performance standards. The result of these changes will be an even greater level of evidence-based, data-driven decision making and accountability.¹¹

IMPLICATIONS FOR POLICY MAKERS AND PRACTITIONERS

WIOA presents a number of significant potential opportunities for community and economic developers to partner with the workforce system in order to better address the needs of workers and employers. As states and locales implement the provisions of WIOA, community and economic developers should be thinking about what these partnerships might look like in practice. Drawing from their knowledge of local neighborhoods and their residents, community developers may be able to connect with the workforce system on several different fronts. Two of the most direct

connections possible are 1) referring neighborhood residents to local workforce programs or One-Stop career centers that offer training referrals, career counseling, job listings, and similar employment related activities¹² and 2) identifying populations that could benefit from services that the workforce system provides.

Additionally, community developers may be in a better position to identify emerging jobs and skill sets, the need for which may not yet be widely publicized, such as in connection with upcoming residential and commercial construction projects within the community. If timed appropriately, potential workers could train for higher-skilled jobs leading to upcoming job opportunities. For instance, during the construction phase, potential workers could train for specialized jobs such as drywall installation and finishing, masonry work, or more technical electrical/HVAC installation jobs rather than community developers' simply providing referrals for general labor activities. This model could not only support training new entrants into the labor market, but could also serve as another career-pathway opportunity for incumbent workers to train for even higher-skilled jobs. Following the construction phase, business tenants could draw from residents who completed training recently for positions coming to the development. Last, community development organizations can encourage existing and future local businesses to post their job offerings with One-Stop career centers, resulting in more opportunities for all job seekers regardless of location.

Complementing the referral process, community developers are in a unique position to identify and possibly offer wraparound services to local residents, services which may be of critical importance to job seekers, especially in underserved neighborhoods. These wraparound services could include financial education and budgeting, options for child care, housing options, and even local knowledge of public transportation routes. In short, community developers may be better positioned to provide hyperlocal insights that might not necessarily be on the radar for a countywide or regional WIB. Furthermore, their insights could prove especially helpful in creating strategic partnerships among

¹¹ US Department of Labor Workforce Innovation and Opportunity Act Overview, available at <http://ow.ly/QPt8b>.

¹² <http://ow.ly/QPg5b>.

THE RESULTS OF
THESE CHANGES WILL BE AN EVEN
GREATER LEVEL OF EVIDENCE-BASED, DATA-DRIVEN
DECISION MAKING AND ACCOUNTABILITY.

PARTNERSHIPS AMONG COMMUNITY, ECONOMIC, AND
WORKFORCE DEVELOPMENT ORGANIZATIONS HAVE EXISTED IN THE PAST;
HOWEVER, WIOA'S EFFORTS TO CREATE A
MORE UNIFIED AND STRATEGICALLY FOCUSED
SYSTEM MAY VERY WELL YIELD EVEN MORE
AND GREATER PARTNERSHIPS IN THE FUTURE.

community-focused organizations in order to connect out-of-school youth, workers with a disability, or populations that are harder to employ with programs designed to meet their needs.

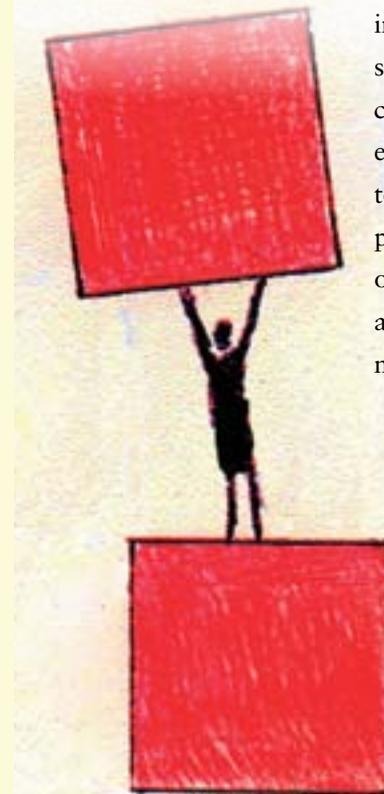
Economic developers also have opportunities to partner with the workforce system. Similar to community developers, they may have data and information that is not readily available to the workforce system.¹³ This data and information can range from knowledge about new economic activity (such as business startups and expansion) to recent changes in a particular industry's marketplace (such as technological advances) to supply-and-demand issues spanning multiple industries, just to name a few. Furthermore, an economic developer's knowledge and information base may span multiple geographies, thus adding value to WIBs that may operate only on a local or regional level. It is this type of real-time information that could prove useful for workforce developers as they think about formulating and adjusting strategies to meet local labor market needs in a timely fashion.

More directly, economic developers could also help individual employers and industries better connect to their local One-Stop career centers and WIBs. These individual employer connections could take several forms, including encouraging businesses to post their available jobs with local One-Stop career centers, identifying skills and training needs for newly available positions as well as those of incumbent workers who wish to advance their careers, and actively seeking out potentially qualified workers produced through the workforce system. An additional approach for economic developers could be to focus their efforts on entire industries, thus possibly providing some efficiency in identifying education and training needs for multiple employers. Several examples of these types

of positions could include welders, truck drivers, and machinists who may have skills that could be utilized by multiple employers.

A substantial amount of effort has gone into the planning and implementation of WIOA; however, there is still more work ahead. Over the next year, additional provisions of WIOA will continue to go into effect, including the submission of the first state unified plans by March 3, 2016.¹⁴ During this time, stakeholders will be looking at ways to maximize the impact of WIOA and determining what needs to be done in order for WIOA to accomplish its intended goal to "improve the quality of the workforce, reduce welfare dependency, increase economic self-sufficiency, meet the skill requirements of employers, and enhance the productivity and competitiveness of the Nation."¹⁵

To meet this goal, the workforce system will need to draw on numerous sources to identify local and regional needs, as well as to determine the best way to address these needs. Because of their distinct perspectives and focus, community and economic developers may be useful in helping achieve even greater community impact than that which might result solely from the work of more narrowly focused practitioners. Similarly, community and economic developers may not be aware of all the different programs offered within the workforce system that could be beneficial to their stakeholders, such as career counseling and training. Certainly, partnerships among community, economic, and workforce development organizations have existed in the past; however, WIOA's efforts to create a more unified and strategically focused system may very well yield even more and even greater partnerships in the future.



¹³ Under WIOA, local WIBs are explicitly charged with understanding the educational and economic development needs of their local and regional labor markets.

¹⁴ Scheduled for this date as of 7/1/2015.

¹⁵ <http://ow.ly/QPsWo>.

Author: [Joseph Ott](#), Federal Reserve Bank of Cleveland

Published by the Federal Reserve Bank of Cleveland's Community Development department.

The views expressed in this publication are those of the author; these views do not necessarily reflect those of the Federal Reserve Bank of Cleveland, the Federal Reserve Board of Governors, or the Federal Reserve System. Reprinting allowed with permission. Contact Managing Editor [Anne O'Shaughnessy](#) at aoshaughnessy@clev.frb.org.

Members of the Cleveland Fed Community Development team include

CLEVELAND

[Paul Kaboth](#)

Vice President &
Community Development Officer
216.579.2951
Paul.kaboth@clev.frb.org

[Mary Helen Petrus](#)

Assistant Vice President
216.579.2443
Mary.h.petrus@clev.frb.org

[Brett Barkley](#)

Research Analyst
216.206.3658
Brett.barkley@clev.frb.org

[Kyle Fee](#)

Senior Policy Analyst
216.579.2029
Kyle.d.fee@clev.frb.org

[Matthew Klesta](#)

Research Analyst
216.579.3166
Matthew.klesta@clev.frb.org

[Hal Martin](#)

Research Economist
216.774.2526
Hal.martin@clev.frb.org

[Lisa Nelson](#)

Senior Policy Analyst
216.579.2903
Lisa.a.nelson@clev.frb.org

[Anne O'Shaughnessy](#)

Project Manager
216.579.2233
Anne.o'shaughnessy@clev.frb.org

[Ann Marie Wiersch](#)

Senior Policy Analyst
216.579.2423
Annmarie.wiersch@clev.frb.org

PITTSBURGH

[Joseph Ott](#)

Senior Policy Analyst
412.261.7947
Joseph.c.ott@clev.frb.org

CINCINNATI

[Bonnie Blankenship](#)

Senior Policy Analyst
513.455.4281
Bonnie.blankenship@clev.frb.org

Follow Us!  [@CleveFed_ComDev](#)