OPPORTUNITYAMERICA

WIOA
HOW EMPLOYERS CAN PLUG IN

BACKGROUND

Eight members of Congress, Democrats and Republicans from the House and Senate, have reached a compromise that would amend and reauthorize the 1998 Workforce Investment Act.

Like the legislation it replaces, the new Workforce Innovation and Opportunity Act will provide federal funding for a state-based workforce development system that gives priority to veterans and low-income trainees but is open to anyone in the U.S. seeking skills training.

According to congressional staff, the new legislation authorizes some $9.5 billion in funding for 2015, and while a portion of this money is reserved for targeted anti-poverty programs like Job Corps, $2.8 billion will fund training open to a broad gamut of U.S. workers. Authorized funding will grow modestly through 2020.

WIOA is significantly streamlined and less bureaucratic than its predecessor, WIA. Among its primary goals is to get employers and employer associations more actively involved in planning and providing training. The legislation also reforms the system to promote training for existing, in-demand jobs – training aligned with business needs and state and local economic development plans.

Improvements mandated by the act include streamlining state and local workforce bureaucracies; dramatic cuts in the size of state and local workforce boards; more meaningful, standardized metrics for workforce boards and training providers; and significantly increased flexibility for training at the local level. At the state and local levels and at every possible decision point, the measure encourages local authorities to give priority consideration to programs that prepare trainees for industry-recognized credentials. Also significant for training providers, there is much less restriction on how and what can be taught in that *sequence of services* regulations have been abolished and trainees can get credit for prior learning and other knowledge they bring to training.

Just how effective these and other reforms will be remains to be seen – some who benefit from the existing system will surely dig in to resist change. But there can little doubt: lawmakers envision a far-reaching overhaul of the nation’s workforce system.

Of all the improvements mandated in the new law, perhaps the most significant for employers are the enhanced incentives to participate in designing and providing training – opportunities to offer training themselves, to be reimbursed for training they already provide, to partner with institutions of higher learning to make training more relevant and effective, and to serve in more meaningful and constructive ways on state and local bodies that plan and oversee training. Educators, employers and policymakers increasingly agree: employer engagement is vital – *the* key to effective, up-to-date workforce development. The new legislation offers a varied menu of ways for employers and employer associations to engage more actively.

OPTIONS FOR YOUR BUSINESS OR EMPLOYER ASSOCIATION

Qualify as a training provider and get a competitive grant from your local workforce board. It has traditionally been cumbersome and time-consuming for employers and employer associations to qualify as training providers, and few employers try – most are put off by the bureaucracy. But the new legislation streamlines the process in ways that should make it more appealing and navigable, including by eliminating the need to qualify at the local level if you qualify with the state workforce board. Although local boards can potentially step in to make the qualifying process more burdensome, state boards are required to give priority to training that leads to immediately available, in-demand jobs and programs that lead to industry-recognized credentials, including apprenticeship programs.

Get paid for training through an individual training account. A simpler alternative to a competitive grant: get reimbursed directly on a per-trainee basis through a voucher-like individual training account. Workers seeking training will have access to a list of eligible training providers, and employers and employer associations that qualify as providers should be able to offer a compelling choice – after all, their training is more likely than training in many other venues to lead to a job. Training entities will be reimbursed directly through the local one-stop center, and the record-keeping should be comparatively straightforward – simpler, certainly, than the record-keeping required for a government grant in support of a full-scale training program. Training that leads to industry-recognized credentials will get priority consideration, so will training aligned with in-demand occupations.

Get reimbursed by your local workforce board for the on-the-job training you provide. To qualify for reimbursement, on-the-job training must be limited in duration and essential to performance of the job. An employer may be reimbursed for up to 75 percent of the trainee's wages. And in some states, qualifying for OJT reimbursement may prove easier and less bureaucratic than qualifying as a training provider. Among other factors, the governor has more freedom to set the criteria for qualifying.

Get reimbursed by your local workforce board for the incumbent-worker training you provide. Among the factors authorities will take into account in deciding what training qualifies: how it will affect workers' wages, company competitiveness and the statewide economy. The government will pay 50 percent to 90 percent of training costs, depending on the size of the business – and the company's share includes the worker's wages. The qualification process is similar to the OJT qualification process.

Get reimbursed by your local workforce board for the customized training you provide. The law defines customized training as instruction tailored to meet the specific requirements of a job and provided by an employer with the expectation of employing the trainee if the training is completed successfully. The law anticipates that the employer will pay for a significant portion of the training, and in order to be reimbursed, the training must lead to an industry-recognized credential. Qualification is similar to the OJT and incumbent training qualification process.

Partner with a local training provider – perhaps a high school or community college – to help it plan and assist it in providing services. This is an opportunity to have input in local training at little or no cost to you – and it will help insure that workers trained with government funds are better prepared for jobs in your industry. What a partnership could entail: informing training providers about changes in labor demand in your industry, helping design curricula, providing training equipment, providing opportunities for on-the-job learning, potentially hiring trainees, among other activities. Partnering with you and other employers will make local training providers more competitive in applying for WIOA funding, giving them a strong incentive to reach out to you and listen to your advice.

Get paid for training through a training contract. Under current law, federal reimbursement is provided on a case-by-case basis, for individual training only. The new legislation recognizes that employers and others may want to train a cohort of workers to meet changing labor needs in an in-demand industry or occupation, and under the new law, you may partner with other businesses or a local institution of higher learning to get a contract to train a group of workers. Training may consist of on-the-job training, customized training or incumbent-worker training. And unlike most WOIA-funded training, the contract will be let on a pay-for-performance basis. This means trainers will be reimbursed for successful training only – programs that meet specified performance goals within a specified period of time. But the reimbursement can cover up to 115 percent of training costs if the funding bonus is spent on expanding training capacity.

Enter into sector partnerships with other local stakeholders to develop strategy for closing a skills gap in your industry. Sector partnerships are defined as "workforce collaboratives" that are convened by or work in concert with state or local workforce boards. Members, generally from a single industry, must include other employers, including where possible small business owners, union representatives and educators. They may also include representatives of local government, local philanthropies, economic development organizations and community groups. Among the potential advantages of working in such a collaborative: more strategic planning, better coordination and economies of scale, including potentially on career pathways, coordination and alignment of training programs and regional strategies.

Serve on or chair your local workforce board. Both state and local boards have been dramatically reduced in size, state boards from 61 to 33 members, local boards from 51 to 19 members. In both cases, a majority of other members will also be employers or employer representatives. Just 20 percent of members will represent labor unions or community groups, and the chairman's seat will be reserved for an employer or employer representative. Employer representatives, who must be nominated by a local trade association, may include trade association executives, business owners, chief executives or other executives with policymaking authority or hiring authority. What lawmakers hope to accomplish by shrinking the boards: to make them more strategic, to enhance their decision-making authority and to ensure that employers who participate will be able to make a difference, driving choices made at the state and local levels about who provides what kind of training for what in-demand skills and occupations.

Participate in a business consultation convened by your local workforce board. This too can help provide you with a better quality of trainee at little or no cost to you. Among the topics that might come up in such a conversation: changing workforce needs, in-demand occupations, in-demand skills and other related issues that will help local providers offer better, more relevant training. The local boards will get funding for these convenings – so they should want to do them and should be reaching out to you. They should also be open to holding convenings if you suggest them.

Participate in the process that produces your state's four-year plan for workforce development. State authorities will be required by law to seek business input and will be creating mechanisms to consult and gather information.

Participate in the consortium that runs your local one-stop center. Yet another opportunity to be involved in managing the local workforce system, in this case at the operational level, with more reach than a training provider but closer to the ground than the local workforce board. There is no requirement that business be involved in managing or overseeing one-stop centers, but the legislation envisions that local chambers or other business associations may be drawn to such a role. Among other metrics, one-stop centers will be judged on their success in reaching out to business and meeting local employers' workforce development needs.