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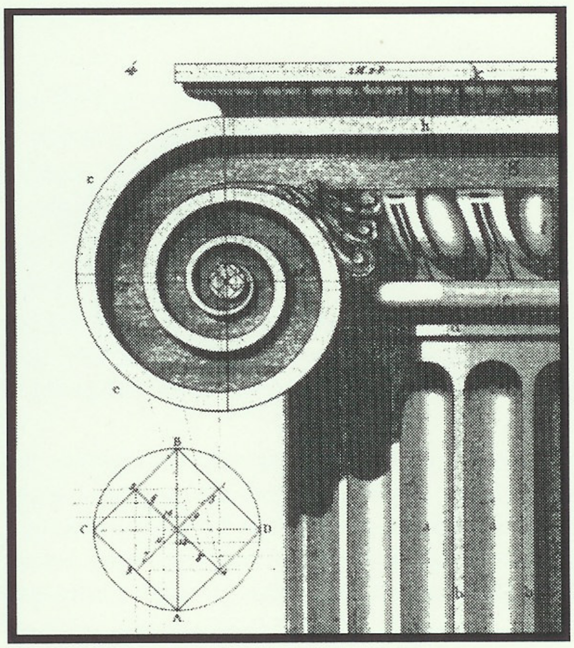

Status Report

The Workforce Investment Act:
What It Means for Southwestern Pennsylvania

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The Workforce Investment Act (WIA), signed by President Clinton on August 7, 1998, is the first major rewrite of federal employment and training legislation since the Job Training Partnership Act of 1982. Its reshaping of the workforce development system (in a fashion reminiscent in some ways of the landmark welfare reform bill of 1996) includes significant changes both administratively and programmatically.

Among the important changes are:

• **Workforce Investment Boards**

The workforce development system will be guided by Workforce Investment Boards at the state and local level. Local boards will replace the former Private Industry Councils (PICs), but the new local boards will not be permitted to function as both oversight agency and service delivery provider, as many PICs have done.

• **One-stop shops**

The legislation mandates that local workforce investment areas establish a one-stop service delivery system with at least one physical location. One-stop centers must make "core" services (such as job-search assistance, information on training programs, and basic career counseling) available to all citizens regardless of their income level. A one-stop center's operator may be appointed by the local Workforce Investment Board if it is a consortium of at least three agencies; otherwise it must be competitively selected.

• **Performance standards**

State workforce development plans submitted to the federal government must include agreed-upon performance measures, and states will in turn negotiate similar performance measures with local boards. Incentive grants will be available to states demonstrating high performance.

• **Work-first**

Like welfare reform, the WIA incorporates a "work-first" philosophy that prioritizes efforts to place program beneficiaries directly into the workforce. The legislation defines three tiers of service which must be pursued in this order:

(1) core services (described above);

(2) intensive services (specialized assessments, individual counseling and career planning, case management and follow-up);

(3) training services.

Only after persons have received one tier of service without obtaining employment may they proceed to the next tier.

• **Individual Training Accounts**

When participants do become eligible for training services, the WIA gives them a greater role in the selection of a training provider by requiring the use of vouchers known as Individual Training Accounts. No longer will workforce development agencies directly contract with providers (with exceptions for customized and on-the-job training). Rather, the system will provide participants with a list of eligible providers, and the participant will select the program. The voucher will not necessarily cover the full cost of the participant's chosen training option.

The Southwestern Pennsylvania Context

For southwestern Pennsylvania, the WIA codifies a process that was already underway, as regional leaders sought to develop the systems and structures necessary to ensure that the area's workforce will be prepared to support employers' needs. Last year, to work toward meeting this goal, a blue-ribbon committee, chaired by University of Pittsburgh chancellor Mark Nordenberg and staffed by the Pennsylvania Economy League, set out to analyze the region's strengths and challenges, and to examine its approaches to workforce development in comparison to other regions.

The resulting report, "Working Together to Connect Workers to Jobs of the Future: Critical Steps for Regional Success" (released earlier this year), pointed to the need to connect economic development and workforce development efforts, ensure that the workforce system is employer-driven, and associate training with meaningful employment opportunities. It also recommended the creation of "one-stop shops," as the WIA now stipulates. The WIA provides further impetus for the region to apply the Nordenberg report's findings.

Pennsylvania Moving Forward Fast

Governor Ridge has committed Pennsylvania to early implementation of WIA, aiming for submission of a state five-year workforce investment plan by April and full implementation beginning in July. The Governor's Human Resource Investment Council, created by executive order in 1997 and directed by Martha Harris, has been designated the state's Workforce Investment Board and will guide this planning process.

Harris says that, following the HRIC's planning retreat on December 7–8, several teams will be deployed, with broad representation, to draft elements of the strategic plan. In January, a steering committee and then the full HRIC will review the preliminary plan; public forums will then follow, leading up to a statewide summit tentatively scheduled for late March 1999 in Pittsburgh. (Persons wishing to participate in the process may contact Harris by fax at 717–783–4660 or by e-mail at martha_harris@dced.state.pa.us.)

Harris points to the Nordenberg report as a model for statewide strategic planning, believing the WIA offers "a tremendous opportunity to build on the regional collaboration and strategic thinking" embodied in this report.

The WIA, in Harris's view, supports the increasing awareness that "economic development is not just about bricks and mortar and tax incentives, but also about cultivating the knowledge and skills companies must have in order to survive and grow."

Regional Impact

To gain insight into the WIA's likely impact in southwestern Pennsylvania, the Institute of Politics spoke with several key workforce development leaders: Barbara Parees, director of personnel and civil service, City of Pittsburgh; Ron Painter, manager, Pittsburgh Partnership; Randy Brockington, acting director, Allegheny County Office of Community Services; Rob Rogers, executive director, Allegheny County Commission for Workforce Excellence; and Jim Turner, managing director, Pennsylvania Economy League.

How will the WIA affect the structure of southwestern Pennsylvania's workforce development system?

The City of Pittsburgh and Allegheny County will likely remain separate workforce investment areas, each with its own Workforce Investment Board. However, the two entities plan to share their resources in developing two one-stop centers, one in the former Alcoa Building downtown and one in the Mon Valley.

The Allegheny County Commission for Workforce Excellence (which serves as the PIC for Allegheny County) has, by virtue of the policy leadership role it has taken since 1989, already been acting more like a Workforce Investment Board than other local PICs. It is expected to become the WIB for Allegheny County, and its role will be essentially unchanged.

Within the city, the Pittsburgh Partnership has delivered employment and training services by contracting with providers, not directly. Thus, although becoming a WIB may require the Partnership to take a larger role in policy as well as implementation, the adjustment will not be as great as for the PICs in surrounding counties (Beaver, Washington-Greene, Westmoreland-Fayette, Tri-County), which can no longer be both the oversight board and a service provider. These PICs (unless they can show theirs is an underserved area) will have to either become the WIB and select other contractors for service delivery, or become strictly a service provider and have another existing or newly created entity become the WIB.

Jim Turner believes the WIA offers an important opportunity for southwestern Pennsylvania to reconsider its current workforce development structures and processes. "Our workforce has historically been a significant source of competitive advantage for our region," he says, "but we are now in a new form of regional competition and our rivals are marshaling their resources in creative and committed ways. The Nordenberg committee's benchmarking found that in competitor regions, more significant than any specific training and placement initiatives is the commitment to responding to the changing marketplace on the basis of the regional economy. Employers are not aware of artificial political boundaries, so our training systems must work collaboratively."

What impact will the emphasis on performance measures have?

Pittsburgh and Allegheny County's representatives indicate that they have already initiated performance-based monitoring for their service providers. The Pittsburgh Partnership, for example, has implemented a reporting system that allows it to evaluate contractors' effectiveness in helping clients complete training and find employment. Ron Painter says this information will be especially important in enabling clients to make wise choices with their Individual Training Account vouchers. "They'll have to know what they're buying," Painter notes—"both the quality of education and its value in the job market." Rob Rogers agrees that, in this region, nonperforming providers have already been effectively winnowed out.

With regard to the performance for which the state will hold local boards accountable, Painter points out that the WIA offers latitude to choose among dozens of measures and says this is an area where the business community should become involved in directing the agencies to focus on those performance goals of greatest importance to business.

The WIA's incentive grant program to states, while not insignificant, is likely to have less powerful impact than the law's systemic changes, because less than five percent of all spending on employee training comes from federal funds.

What about work-first?

Work-first, says Randy Brockington, "will require a culture change in the staff who deliver workforce investment programs. For years we received resources to place people in school, monitor their progress, and ensure that they get a family-sustaining job. That model is changing now." Or, as Painter puts it, agencies that previously focused on education, training, and placement—in that order—must now think about client skill sets and potential job placements from the beginning.

Painter embraces the shift, indicating that "there is probably nothing more exciting to me about the WIA than the possibilities for changing how we buy training. Now we are talking with schools about how to look at a client's skill sets, look at a job's demands, and buy the difference"—that is, the training needed to place the client in that job. Painter also believes the new legislation enhances opportunities for three-way partnerships among the agency, clients, and employers who may hire a client while providing for additional training.

Rogers says that work-first, while it has "onerous side effects," also injects a "reality check" by making sure the assistance being delivered is actually helping individuals become economically self-sufficient. Without that impetus, he says, "the inertia of large institutions and their tendency to do hand-holding, and to focus on processes rather than outcomes, can be to the detriment to the individual."

Rogers also emphasizes, however, that "work-first" should not mean "work only," and that the WIA presents workforce developers with the challenge of helping people both use the skills they have and concentrate on continued career development.

What will the one-stop concept, and the universal access to one-stop centers regardless of income, mean?

Barbara Parees believes it will lead to a coordination of services that will help both job-seekers and employers. "The path will be well lit rather than walking down a dark alley," she says, and the creation of a single database of jobs will simplify the job-search process. Painter adds that the consolidation will enable agencies to concentrate on serving customers rather than on competing for job announcements to post.

The main concern is whether one-stop centers will be able to serve their clientele effectively without new resources, especially under universal access. Not only could available resources be spread among more clients, but, Parees says, developing a single, shared job database will be a major undertaking. "I am concerned about our ability to do it, especially in the short time available," she states, "but I don't have any doubt that it's the right thing to do."

Brockington believes universal access will significantly change the perception of what the workforce development system does. "Our work has never been important to anyone until they are up against the wall with no other options," he comments. "Now we'll be opening our doors to anyone, including people who are working but want to find out about additional training opportunities for themselves or even for someone else."

Rogers agrees, adding that the shift in clientele will increase pressure for quality performance: "The clientele served by the traditional JTPA system is generally just thankful to be getting any help at all. Under universal access the new clientele will expect a higher level of service and will be in a better attention to draw attention to their complaints if not satisfied."

What is necessary to enable the new workforce development system to succeed?

Brockington says the key element is effective decision-making at the local level, responsive to local needs. He places particular emphasis on business participation: "We can set all the performance measures we want, but if businesses do not get involved in hiring through work-first and providing training supports, the program won't work."

Rogers expands further on the urgency of business participation: "Employers will need to take more responsibility for developing human capital if they want to be competitive in the global marketplace. That can mean filling out surveys, demanding that their trade associations take on a workforce development agenda, developing industry skills standards—all the things they didn't have to do when there was a labor surplus and when they could assume the schools would furnish ready and able workers. To represent the demand side of the workforce development system, employers will have to speak and act."

Turner also sees involving business as a crucial step. "Just as industry clusters now sit at the center of economic development planning, so they must receive attention in workforce development efforts," he states. "We must invest our training resources in ways that will help our people succeed in the changing workplace. We must seek input from employer-led groups and individual employers, and we must link job-seekers with appropriate and successful training programs that lead to high-growth employment opportunities."

Along with this call for business participation, Rogers places an emphasis on strong leadership by Workforce Investment Boards. "WIBs should create operational efficiencies in the delivery system," he says, "but if that's all they do, they will have failed to be on the cutting edge. They are also called to be involved in marketplace issues, making connections between the workforce supply side and employers."

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University of Pittsburgh
2310 Cathedral of Learning
Pittsburgh, Pennsylvania 15260
Telephone: 412-624-1837
Fax: 412-624-6323