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“The Workforce Innovation and Opportunity Act: Supporting Efforts to Meet the Needs of Youth,
Workers, and Employers”

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Good morning Chairman Sanders, Ranking Member Cassidy, and Members of the Senate HELP Committee. My name is David Bradley. I am a Senior Director for Workforce Policy at Jobs for the Future (JFF), a national, nonpartisan nonprofit organization that has worked for over 40 years to drive change in U.S. workforce and education systems to ensure that every person can advance economically. At JFF, we’ve embraced an ambitious goal as our North Star: In 10 years, 75 million people facing systemic barriers to advancement will work in quality jobs. I want to thank you for the opportunity to address the Committee on the reauthorization of the Workforce Innovation and Opportunity Act (WIOA).

Why Does WIOA Need to Be Reauthorized Now?

The backbone of America’s economy is its workforce. Workforce development has become a lifelong mandate for every worker. Upskilling, reskilling, transition assistance, and career navigation services are essential to help every individual create and sustain a career that will enable them to support themselves and their loved ones.

Employers must also be able to readily access the talent they need to compete. The nation’s workforce development ecosystem—programs authorized under WIOA and its related partner programs—must work collaboratively to meet these needs.

The United States needs a workforce ecosystem that is adequately funded, modern, agile, equitable, resilient, and innovative enough to keep up with the skill needs of individuals and employers.

We know that calls for reform are not new. Before joining JFF, I worked as a specialist in labor economics at the Congressional Research Service, where I worked closely with the Senate HELP and House Education and Workforce Committees on the design of WIOA during reauthorization in

2014. Today, economic changes resulting from the pandemic and continuing technological advances require new action to update WIOA to meet the needs of the current and future workforce.

It is now time for Congress to update and improve its primary workforce development programs.

The labor market is constantly changing. The primary federal workforce development system should be updated more frequently to address that reality.

There are currently 8.1 million job openings but only about 6.6 unemployed workers.¹ While this gap has narrowed in the past couple of years, there are still not enough skilled workers to meet employer demand. In addition, worker shortage rates vary widely by state, which means it is important to have state and local responses to different labor market realities across the country. Many U.S. employers continue to experience difficulty hiring workers with the skills they need to fill open jobs.

In May 2024, employment increased by 272,000 jobs. Yet 6.6 million people in the United States remain unemployed. Of those, 1.4 million unemployed individuals are experiencing long-term unemployment, meaning they have been out of work for 27 weeks or more.² Beyond the official unemployment count, an estimated 5.7 million people are not included in official unemployment totals because they have stopped looking for work, even though they want a job; another 4.4 million people are not counted because they're working part-time but would prefer a full-time job;³ and millions of workers are stalled in low-paying jobs with limited opportunities for advancement. Many of these workers are Black, Latine, or members of other populations facing systemic barriers to economic advancement.

Labor shortages are likely to persist because the skills required for quality jobs will also continue to change as a result of ongoing technological advances and because recent policies—including those in the Infrastructure Investment and Jobs Act, the CHIPS and Science Act, and the Inflation Reduction Act—are creating millions of new jobs that need to be filled. The creation of new jobs combined with a tight labor market should expand the number of career opportunities available to members of populations that have long been excluded from such opportunities.

The movement toward “skills-based” employment practices means that WIOA must be updated to assist this important trend in the employment ecosystem. Rather than using only degrees and credentials as signals of qualification in the labor market, skills-based approaches capture learning and mastery regardless of where the knowledge was attained. The WIOA system can and should play a vital role in capturing skill attainment, regardless of the format, to help individuals attain quality jobs.

The pandemic necessitated a range of efforts to deliver employment and training services in new and untested ways. While the labor market has largely recovered from the devastating effects of the

pandemic, it is time for Congress to consider which of the developments in system coordination and delivery should be codified in WIOA. For example, changes in WIOA's requirement to have a physical One-Stop center in every local workforce area might lead to better service delivery through some mix of virtual and satellite services. Congress must also consider the impact of technological advancements that will impact the workforce. As artificial intelligence adoption becomes more widespread, the task makeup of jobs will shift, often requiring workers to possess new or different skills. The use of artificial intelligence also has the potential to improve the efficiency of job matching and employment practices generally.

Without focused investments and updates in workforce development, the country could miss another opportunity to promote economic advancement for all. In today's economy, most quality jobs require at least some education and training beyond high school. However, opportunities to acquire the skills and credentials that lead to quality jobs and economic advancement haven't been equally accessible to all workers. It's time to close the longstanding gaps that have limited opportunities for people based on race, ethnicity, and socioeconomic status.

History and Characteristics of WIOA Title I Programs—What Are the Goals of WIOA?

The Workforce Innovation and Opportunity Act (WIOA; P.L. 113-28), which succeeded the Workforce Investment Act of 1998 (P.L. 105-220), is the primary federal legislation that supports workforce development. WIOA was enacted in 2014 to increase coordination and alignment among federal workforce development and related programs and to build on system innovations already underway.

Title I of WIOA authorizes several state and national programs to provide employment and training services and continues the One-Stop system as a means of delivering and coordinating workforce development activities.

At the outset, it is worth highlighting elements of WIOA that, collectively, are intended to comprise a "workforce development system." WIOA's goal was to update the workforce development system and refine some of the innovations of the Workforce Investment Act (WIA) of 1998. Characteristics of the workforce system under WIOA include:

- WIOA is designed to be a *demand-driven* workforce development system. This system is supposed to provide employment and training services responsive to local area employers' demands. The demand-driven nature of WIOA is manifested in elements such as Workforce Development Boards (WDBs), a majority of whose members must be representatives of

business, and in the requirement for local plans to identify existing and emerging in-demand industry sectors and occupations. There are approximately 550 local WDBs.

- WIOA emphasizes *coordination and alignment* of workforce development services through provisions such as a required Unified State Plan for core programs and a common set of performance indicators across most programs authorized by WIOA. In addition, WIOA requires regional planning across local areas.
- WIOA provides *local control* to officials administering programs under it. Under the state formula grant portion of WIOA, which accounts for nearly 60% of total WIOA Title I funding, most funds are allocated to local WDBs (after initial allotment from the Employment and Training Administration to the States) that are authorized to determine the mix of service provision, eligible providers, and types of training programs, among other decisions.
- The WIOA system provides *central points of service* through its One-Stop centers (identified as American Job Centers). The concept of a One-Stop center is to provide a single location for individuals seeking employment and training services, thus making the process of locating and accessing employment services more efficient and seamless. WIOA requires certain programs to be “partners” in the One-Stop center, either by physical colocation or other accessible arrangements. Notably, WIOA requires the colocation of Employment Service offices with One-Stop centers. There are approximately 2,300 American Job Centers.
- WIOA provides *universal access* to its career services to any individual regardless of age or employment status, but it also provides priority of service for career and training services to individuals with low incomes and people in need of significant skills training.
- WIOA emphasizes *sector partnerships and career pathways* workforce development strategies by requiring local WDBs to lead efforts to develop career pathways strategies and to implement industry/sector partnerships with employers.
- WIOA provides *consumer choice* to participants. Participants determined to be eligible for training services are provided with Individual Training Accounts (ITAs), with which they may choose a type of training and the provider from which to receive training.
- WIOA implements a *performance accountability system* based on primary indicators with state-adjusted levels of performance resulting from negotiations between each state and the Secretary of Labor and revised based on a statistical adjustment model. The performance accountability system applies across all titles of WIOA.

- WIOA programs provide *business services*, including places where employers can go to match with skilled workers and to receive services in support of their human capital needs. Whether through services provided by business representatives or directly provided through American Job Centers, workforce systems arrange for on-the-job and customized training, work with employers to identify skill and employment needs, provide layoff aversion services, and work to identify quality jobs.

Even with these elements, the WIOA system has not fully realized all its goals. There are still far too many individuals who are not benefiting from WIOA's promise. In FY 2023, programs and activities for adults, dislocated workers, and youth under WIOA's formula grants to states and local workforce areas were funded at just \$3.2 billion—a funding level that has been stagnant in nominal terms since FY 2000, and a decline of nearly 50% in inflation-adjusted terms.

This level of funding is not adequate to meet all the promises in the WIOA system, nor is the system currently designed to meet today's extensive career navigation, skills development, and worker transition needs as a stand-alone program.

In addition to the statutory requirements of WIOA, the WIOA system performs many functions in our broader workforce ecosystem. It serves as a connector of programs, a convener of partners and stakeholders, and a translator of labor market information.

Workforce development boards are intended to play pivotal strategic roles in the design of comprehensive workforce development systems; engage with regional employers; lead innovative initiatives, including career pathways and sector strategies; and leverage additional resources to support workforce programming.

Successful WIOA programs are carrying out these and other high-quality, evidence-based strategies to address the employment needs of their regional economies. However, the system's limited resources are spread too thin, performance across the more than 500 local workforce areas varies, and the entire workforce ecosystem needs significant modernization.

Workforce Recommendations—What Needs to Change in WIOA?

The United States needs a workforce system that is adequately funded, agile, and innovative enough to keep up with the skill needs of America's workers and in-demand employers. To make that a reality, Congress should take a holistic look at how workforce programs can be modernized, aligned and funded to meet the needs of the U.S. economy today and in the future. To accomplish this, we recommend the following essential changes to the system's funding and design.

A Flexible, High-Quality Lifelong Learning System. Congress should invest in training options that allow learners to progress at an accelerated pace, award credit for prior learning, offer stackable credentials that learners can accumulate as they move along career pathways, and capture skills and credentials in skills “passports” or “learning and employment records (LERs)” that are recognized by employers and across education and workforce systems. In addition to changes in the delivery of services, JFF recommends that funding for skills-based training in WIOA through ITAs (skill grants), high-quality work-based learning (including apprenticeships), digital literacy, sector-based training, and career pathways training strategies be increased; and that Pell Grants be expanded to include high-quality short-term credentialing programs.

Robust Career Navigation and Support Services. In addition to skills development, career navigation and support services provided under WIOA are critical for enabling participants to successfully transition to new careers and advance on career pathways. Congress should seek to maintain these critical services while encouraging system modernization through the effective use of technology and other strategies that result in a career navigation system that helps students, parents, jobseekers, and workers make well-informed decisions about the education, career, and employment pathways they choose. JFF recommends that Congress encourage the provision of real-time labor market information, skills assessments, skill matching, and access to skills training, supports, and reemployment services through a blend of virtual and in-person access points via American Job Centers and affiliated sites such as community-based organizations, libraries, community colleges, and K-12 guidance departments. This includes working with employers committed to using skills-based hiring for quality jobs.

Quality Education and Training. As demand for short-term learning options increases among workers who need to continually build new skills to keep pace with the demands of the labor market, Congress should encourage the development of improved ways to measure the quality of education and training programs. This includes making improvements in WIOA’s Eligible Training Provider List (ETPL) and improvements in WIOA’s performance measurement system to encourage career pathways approaches to training. Regarding the ETPL, a reauthorized WIOA should clarify that States are responsible for back-end matching of system participants with wage records, should require States to update the ETPL at least twice a year, and should specify that local workforce boards have authority to deny funding to training providers that do not provide quality services to participants.

Technology and Data. We need a workforce system that makes full use of the latest technologies to expand and improve service delivery for participants. We learned through the pandemic that technology-enabled career navigation and training services can meet the needs of jobseekers and in-demand employers. We recommend dedicated investments for states and local workforce systems for the development and use of these new technologies, including investments in professional development for staff on their use. Congress should establish a Data and Technology Transformation Fund to: fund direct work with employers and national employer associations on

multi-state training and credentialing efforts; provide incentives to engage in cross-state and multi-state initiatives such as the Workforce Data Quality Initiative and the Statewide Longitudinal Data Systems Grant Program; and provide funding to states and regional workforce systems to modernize state and regional workforce data and technology efforts. This includes the integration of technology such as artificial intelligence and machine learning into job matching, career navigation, and training services at American Job Centers and related providers.

Dedicate Funding for the Scaling of Evidence-Based Models and Strategies. JFF recommends that dedicated funding be provided for sector-focused career pathways and apprenticeship programs (including pre-apprenticeships and youth apprenticeships). JFF also supports codification of the Reentry Employment Opportunities (REO), the Workforce Data Quality Initiative (WDQI), and the Strengthening Community Colleges Grant (SCCG) programs.

Increase the Engagement of Employers. Congress can encourage the involvement of employers in workforce development efforts through support for strategies like sector partnerships and through business services provided by local workforce boards to help employers identify ways to improve job quality for their workers and to adopt skills-based hiring practices for making employment decisions.

Meet the Needs of Individuals Experiencing Barriers. While WIOA includes a priority for serving individuals facing barriers to employment, more can be done to improve the outcomes of individuals who experience the greatest barriers to employment. As noted above, JFF recommends that Congress encourage the development and implementation of career pathways, sector strategies, reentry initiatives serving people who have been incarcerated, and other evidence-based strategies that provide individuals experiencing barriers to employment with on-ramps to skills training and credentials that lead to family-supporting careers. We also recommend that WIOA's performance measures be changed to encourage career pathways approaches to training and that robust career navigation and support services, including needs-based payments, be available for individuals participating in pathways. We recommend targeted investments in professional development for staff and members of state and local boards on strategies that improve access and outcomes for individuals who face barriers to employment. We also recommend that states be required to identify a standardized self-sufficiency calculation to be used for determining self-sufficiency standards and wages for their state and their workforce regions so local boards can strive to place jobseekers and workers in jobs that either meet or have the potential to build toward self-sufficiency wages.

Job Quality. Policymakers can encourage a focus on quality jobs under WIOA by requiring that state and local boards consider job quality in planning, employer services, and data reporting activities. We recommend that Congress create a pilot program to test the feasibility of capturing additional data about characteristics of jobs in which people who exit WIOA are employed. We also recommend that states and local boards be required to identify regional self-sufficiency standards,

as noted above, so local and regional boards can better assess their progress toward meeting the goal of self-sufficiency for participants. And we recommend that customized training, incumbent worker training, and business services activities, prioritize efforts that move workers into jobs that provide self-sufficiency wages and other characteristics of quality jobs.

Value and Invest in Opportunity Youth. In April of this year, the U.S. youth unemployment rate was 9.2%, with nearly 4.7 million young people ages 16 to 24 who are both out of school and unemployed—the population that many organizations and policymakers refer to as “opportunity youth.”⁴ More than one-third of these young people are living in poverty.

Congress can help to address this need by significantly increasing funding for youth programs under WIOA, and enhancing efforts to build bridges that link disconnected youth and young adults to postsecondary education, training, and employment. The workforce system should embrace evidence-based strategies that work for this population and expand opportunities for work-based learning, youth and pre-apprenticeship, and employment opportunities that lead to in-demand careers. JFF urges Congress to continue to prioritize out-of-school youth in WIOA youth programs. However, we recognize the need to serve young people who are still technically enrolled in school, but who are at extreme risk of disconnection, so we support changes in the definition of “out-of-school” to allow for the provision of reengagement strategies for these young people.

Adequate Funding. While the above recommendations would result in improvements to the U.S. workforce development system—to ensure a future where all people can build the skills they need to find quality jobs and advance economically and where all employers can hire the talent they need to help their businesses thrive, Congress must invest in skills development for workers and in needed transformations in the nation’s workforce development system. The U.S. spends far less on workforce development than other OECD countries. If funding for adult, dislocated worker, and youth programs kept up with inflation over the years, these programs would be funded at a minimum of \$35 billion today—more in line with funding for degree-bound students under Pell.

Siloed policy development for U.S. workforce, higher education, career and technical education, poverty alleviation, and economic development systems can no longer be accepted. These systems must all be considered—and transformed—so they can work together to form the critical workforce preparation ecosystem needed today and in the future. JFF’s complete analysis, [Recommendations for a Fully Funded and Transformed Workforce Development System](https://www.jff.org/idea/recommendations-for-a-fully-funded-and-transformed-workforce-development-system/), can be found at <https://www.jff.org/idea/recommendations-for-a-fully-funded-and-transformed-workforce-development-system/>.

Conclusion

Now is the time to transform this country’s workforce development system. To do this, Congress must invest and make bold changes in the country’s education, workforce development, and economic development systems that are necessary to ensure that the U.S. economy remains strong and that workers of all backgrounds have the skills they need to succeed.

By increasing resources for skills development, modernizing career navigation and training services, providing necessary transition assistance for learners and workers, involving employers in the design and implementation of workforce development programs, and ensuring that individuals facing barriers to employment have access to high-quality services, we will make sure that all individuals, including members of populations that have long been underserved by existing systems, can achieve their full potential and drive our economy forward.

JFF urges leaders in Congress to act and create a workforce system that works for all, where there are no dead ends to economic opportunity.

¹ Bureau of Labor Statistics (BLS), *Job Openings and Labor Turnover – April 2024* and *The Employment Situation – May 2024*.

² Ibid.

³ Ibid.

⁴ “Youth Disconnection in America,” Measure of America, <https://www.measureofamerica.org/DYinteractive/> and Bureau of Labor Statistics (BLS), *The Employment Situation – May 2024*.