



A Stronger Workforce for America Act

Summary of Provisions Most Relevant to Governors

Background

At the end of November, House Committee on Education and the Workforce Chair Virginia Foxx (R-NC) and Ranking Member Bobby Scott (D-VA) agreed to a bipartisan and bicameral agreement to reauthorize the Workforce Innovation and Opportunity Act (WIOA) with U.S. Senate Health, Education, Labor and Pensions Committee Chair Bernie Sanders (I-VT) and Ranking Member Bill Cassidy (R-LA). With less than a month left in the Congress, the House and Senate Committees are actively working to build support for the legislation and pass it before the end of the Congress.

The proposal, named the *A Stronger Workforce for America Act*, makes significant changes to increase the ability of Governors to implement their vision of workforce development in their state or territory. Specifically, the proposal grants Governors greater discretion and flexibilities over state-wide funding, the ability to steer redesignation of local areas, and greater influence over their state or territory's eligible training provider list and performance measures. Additionally, the proposal provides new dedicated funding for Individual Training Accounts and Youth Apprenticeships, a new state flexibility pilot program, improvements to the One-Stop Delivery System that will seek to streamline service delivery and enhancements to the Workforce Data Quality Initiative. The proposal also includes a new requirement that local areas must spend 50% of their funds from the Adult and Dislocated on training activities, of which up to 8% can be used for supportive services.

The following is a more detailed summary of the changes outlined above. For questions about the proposal, please contact NGA Legislative Director Tim Carlton at tcarlton@nga.org.

New Flexibilities for State Set-Aside Funding

On top of the existing 15% Governor's Reserve Fund, the proposal authorizes Governors to reserve an additional 10% of the state's WIOA allotments for adults, dislocated workers and youth. This set-aside is specifically designated for two new funds:

- **Critical Industry Skills Fund:** This fund aims to incentivize the development and expansion of training programs in industries and occupations identified as critical by the Governor. The funds would be used to award performance-based payments to eligible entities that provide training for prospective and incumbent workers, including youth aged 18-24.
- **Industry or Sector Partnership and Career Pathways Development Fund:** This fund would award competitive grants to eligible partnerships to create or expand collaborations between employers, workforce development organizations and educational institutions. These partnerships would focus on creating or improving



skills development programs and career pathways aligned with high-growth or high-wage industries within the state.

If Governors decide to reserve an additional 10% of statewide funds for either of these two funds, they would be required to use an equal amount of funds from either the existing 15% Governor's Reserve or other federal or state sources to match this additional 10% set-aside. This requirement aims to ensure that these new initiatives are adequately funded and prioritized.

Redesignation of Local Areas and the Role of Governors

The proposal restructures the process for designating local workforce development areas by requiring Governors to conduct a review of their local areas three years after passage of the legislation and every eight years after that to assess the alignment of local areas with labor market or economic regions and propose redesignations for the following eight years.

The proposed redesignations must be submitted to the chief elected officials of the local areas for approval. If a majority reject the Governor's proposal, they must choose to align local areas with either the state's economic development areas or planning regions.

This process grants Governors a stronger role in shaping the local workforce development landscape, but it also requires collaboration and agreement with local elected officials.

Key changes include:

- **Regular Review and Redesignation:** Mandating periodic reviews ensures that local area boundaries remain aligned with evolving economic and workforce needs.
- **Local Input Required:** The approval process gives local elected officials a significant role in determining the configuration of local workforce development areas.
- **Flexibility for Single State Local Areas:** Governors would be allowed, with legislative approval, to designate the entire state as a single local area if specific population or performance criteria are met.

Eligible Training Provider List Reforms

The proposal introduces several changes to the eligible training provider list, aiming to strengthen accountability and improve the quality of training programs:

- **Streamlined Application Process:** The proposal requires a faster eligibility determination for providers (within 30 days) and encourages states to avoid duplicating efforts for providers that have applied in other states.
- **Annual Performance Reporting:** Providers must annually submit performance data to the Governor. Continued eligibility is contingent on meeting state-established minimum performance levels for two consecutive years.
- **Revocation of Eligibility:** The Governor has the authority to revoke a provider's eligibility if it fails to meet performance standards or commits substantial violations. Participants must be notified and allowed to complete their training even if a program loses eligibility.



- **Credential Transparency:** Providers must provide transparent information about the credentials they award, including industry recognition, skills and competencies demonstrated, and employment and earnings outcomes for credential recipients.
- **Elimination of Exemptions:** The proposal removes exemptions previously granted to certain types of training providers (on-the-job training, employer-directed skills development, etc.) from enforcement requirements related to substantial violations.
- **New Workforce Innovation Leader (WIL) Designation:** This new designation recognizes high-performing programs that exceed minimum performance levels. WIL designees can display a special seal, designed by the U.S. Secretary of Labor, in their marketing materials. Governors are responsible for establishing procedures for designating WIL programs and distributing the seal.

Dedicated Funding for Individual Training Accounts (ITAs) and Youth Apprenticeship

The proposal repurposes the fees collected by H-1B visas to go toward Individual Training Accounts (ITAs) and the newly established Youth Apprenticeship Readiness Grant Program.

- **Youth Apprenticeship Readiness Grant Program:** This new grant program would receive \$65 million per year and aims to increase youth participation in pre-apprenticeship and registered apprenticeship programs. The program requires partnerships between eligible education and training providers, workforce development entities or state agencies to expand opportunities for youth in apprenticeships.
- **Supplemental ITAs for Dislocated Workers:** Of the remaining funds available from the H-1B fees, states and territories would receive funding to supplement ITAs for dislocated workers. The ITAs would be at least a \$5,000 value to the dislocated worker and funds would be distributed to states and territories based on a formula considering unemployment rates and the number of disadvantaged adults in each local area. Included in this formula is a small-state minimum consideration to ensure states with smaller populations have sufficient resources to provide meaningful training to workers.

New State Flexibility Pilot Program

The proposal establishes a new pilot program to allow eligible states, local areas or consortia of local areas to apply for a five-year consolidated grant for their adult, dislocated worker, and youth workforce investment activities. This program aims to empower states and local workforce boards to experiment with innovative reforms to improve their workforce development systems.

- **Eligibility:** Only specific states are eligible to apply for a statewide pilot. This includes states designated as a single state local area and states with a labor force participation rate below 60% and a population under 5,100,000 according to the most recent decennial census.



- **Flexibility and Waivers:** Selected states, local areas or consortia receive their adult, dislocated worker and youth WIOA funding as a single consolidated grant for five years. The Secretary of Labor is required to waive statutory and regulatory requirements of Subtitles A and B of Title I of WIOA for approved pilot projects. However, pilot projects must still adhere to certain requirements.
- **Goals and Focus:** The state flexibility pilot program aims to foster innovation and identify best practices in workforce development. It seeks to improve outcomes, promote innovation, enhance flexibility, and generate evidence to inform future policy decisions related to WIOA.

Performance Accountability and the Role of Governors

The proposal revises the WIOA performance accountability system, emphasizing the use of real-time labor market information and giving Governors a greater role in monitoring and improving program performance.

Key changes include:

- **Designated State Entity for Performance Reporting:** Governors must designate a state agency or entity to assist local areas and training providers in fulfilling performance reporting requirements, including facilitating access to wage records for tracking employment outcomes.
- **Increased Flexibility in Performance Improvement Plans:** If a local area fails to meet performance standards for two consecutive years, Governors have greater flexibility in developing and implementing improvement plans.
- **Performance-Based Reallocation of Funds:** The proposal authorizes Governors to reallocate unobligated funds from underperforming local areas to those exceeding performance targets, further incentivizing program effectiveness.
- **Enhanced Data Collection and Analysis:** The proposal calls for the use of real-time labor market information in state and local planning processes and expands data collection efforts to better track participant outcomes.

One-Stop Delivery System and Streamlining Service Delivery

The proposal aims to streamline service delivery within the one-stop system by making it more flexible and responsive to local needs:

- **Expanded One-Stop Partners:** The proposal allows workforce development programs funded by recent legislation (CHIPS and Science Act, Infrastructure Investment and Jobs Act, Inflation Reduction Act) to be designated as one-stop partners and collocate at one-stop centers, increasing access to a broader range of services.
- **Flexible One-Stop Operator Models:** The proposal expands the range of entities that can serve as the one-stop operator, including area CTE schools, institutions of



higher education, joint-labor management organizations and public libraries, allowing for more customized approaches to service delivery.

- **Virtual One-Stop Centers:** The proposal permits the establishment of virtual one-stop centers and encourages the coordination of virtual services between adjacent local areas, improving accessibility and convenience for participants, particularly in rural areas.
- **Simplified Infrastructure Funding:** The proposal streamlines the funding process for one-stop infrastructure by removing the requirement for negotiated funding agreements between partners and instead relying on a proportionate use mechanism based on the state infrastructure model, reducing administrative burden and simplifying cost allocation.

New 50% Training Requirement

The proposal requires that local areas use no less than 50% of their funds for training for adults and dislocated workers. Acceptable training activities include ITAs, on-the-job training, incumbent worker training, employer-directed skills development and pay-for-performance contracts.

- **Supportive Service Flexibility:** Local areas can reduce the 50% skills development requirement by one percentage point for each percentage of funds they use to provide supportive services to adults and dislocated workers participating in training. This reduction is capped at eight percentage points, meaning a local area could meet the skills development requirement by spending 42% of their funds on training and 8% on supportive services.

Enhancements to the Workforce Data Quality Initiative

The proposal would significantly enhance the Workforce Data Quality Initiative (WDQI), aiming to bolster state workforce data capabilities and drive data-informed decision-making in workforce development. It would do so in the following ways:

- **Codification and Increased Funding:** The WDQI would be codified into law, with not less than 5% and up to 10% of the funds from the dislocated worker national reserve would be reserved for WDQI grants.
- **Key Data Reforms:** Proposes cross-state collaboration, integration with education data, leveraging real-time labor market data and encouraging the adoption of credential navigation tools.
- **Eligible Entities:** State agencies or a consortium of state agencies are eligible entities for WDQI grants. The objective is to encourage collaboration among various state agencies involved in workforce development, fostering a more integrated approach to data collection and utilization.