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IEC Policy Brief: Workforce Innovation and Opportunity Act

Key Highlights

- WIOA authorizes \$9.5 billion in funding for workforce programs.
- Funding assists key initiatives that many IEC chapters use to support their apprenticeship training programs.
- The Act promotes registered apprenticeship and offers funding opportunities for IEC chapters and members.
- IEC members will see increased competition for funding from organizations like community colleges and private entities.
- To obtain funding, we may also see other players mimic the apprenticeship model.
- Most provisions will go into effect in July 2015.
- IEC advises members to get involved with state and local workforce investment boards, or the competition will.

Executive Summary

On July 22, 2014, President Obama signed into law the bipartisan, bicameral *Workforce Innovation and Opportunity Act (WIOA)* to reauthorize the Workforce Investment Act, which provides funding and programs that are integral to the education and training of the next generation of highly skilled electrical workers. WIOA provides for \$9.5 billion in funding, subject to the congressional appropriations process, and authorizes key employment and training programs and the American Job Center (or “One-Stop Center”) service delivery system.

A number of IEC chapters already receive funding through several key workforce development programs that have helped them to train more than 7,000 apprentices per year. WIOA not only reauthorizes the Workforce Investment Act, but also strengthens and improves it to meet current workforce needs.

The following is IEC’s assessment of the newly enacted legislation and its potential impact on IEC chapters and contractor members. Please note that these provisions are subject to change pending the execution of agency rulemakings to implement the provisions of WIOA – IEC will continue to provide updated information to our members and will weigh in where appropriate on any regulatory actions to further improve the quality and delivery of workforce programs.

Background on WIOA and the Workforce Investment Act

In 1998, Congress passed the Workforce Investment Act (WIA), replacing the Job Training Partnership Act (JTPA) as the largest single source of federal funding for workforce development activities. WIA was to create a universal access system of one-stop career centers,

which would provide access to training and employment services for a range of workers, including low-income adults, low-income youth, and dislocated workers. However, the reauthorization and modernization of WIA to meet current job seeker and employer needs was long overdue.

Ensuring continued funding for federal job training programs is integral to electrical contractors seeking skilled workers and bolsters America's recovering economy by providing job seekers with the training they need to find employment. According to the U.S. Bureau of Labor Statistics (BLS), electricians will have a 23 percent growth rate between 2010 and 2020, which is higher than the national average job growth rate. Even so, our industry is still experiencing a shortage of qualified workers.

In 2013, both the House and Senate introduced legislation reflecting substantially different approaches to WIA reauthorization and reform, with the House choosing to consolidate and streamline existing programs and funding streams in H.R. 803, the "SKILLS Act," and the Senate largely omitting attempts at consolidation or elimination.

On May 21, 2014, key House and Senate leaders on the respective committees overseeing WIA in each chamber announced a bipartisan, bicameral compromise bill to reauthorize and improve workforce investment programs as the *Workforce Innovation and Opportunity Act*. WIOA readily passed the House and Senate and was signed into law on July 22.

The Department of Labor (DOL), Department of Education (ED) and Department of Health and Human Services (HHS) are required to publish Notices of Proposed Rulemaking to implement WIOA no later than 180 days after enactment. The majority of the *Act's* provisions will go into effect on July 1, 2015.

Key Changes Enacted with WIOA

WIOA's primary focus beyond reauthorizing core workforce investment programs 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.

Among the Act's key provisions, it strengthens accountability by improving data reporting and program administration requirements. WIOA establishes important performance measures for all federal workforce programs authorized under the bill and requires states to develop strategic plans for the implementation of services. Importantly, the Act ensures the continuation of a business majority and chairmanship of state and local workforce investment boards. WIOA eliminates 15 redundant or ineffective training programs and streamlines training and employment services. It further emphasizes access to real-world training opportunities by increasing the ability to use on-the-job training (with reimbursement rates up to 75 percent for eligible employers), incumbent worker training (up to 20 percent of local funds), and customized training.

IEC Chapters that already rely on the Adult, Dislocated Worker, and Youth programs will find that the Act helps stabilize funding formulas for these programs to reduce volatility for states and preserves the ability for governors of each state to set aside 15 percent of overall funding for statewide activities. To align with existing minimum and maximum percentages already established for Adult and Youth formula programs, WIOA provides that under the Dislocated Worker formula allotments to states, no state is to receive an allotment less than 90 percent or greater than 130 percent of the allotment percentage for the preceding year. At the same time, no local area is to receive less than 90 percent or more than 130 percent of the average allocation percentage of the local area for the two preceding years.

Most importantly of all, WIOA places strong, new emphasis on collaboration between registered apprenticeship and Adult, Dislocated Worker and Youth formula programs. Under WIOA, representatives of registered apprenticeship programs are required members of both State and Local boards. Apprenticeship programs recognized by the Department of Labor or a State Apprenticeship Agency are included as eligible training providers for the Adult and Dislocated Worker formula programs so long as they remain registered, and the registered apprenticeship completion certificate is recognized as a post-secondary credential. Registered apprenticeship is recognized as a career pathway to good jobs for Job Corps students, while pre-apprenticeship training is an authorized Youth program activity to help participants meet entrance requirements for apprenticeship programs. YouthBuild also authorizes pre-apprenticeship training as well as registered apprenticeship.

Specific Provisions of Interest to IEC's Membership

Overall, the current Administration is focused on growing the Department of Labor's Office of Apprenticeship and increases the emphasis on registered apprenticeship as a training model. This, and the expanded funding eligibility of WIOA presents both opportunities and challenges for IEC chapters seeking to take advantage of the newly reauthorized and improved workforce investment system as increased competition for funding can be expected.

Workforce Investment Boards (WIBs)

State and local boards are responsible for activities to meet the workforce needs of local and regional employers. WIOA has reduced the overall required number of members on state boards from 61 to 33 members on local boards from 51 to 19 in an effort to reduce bureaucracy and streamline decision-making. Otherwise, the composition of state and local workforce investment boards is largely maintained at the status quo, continuing to require a business majority and chair. WIOA no longer requires that all One-Stop programs be represented on local boards and instead only requires representatives of core programs. The Act also eliminates the WIA requirement that the local board establish a youth council. However, local boards have the discretion to establish three standing advisory committees on One-Stop partner issues, youth services, and services to individuals with disabilities, respectively, and potentially other standing committees.

With regard to state workforce boards, WIOA dictates that at least 20 percent of the board membership must include workforce representatives, who must include both representatives of labor and of apprenticeship programs. WIOA similarly requires that 20 percent of the

membership of local boards is made up of representatives of the workforce including representatives of apprenticeship programs. This presents a huge opportunity for IEC chapters that run an apprentice training program to submit a nomination to serve on one or both boards and place themselves in a position of influencing their state's discourse on apprenticeship. Further, not only can IEC staff sit on the Board, but contractor members and their employees too as both state and local workforce investment boards require a majority of representatives from the business community. If you are not currently involved, now is the time to begin reaching out to your state One-Stop Career Centers and workforce agencies.

Funding Eligibility for Association Training Providers

In the workforce investment system, local boards can use funds for demonstrated effective strategies that meet employers' workforce needs, including incumbent worker training, registered apprenticeship, transitional jobs, on-the-job training, and customized training. While the language regarding registered apprenticeship eligibility is similar to existing law, WIOA now requires states place a greater emphasis on applicants that are providers of a training program that relates to in-demand occupations such as construction. Additional factors include the need to ensure access to training throughout the state and the ability of providers to offer programs leading to a recognized postsecondary credential. IEC chapters may see an increased competitive edge in securing funding as a result.

WIOA also requires training providers to submit information to the state on degree and industry-recognized certifications received by participants, cost of attendance, program completion rate, provider performance and other information, and further allows local areas to establish additional criteria on their own.

While securing funding under the previous system proved challenging by requiring applicants secure approval from both state and local boards – which often had additional qualifying criteria beyond the state authority – WIOA streamlines the process by eliminating the need to qualify at the local level altogether if a provider qualifies with the state workforce board. This may eliminate a significant obstacle faced by IEC chapters that were interested in workforce investment funding previously but faced challenges through messy local board politics.

IEC chapters should be aware that under WIOA, local areas have additional procurement vehicles for training to expand individual training accounts, pay for performance contracts, and direct contracts with higher education. As a result, IEC chapters may see new players consider entering the apprenticeship game. Further, some community colleges may venture as far as to misrepresent their currently available programs as actual apprenticeships, which some IEC chapters have already encountered and are challenging. While higher education institutions may already provide electrical education and training, this is not on par with a registered apprenticeship program. However, due to the funding opportunities provided by WIOA and the potential creation of a new revenue source in establishing an actual accredited apprenticeship program, IEC members should be aware and attentive of increased competition.

IEC chapters that already partner with local community colleges may find these existing relationships make them more competitive for funding through WIOA, which emphasizes sector partnerships and collaboration with institutions of higher education.

Funding Eligibility for Employers

At the same time, individual employers are also incentivized to meet their workforce needs and offer opportunities for workers to learn with increased reimbursement rates for training. In order for an employer to qualify for reimbursement from their local workforce investment board for on-the-job training, the 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.

The qualification process for incumbent worker training is similar to the on-the-job process. Workforce investment boards will base employer reimbursement on how the training will affect workers' wages, company competitiveness and the statewide economy. Employers may be reimbursed between 50 and 90 percent of training costs, depending on the size of the business.

Lastly, WIOA provides for reimbursement for customized training that is tailored to meet the specific requirements of a job and leads to an industry-recognized credential, with a similar qualification process to the prior two trainings.

For IEC at-large members or members that utilize IEC's online curriculum program, in some states employer reimbursement may prove easier and less bureaucratic than qualifying as a training provider. Interested members should check with their local workforce boards to this end.

State and Local Plans

WIOA requires states to develop a 4-year plan covering all core programs authorized under the Act and outlining an overall strategy for workforce development that will meet identified skill needs for workers, job seekers and employers. Local plans must be aligned to the strategy described in the state plan, and must describe how services provided at the local level will be aligned to regional labor market needs. State authorities will be required by law to engage the business sector for input and will be creating mechanisms to consult and gather information – IEC members are strongly encouraged to participate in this process when the opportunity arises.

Resources

IEC chapters or members interested in participating on a state or local workforce investment board, securing qualification as training providers, or seeking reimbursement opportunities should contact both their state's [One-Stop Career Center](#) and [state workforce agencies](#) for information specific to their locality.

At this time, the Department of Labor has stated that it is limited in what it may discuss regarding implementation of WIOA as a majority of the Act's provisions do not go into effect until July 1, 2015 and the agency is awaiting the issuance of executive orders to begin implementing them. In the meantime, the agency has developed a general information page on WIOA with links to additional fact sheets, analyses, and other resources:

<http://www.doleta.gov/WIOA/>.

A DOL fact sheet on WIOA is available at:
http://www.doleta.gov/wioa/pdf/WIOA_FAQs_Acc.pdf.

A list of Key Implementation Dates:
<http://www.doleta.gov/wioa/pdf/WIOA-Key-Implementation-Dates.pdf>

Opportunity America, a Jobs and Careers Coalition of which IEC is a steering member, has provided association and employer guidance on the opportunities provided in WIOA (on which IEC has based some of our analysis) here: <http://www.ieci.org/media/media/download/1553>.

To coincide with the signing of WIOA on July 22, the Administration launched its Ready to Work Initiative (<http://www.whitehouse.gov/ready-to-work>) to emphasize job-driven training programs that work. At the same time, the Employment and Training Administration also issued a Guidance Letter regarding implementation of a job-driven workforce system that includes both enactment of WIOA and information on more than \$450 million in workforce grants announced by the Administration earlier in the year. The guidance letter can be viewed here: http://wdr.doleta.gov/directives/attach/TEGL/TEGL_3-14.pdf.