

## **House and Senate Reach Compromise on Workforce Reauthorization Bill that Preserves Local Authority and Funding**

***Urge your House and Senate Members to vote for passage of H.R. 803 (as amended)***

On May 21, House and Senate leaders reached agreement on new Workforce Investment Act (WIA) reauthorization legislation called the [Workforce Innovation and Opportunity Act \(WIOA\)](#), H.R. 803 (as amended). This bill represents a bipartisan, bicameral compromise between the SKILLS Act, (H.R. 803), which was passed by the House in March 2013, and the Workforce Investment Act of 2013 (S. 1356), which was passed by the Senate Health, Education, Labor and Pensions Committee in July 2013.

Despite repeated proposals to reduce the local role in a reauthorization bill, the compromise workforce bill preserves local governance authority, adds flexibility and maintains funding. The Senate plans to adopt the legislation by unanimous consent as early as next week, and the House looks set to consider the bill later this month.

### **NACo's Analysis of H.R. 803 (as amended)**

To help county officials assess the potential impacts of H.R. 803 (as amended) on their communities and local workforce boards, NACo has prepared an analysis of the key provisions of the measure. This analysis is attached below.

### **Action Needed!**

Please urge your Representatives and Senators to support H.R. 803 (as amended). A sample letter, which you can modify and use, can be found [here](#). To see the NACo's letter in support of WIOA, click [here](#). To read the NACo Policy Brief on WIA reauthorization, click [here](#).

If your county and/or local workforce board sends a support letter, please send a copy to NACo Associate Legislative Director, Daria Daniel at [ddaniel@naco.org](mailto:ddaniel@naco.org).

### **Why Workforce Reauthorization Legislation Matters to Counties**

Workforce Investment Act (WIA) is long overdue for reauthorization, as it expired in 2003. A strong workforce system will increase investments and resources for quality training and help to ensure that localities and states can continue to meet the needs of jobseekers and employers. The workforce compromise bill would provide the needed funding and framework for a modernized workforce development system by maintaining a local role in the system with added flexibility. It recognizes that local elected officials and boards play a critical role in workforce development and the overall economic health of our local communities.

### ***Maintains Local Role in Workforce Development with Added Flexibility***

An essential component of WIA's success is maintaining local governance. The compromise bill would protect local authority in workforce investment boards and workforce investment areas, which has been a key priority for NACO. It also would provide greater local board flexibility to address their workforce challenges, such as allowing them to use up to 20 percent of adult workforce funding for incumbent worker and on the job training for in-demand occupations. This welcomed flexibility will allow local boards to tailor plans and services to meet the needs of their jobseekers and employers.

### ***Reduces Size of Local Workforce Boards***

The new measure would reduce the number of required members (from 51 to 19) for the local workforce boards and still maintain a business-led majority to increase the efficiency and effectiveness of local boards and will reinforce focus to meet the needs of jobseekers and businesses. NACO welcomes this change because some local boards were so large that it was difficult to participate and to maintain good relationships with businesses.

### ***Simplifies Performance Accountability Measures***

The legislation would standardize performance accountability with the creation of six core indicators for adults and youth to determine workforce program success across all federal programs. NACO supported simplification from the current varied and complex measures.

## **Upcoming NACO Research Report on Economic Development**

In partnership with the Lyndon B. Johnson School of Public Affairs at the University of Texas at Austin, NACO is preparing a study on the involvement of counties in economic development. The study will be accompanied by 37 case studies in county economic development, several of which focus on local workforce boards. The final study will be released at the 2014 NACO Annual Conference: County Solutions and Ideas Marketplace, which will be held in New Orleans, July 11-14.

*For more information on this issue, contact Daria Daniel at 202.942.4269 or [ddaniel@naco.org](mailto:ddaniel@naco.org)*

Issue	Key Provisions
<b>Designation of Local Workforce Investment Areas</b>	<p><i>The bill would maintain similar criteria for designation of local workforce investment areas but would alter provisions related to automatic designation to include areas that were in existence in the two years prior to enactment of this legislation which had successful performance and also sustained fiscal integrity. Would also allow local workforce areas to be designated as single state area if agreed to by all local areas.</i></p> <p><b>Definition:</b> A local workforce investment area is a region with 200,000 or more residents and a common labor pool, based on census data</p> <p>The bill would require states to designate local workforce areas within the state through:</p> <ul style="list-style-type: none"> <li>• consultation with state board and</li> <li>• consultation with chief elected officials and local boards and after consideration of comments received through public comment process (similar to current law)</li> </ul> <p>Would require governor to designate local areas based on considerations that the areas:</p> <ul style="list-style-type: none"> <li>• are consistent with labor market areas in the state</li> <li>• are consistent with regional economic development areas in the state</li> <li>• have the federal and non-federal resources necessary to effectively administer activities, including having education and training providers in area (i.e. higher institutions of learning and career and technical education schools)</li> </ul> <p>During the first two years following legislation enactment date, would require governor to approve request for an initial designation as a local area from an area that was previously designated as a local area under the Workforce Investment Act (WIA) of 1998 in the two preceding years prior to enactment date of the bill</p> <p>Would require governor to approve a request for subsequent designation as local area after the period for which a local area is initially designated if such areas:</p> <ul style="list-style-type: none"> <li>• performed successfully</li> <li>• sustained fiscal integrity</li> </ul>

Issue	Key Provisions
<b>Designation of Local Workforce Investment Areas (continued)</b>	<p>Would add new language to permit local areas to be designated as single state local areas and would require local boards and chief elected officials in those planning regions to engage in regional planning process that results in:</p> <ul style="list-style-type: none"> <li>• preparation of a regional plan, regional service strategies, implementation of sector initiatives for in-demand industry sectors, collection and analysis of regional labor market data, establishment of administrative costs arrangements, coordination of transportation and supportive services and process for negotiating agreements with governors on level of performance</li> </ul>
<b>Establishment of Local Workforce Development Boards</b>	<p><i>Similar to current law, the bill would require governor to certify the established local workforce board in each local area of a state to carry out functions of the board</i></p> <p>Would require governor to establish criteria for use by chief elected officials in the local areas for appointment of members of the local boards</p>
<b>Certification Process for Local Workforce Boards</b>	<p><i>Would update certification process to require governor to certify one local board for each local area in the state once every two years and would require governor in partnership with State Board to establish criteria for use by local chief elected officials to appoint members of local boards in those areas</i></p> <p>At minimum, the bill would require:</p> <ul style="list-style-type: none"> <li>• a majority of local board members to be business representatives in the local area (owners, CEOs, COOs or other business executive with optimum policy making authority)</li> <li>• representation of businesses (including small businesses), that provide employment opportunities that include high quality work-relevant training and development for in-demand sectors or occupations</li> <li>• appointment of individuals nominated by local business organizations and business trade associations</li> </ul> <p>Would require that no less than 20 percent of local board membership be representatives of the workforce and include labor organizations representatives, labor representatives from apprenticeship program and/or apprenticeship program representatives</p> <p>Would allow community-based organizations with experience and expertise in addressing employment needs of those with barriers to employment, including veterans and individuals with disabilities, to be members of the board</p>

Issue	Key Provisions
<p><b>Certification Process for Local Workforce Boards (continued)</b></p>	<p>Would allow representatives with experience in education, training needs of youth, including out-of-school youth, to be members of the local board</p> <p>Would require representatives administering education and training activities in the local area who administer:</p> <ul style="list-style-type: none"> <li>• adult education and literacy programs</li> <li>• higher education institutions providing workforce investment activities including community colleges to be on the local board</li> </ul> <p>Would allow representatives of local education agencies and community based organizations with demonstrated experience and expertise in addressing the education and training needs of individuals with barriers to employment to be members of local board</p> <p>Would also require local board to include:</p> <ul style="list-style-type: none"> <li>• a community and economic development entity</li> <li>• a representative from state employment service offices (Wagner-Peyser)</li> <li>• a representative of programs under title I of Rehabilitation Act</li> </ul> <p>Would allow local boards to include representatives of agencies administering local area programs related to transportation, housing and public assistance</p> <p>Would allow local boards to include representatives of philanthropic organizations serving the local area</p>
<p><b>Role of Local Boards</b></p>	<p><i>The bill would maintain and enhance the role of local boards in workforce development by continuing the role of the local boards as the conveners of local workforce development stakeholders and identifying expertise and other resources to support workforce development activities. The measure now require local boards to engage with a more diverse representation of employers to promote business retention on boards, meet needs of business job demands, develop strategies to meet needs of workers and employers and engage with education program representatives to develop career pathways.</i></p>

Issue	Key Provisions
<b>Role of Local Boards (continued)</b>	<p>The bill would require local boards to develop and submit local plans to the governor that include analysis of the economic conditions of the region, similar to current law.</p> <p>Would require local boards to lead efforts to engage with diverse range of employers and with entities in the region to:</p> <ul style="list-style-type: none"> <li>• promote business representation on the local board</li> <li>• develop linkages with employers in the region to support employer utilization of local workforce development system and to support local workforce investment areas</li> <li>• ensure workforce investment activities meet the needs of employers and support economic growth in the region</li> <li>• develop and implement proven or promising strategies for meeting the employment skill needs of workers and employers that provide skilled workforce needed by employers in the region and that expand employment and career advancement opportunities for workforce development system participants in in-demand industry sector or occupations</li> </ul> <p>Would require local boards with representatives of secondary and postsecondary education programs to lead efforts in the local area to develop and implement career pathways within the local area by aligning employment, training, education and supportive services that are needed by adults and youth, particularly individuals with barriers to employment</p>
<b>Local Boards and Training Services</b>	<p><i>Similar to current law, the bill would prohibit local boards from providing training services except if granted waiver by the governor in which local board is located, with evidence of insufficient eligible providers in local area and information demonstrating that board meets requirements for eligible provider of training.</i></p>
<b>Criteria for Local Workforce Plans</b>	<p><i>Would establish a new requirement that local boards develop and submit comprehensive four-year local plans to governors versus current law five-year plans. It would also require local boards to review local plans after two years with chief elected official and to submit modifications to the local plan to reflect any changes in labor market and economic conditions. Would also add new criteria for the local plan.</i></p> <p>Would require each local board to develop and submit a comprehensive four-year local plan to governor, in partnership with the chief elected official</p>

Issue	Key Provisions
<b>Criteria for Local Workforce Plans (continued)</b>	<p>Would also require local boards to review local plans at the end of the first two-year period with chief elected official and prepare and submit modifications to the local plan to reflect changes in labor market and economic conditions</p> <p>Would require local plan to include:</p> <ul style="list-style-type: none"> <li>• a description of strategic planning elements consisting of</li> <li>• analysis of regional economic conditions including               <ol style="list-style-type: none"> <li>1. emerging in-demand industry sectors and occupations and</li> <li>2. the employment needs of employers in those industry sectors and occupations</li> </ol> </li> <li>• analysis of the knowledge and skills required to meet the employment needs of employers in the region</li> <li>• analysis of workforce in the region including current labor force employment data and information on labor market trends</li> <li>• analysis of workforce development activities</li> <li>• description of the local board’s strategic vision and goals for preparing an educated and skilled workforce, including goals relating to performance accountability measures</li> <li>• description of the workforce development system in the local area and how the local board will work to expand access to employment, training, education and supportive services for eligible individuals with barriers to employment</li> <li>• description of how the local board will coordinate workforce investment activities carried out in the local area with relevant secondary and post-secondary education programs and activities to coordinate strategies, enhance services and avoid duplications</li> </ul>
<b>Core Performance Accountability Measures for Adults</b>	<p><i>Would establish new performance accountability measures that apply across core WIA programs to assess effectiveness of state and local areas in achieving positive outcomes for individuals served by those programs. The simplification of the performance measures is a significant change from the current law, which has different measures for various programs for adults. New measure should simplify and increase efficiency and accountability for state and local areas.</i></p> <p><b>Primary six core indicators shall consist of:</b></p> <ol style="list-style-type: none"> <li>1. The percentage of program participants who are in unsubsidized employment during the second quarter after</li> </ol>

Issue	Key Provisions
<b>Core Performance Accountability Measures for Adults (continued)</b>	<p>exit from the program</p> <ol style="list-style-type: none"> <li>2. The percentage of program participants who are in unsubsidized employment during the fourth quarter after exit from the program</li> <li>3. The median earnings of program participants who are in unsubsidized employment during the second quarter after exit from the program</li> <li>4. The percentage of program participants who obtain a recognized postsecondary credential or a secondary school diploma or recognized equivalent during participation in, or within one year after exit from the program</li> <li>5. Percentage of program participants who, during a program year, are in an education or training program that leads to a recognized postsecondary credential or employment and who are achieving measurable skill-gains toward such a credential or employment</li> <li>6. The effectiveness in serving employers</li> </ol>
<b>Primary Performance Indicators for Youth</b>	<p><i>Would establish new simplified primary indicators of performance for youth across all WIA programs which should increase efficiency and accountability for state and local areas.</i></p> <p><b>Youth indicators consist of:</b></p> <ol style="list-style-type: none"> <li>1. Percentage of program participants who are in education or training activities or in unsubsidized employment during the second quarter after exit from the program</li> <li>2. Percentage of program participants who are in education or training activities or in unsubsidized employment during the fourth quarter after exit from the program</li> <li>3. Median earnings of participants who are in unsubsidized employment during second quarter after exit</li> <li>4. Percentage of participants who obtain a recognized postsecondary credential, secondary school diploma or recognized equivalent during participation or within one year after exit of program</li> <li>5. Percentage of participants who during a program year are in education that leads to a recognized postsecondary credential or employment and who are achieving measureable gains toward those goals</li> <li>6. The effectiveness in serving employers</li> </ol>
<b>Elimination of Sequence of Services Requirement</b>	<p>Would remove the “sequence of services” requirement in current law and would allow individuals to receive training services without going through mandated core (job search) or intensive services (e.g. career planning) to enhance flexibility and meet needs of jobseekers and potential employers.</p>

Issue	Key Provisions
<b>Local Level Performance Standards</b>	<p><i>Would require local boards, chief elected officials and governors to negotiate and reach agreement on local levels of performance based on state adjusted levels of performance, similar to current law.</i></p> <p>Would allow adjustments to be made for expected economic conditions and characteristics of participants to be served, using statistical adjustment models</p> <p>Would require negotiated levels of performance to be revised to reflect actual economic conditions and characteristics of populations served in local area during the program year</p>
<b>Establishment of One Stop Delivery System</b>	<p><i>Would continue similar process for establishment of One-Stops through local board agreement with chief elected officials and one-stop partners and would reduce duration and review process to every three years. Would also eliminate a couple mandatory partner programs.</i></p> <p>Would require local boards with agreement of chief elected official for local area to:</p> <ul style="list-style-type: none"> <li>• develop and enter into Memorandum of Understanding (MOU) with one-stop partners</li> <li>• designate or certify one-stop operators</li> <li>• conduct oversight of one-stop delivery system in local area</li> </ul> <p>Would require local areas to provide access through one-stops to programs and activities, including career services</p> <p>Would require local boards to use portion of funds available for the program and activities to maintain one-stop delivery system, including payment of the infrastructure costs</p> <p>Would now require local areas to enter into MOU with local board relating to the operation of the one-stop system and would require local boards to participate in operation of the one-stop system, consistent with terms of MOU.</p> <p>Would require MOU to include:</p> <ul style="list-style-type: none"> <li>• services provided through one-stop</li> <li>• coordination and delivery methods</li> </ul>

Issue	Key Provisions
<b>Establishment of One Stop Delivery System (continued)</b>	<ul style="list-style-type: none"> <li>• how costs of services and operating costs will be funded</li> </ul> <p>Would allow cash and in-kind contributions from philanthropic organizations or other private entities or through alternative financing options to provide stable and equitable funding streams for one-stop delivery system operations and funding of infrastructure costs</p> <p>Would require MOU duration and review of MOU to occur every three years to ensure appropriate funding and delivery of services</p> <p>Would require local boards to provide representation on the state board</p> <p>Would establish programs authorized under agreement to include:</p> <ul style="list-style-type: none"> <li>• Wagner-Peyser programs</li> <li>• Adult education and literacy programs</li> <li>• Vocational Rehabilitation programs</li> <li>• Older Americans Act programs</li> <li>• Career and technical education at postsecondary level</li> <li>• Trade Adjustment Assistant Act programs</li> <li>• Veterans Employment and Training</li> <li>• Community Services Block Grant employment and training</li> <li>• HUD employment and training</li> <li>• Unemployment compensation programs</li> <li>• Second Chance Act of 2007</li> <li>• Temporary Assistance for Needy Families (TANF)</li> </ul> <p>Would establish the above as required partners for one-stops in the local area unless the relevant governor provides other written notification to the local board and Secretary of Labor and Health and Human Services to remove any of these partners</p>

Issue	Key Provisions
<b>Establishment of One Stop Delivery System (continued)</b>	<p>Would allow addition of other one-stop partners with approval of local workforce board and chief elected official</p> <p>Would require local boards to assess effectiveness of one-stop centers and opportunities for improvement every three years, based on consultation with the state board and chief elected officials, in order to keep receiving funding</p>
<b>One Stop Infrastructure Funding Options</b>	<p><i>Would establish new option for funding infrastructure of one-stops if local boards are unable to reach an agreement between the board, chief elected officials and the one-stop partners. The new option would provide a new state funding mechanism to determine contributions from one-stop partners to cover infrastructure costs. A federal dedicated funding stream would have been preferable.</i></p> <p>Would establish options for local board to fund one-stop infrastructure costs by agreement between local boards, chief elected officials and one stop partners in MOU</p> <p>If no consensus is reached – a new state mechanism for funding one-stops would apply</p> <p>Would establish if no agreement reached by July 1, 2016, that the state funding mechanism would apply for that year and each program year thereafter where there is no agreement</p> <p>Would require governors to develop and provide guidelines for state administered one-stop partner program funding contributions based on proportionate use, subject to caps on WIA formula programs (no more than three percent of Federal funds) and no more than 1.5 percent of federal funds from other one stop partners</p> <p>Would requires governor to establish a prompt appeal process regarding determination of portion of funds by a one-stop partner</p>
<b>Youth Workforce Investment Activities Funding Levels and Formula</b>	<p><i>Would provide actual appropriations for youth activities versus “such sums” necessary, as in the current law. Funding would still need to be approved by Congress but the legislation establishes intent by authorizers. It would also change some formula factors and weights.</i></p>

Issue	Key Provisions
<b>Youth Workforce Investment Activities Funding Levels and Formula (continued)</b>	<p><b>Would provide the following appropriated funding levels for Youth:</b></p> <ul style="list-style-type: none"> <li>• \$820.4 million in FY2015</li> <li>• \$883.8 million for FY2016</li> <li>• \$902.1 million for FY2017</li> <li>• \$922.2 million for FY2018</li> <li>• \$943.8 million for FY2019</li> <li>• \$963.8 million for FY2020</li> </ul> <p><b><u>New Formula</u></b></p> <ul style="list-style-type: none"> <li>• 33 and 1/3 percent shall be allotted based on <b>number of unemployed individuals in each state</b> compared to total in all states</li> <li>• 33 and 1/3 percent shall be allotted based on <b>excess number of unemployed individuals in each state</b> compared to total excess in all states</li> <li>• 33 and 1/3 percent shall be allotted on the relative <b>number of disadvantaged youth in each state</b> compared to the total number of disadvantaged youth in all states</li> </ul> <p>To determine local allotments for disadvantaged youth, the amount shall be based on the higher of:</p> <ul style="list-style-type: none"> <li>• the number of individuals aged 16-21 in families with income below low-income in local area</li> <li>• the number of disadvantaged youth in such area</li> </ul> <p><b>State Minimum Allotment</b> No state shall receive an amount less than the greater of 90 percent of the allotment for preceding year or 100 percent of the allotment in effect on the day before enactment of this Act for FY2015</p> <p><b>State Maximum Allotment</b> No state shall receive more than 130 percent of the allotment percentage of the state for the preceding fiscal year</p> <p><b>Local Area Allotment</b> No local area shall receive less than 90 percent of average allocation percentage of the local area for the 2 preceding</p>

Issue	Key Provisions
<b>Youth Workforce Investment Activities Funding Levels and Formula (continued)</b>	<p>fiscal years. Increases in funding to local areas shall be obtained by ratably reducing allocations to other local areas</p> <p>In lieu of above local allocation, a state may distribute no less than 70 percent of funds to local areas. The remaining portion shall be distributed by formula based on:</p> <ul style="list-style-type: none"> <li>• Excess youth poverty in urban, rural and suburban local areas</li> <li>• Excess unemployment above state average in urban, rural and suburban local areas</li> <li>• Developed by State Board and approved by Secretary of Labor as part of the State plan</li> </ul> <p><b>Would allow local areas to use up to ten percent of funding for administrative costs</b></p>
<b>Adults Employment and Training Activities Funding Levels and Formula</b>	<p><i>Would provide actual appropriations for adult activities versus “such sums” necessary as in the current law. Funding would still need to be approved by Congress but the legislation establishes intent by authorizers. It also changes some formula factors and weights.</i></p> <p><b>Would provide the following appropriated funding levels Adults:</b></p> <ul style="list-style-type: none"> <li>• \$766.0 million for FY2015</li> <li>• \$825.3 million for FY2016</li> <li>• \$842.4 million for FY2017</li> <li>• \$861.0 million for FY2018</li> <li>• \$881.3 million for FY2019</li> <li>• \$899.9 million for FY2020</li> </ul> <p><b>State Minimum Allotment</b> No state shall receive an amount less than the greater of 90 percent of allotment for preceding year or 100 percent of the allotment in effect on the day before enactment of this Act – for FY2015</p> <p><b>State Maximum Allotment</b> No state shall receive more than 130 percent of the allotment percentage of the state for the preceding fiscal year.</p>

Issue	Key Provisions
<p><b>Adults Employment and Training Activities Funding Levels and Formula (continued)</b></p>	<p><b>Local Area Allotment</b> No local area shall receive less than 90 percent of average allocation percentage of the local area for the 2 preceding fiscal years. Increases in funding to local areas shall be obtained by ratably reducing allocations to other local areas.</p> <p><b>Would define “Adult” as individual at least 22 and not older than 72.</b></p> <p><b><u>New Formula</u></b></p> <ul style="list-style-type: none"> <li>• 33 and 1/3 percent shall be allotted based on <b>number of unemployed individuals in each state</b> compared to total in all states;</li> <li>• 33 and 1/3 percent shall be allotted based on excess <b>number of unemployed individuals in each state</b> compared to total excess in all states</li> <li>• 33 and 1/3 percent shall be allotted based on the <b>number of individuals that have been unemployed for 15 weeks or more in each state</b> compared to total in all states</li> </ul>
<p><b>Dislocated Worker Employment and Training Activities Funding Levels and Formula</b></p>	<p><i>Would provide actual appropriations for Dislocated Worker activities versus “such sums” necessary as in the current law. Funding would still need to be approved by Congress but the legislation establishes intent by authorizers. It also changes some formula factors and weights.</i></p> <p>Would provide the following appropriated funding levels for Dislocated Workers:</p> <ul style="list-style-type: none"> <li>• \$1.222 billion for FY2015</li> <li>• \$1.317 billion for FY2016</li> <li>• \$1.344 billion for FY2017</li> <li>• \$1.374 billion for FY2018</li> <li>• \$1.406 billion for FY2019</li> <li>• \$1.436 billion for FY2020</li> </ul> <p><b>State Minimum Allotment</b> No state shall receive an amount less than the greater of 90 percent of allotment for preceding year or 100 percent of the allotment in effect on the day before enactment of this Act – for FY2014</p>

Issue	Key Provisions
<p><b>Dislocated Worker Employment and Training Activities Funding Levels and Formula (continued)</b></p>	<p><b>State Maximum Allotment</b> No state shall receive more than 130 percent of the allotment percentage of the state for the preceding fiscal year.</p> <p>Would allow state to reserve up to 20 percent for dislocated worker activities</p> <p><b>Local Area Allotment</b> No local area shall receive less than 90 percent of average allocation percentage of the local area for the two preceding fiscal years. Increases in funding to local areas shall be obtained by ratably reducing allocations to other local areas.</p> <p><b>New Formula</b></p> <ul style="list-style-type: none"> <li>• 33 and 1/3 percent shall be allotted based on <b>number of unemployed individuals in each state</b> compared to total in all states;</li> <li>• 33 and 1/3 percent shall be allotted based on excess number of unemployed individuals in each state compared to total excess in all states and</li> <li>• 33 and 1/3 percent shall be allotted based on the <b>number of individuals that have been unemployed for 15 weeks or more in each state</b> compared to total in all states</li> </ul>
<p><b>Local Transfer Authority</b></p>	<p><i>Would allow local boards to transfer up to and including 100 percent of funds between adult employment and training activities and dislocated worker employment and training programs if approved by the governor. This is an increase from 20 percent allowable under current law. <b>This would allow local boards the flexibility to provide a single system of employment and training activities for adults and dislocated workers.</b></i></p>
<p><b>Linkages to Occupations in Demand</b></p>	<p><i>Would require training services provided for adults and dislocated workers to be linked to an in-demand industry sector or occupation in the local area so that it will likely lead to meaningful and successful employment opportunities an enhancement to current law.</i></p> <p>Would allow local boards to approve training services for occupations determined by the local boards that are in sectors of the economy that have a high potential for sustained demand or growth in the local area</p>

Issue	Key Provisions
<b>Incumbent Worker Training Programs</b>	<p><i>Would allow local boards to use up to 20 percent of funds allocated for adults and dislocated worker programs to pay the federal share of training costs for incumbent workers or on-the-job training, increasing flexibility to meet local needs and conditions. This is a new option for local boards.</i></p> <p>Would permit local boards to determine eligibility of an employer to receive federal funding based on factors including:</p> <ul style="list-style-type: none"> <li>• characteristics of participants in the program</li> <li>• training relationship to competitiveness of participant and employer and</li> <li>• other factors the local board may determine appropriate such as               <ol style="list-style-type: none"> <li>1. number of employees in training</li> <li>2. wage and benefit levels currently and</li> <li>3. after completion, advancement opportunities by employer</li> </ol> </li> </ul>
<b>Non Federal Share for Incumbent Worker Training Costs to be Paid by Employers</b>	<p><i>Would add new language to require local boards to establish the non-federal share of training costs to be paid by employers.</i></p> <p>These employer payments cannot be less than:</p> <ul style="list-style-type: none"> <li>• 10 percent of costs for employers with less than 50 employees</li> <li>• 25 percent of costs for employers with 50 to 100 employees and</li> <li>• 50 percent of costs for employers with more than 100 employees</li> </ul> <p>Allows employer non-federal share to include wages paid by employer to worker while in training program. Permits employer to provide share in cash or in kind</p>
<b>Use of Funds for Youth Workforce Investment Activities</b>	<p><i>Would allow youth workforce funds to be used for out-of-school and in-school youth, similar to current law but does increase percentage focus for out of school youth from 30 to 75 percent of total funding. There is an option for states to decrease percentage back down to 50 percent, but it would require approval from the Secretary of Labor. Would also expand ages for definition of youth in and out of school.</i></p> <ul style="list-style-type: none"> <li>• Out-of-school youth is defined as 16-24 in age</li> </ul>

Issue	Key Provisions
<b>Use of Funds for Youth Workforce Investment Activities (continued)</b>	<ul style="list-style-type: none"> <li>• In-school youth is defined as 14-21 in age</li> </ul> <p><b>Would require no less than 75 percent of funds to be used for out-of-school youth</b></p> <p><b><u>Exception</u></b>            State may decrease percentage for out-of-school youth to no less than 50 percent if state determines by analysis:</p> <ul style="list-style-type: none"> <li>• State is unable to use 75 percent on out of school youth due to low numbers in local area and</li> <li>• State submits to Secretary of Labor for the local area a request including proposed percentage decreased to not less than 50 percent for out of school youth and summary of analysis and the request is approved by the Secretary</li> </ul>

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