Federal Funding for State Employment and Training Programs Covered by the WIOA

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The Workforce Innovation and Opportunity Act, or WIOA, provides for comprehensive realignment of the nation's workforce development programs. The federal government provides significant funding to states for workforce system programs covered by WIOA. For program year 2016 the federal government appropriated more than $6.9 billion to states for the Core WIOA Program and approximately $3.4 billion in federal formula funding for partner programs, for total funding of $10.5 billion. Federal funding is also provided through competitive grants.

This research brief reviews federal funding allocations to states for employment and training programs covered by WIOA. This brief is part two of a three-part series providing an overview of WIOA, the primary provisions affecting states, and how states are implementing WIOA.

Funding for Core WIOA Programs

WIOA requires that workforce training and employment programs be coordinated to ensure that the programs work in tandem, providing consistent services to job seekers and employers. WIOA requires states to coordinate six core programs, including the U.S. Department of Labor Adult Services, Dislocated Workers, Youth Services and Wagner-Peyser programs as well as the U.S. Department of Education’s Division of Adult Education and Literacy and its rehabilitation services program. For example, job seekers who request assistance finding a job under the Wagner-Peyser program, but lack basic skills, can access services of the Adult Education and Literacy programs, all at the same physical location. Employers can identify specific types of labor skills needed, and the Adult Services staff can provide training on those specific skills to job seekers. The state WIOA funding allotments are grants based on a formula outlined in WIOA, and are very similar, with only slight differences related to the target population. Table 1 (see PDF version of report) lists the fiscal year 2017 funding for the core WIOA programs. As would be expected, the amount of funding received by states correlates highly with the state’s population and size of the civilian labor force. California receives the greatest amount of funding, $897.7 million. Wyoming receives the least amount of funding, at $19.8 million.

The Adult Services program provides individualized career and training services to help job seekers who are at least 18 years old. Priority is given to low-income individuals, low-skilled individuals and recipients of public assistance. Each state’s allotment is based on the state’s share of total unemployment, the state’s share of unemployed greater than 4.5 percent and the state’s share of economically disadvantaged adults. For program year 2016, a total of $785.2 million was allocated to the states.

The Dislocated Workers program provides training, job search and other assistance for workers who have been laid off or are about to be laid off. Each state’s allotment is based on the state’s share of total unemployment, the state’s share of excess unemployed and the state’s share of long-term unemployed. For program year 2016, a total of $990.5 million was allocated to the states.

The Youth Services program serves eligible youth, ages 14-24, who face barriers to education, training and...
employment. Focusing primarily on out-of-school youth, state allotments are based on the state’s share of total unemployment, the state’s share of excess unemployed and the state’s share of economically disadvantage youth. For program year 2016, a total of $832.6 million was allocated to the states.

The Wagner-Peyser program[6] is a nationwide labor-exchange program that provides services to both job seekers and employers free of charge. State allocations are based on the state’s share of the civilian labor force and the state’s share of total unemployment. For program year 2016, a total of $669.6 million was allocated to the states.

The Adult Education and Literacy programs[7] help adults learn basic skills— including reading, writing, math, English language proficiency and problem solving needed to be productive workers. State allocations are based on each state’s share of adults who lack a high school diploma or the equivalent who are not enrolled in school. For program year 2016, a total of $569.4 million was allocated to the states.

The Rehabilitation Services programs[8] assist individuals with physical or mental disabilities to obtain employment and live more independently through provision of counseling, medical and psychological services, and job training. Funds are distributed to states and territories based on population. The states must provide a 21.3 percent match for operations and 50 percent match for construction projects. For program year 2016, a total of $3 billion was allocated to the states.

Partner Program Funding

WIOA also requires 11 partner programs to be included in the workforce system strategic plan. Those programs receive federal funding through either formula grants or competitive discretionary grants. Table 2 (see PDF version of report) lists the state funding levels and each state’s allocation in program year 2016.

The Carl D. Perkins Career and Technical Education[9] program (Perkins IV) is a principal source of federal funding to states for the improvement of secondary and postsecondary career and technical education programs. Each year approximately $1.1 billion is appropriated for state formula grants and another $25 million is awarded in competitive discretionary grants to Native American and Native Hawaiian programs. State allocation formulas are based on population in the age groups served by the program. States determine how funds are allocated between secondary and postsecondary programs in their state. In fiscal year 2016, Rhode Island allocated 90 percent of funds to secondary programs and 10 percent to postsecondary programs. Oregon allocated 50 percent to secondary programs and 50 percent of postsecondary programs. Detail information on each state’s Perkins IV program is available from the Perkins Collaborative Resource Network[10].

The Migrant and Seasonal Farmworker Program[11] assists migrant and seasonal farmworkers and their dependents by providing employment and training services. Formula grants are awarded to local organizations based on the state’s share of farmworkers who are eligible for enrollment. The total amount of employment and training grants allocation for program year 2016 was $72.9 million. Of this, California was allocated the largest amount, $19.4 million, followed by Texas’ allocation of $6.5 million.

The Indian and Native American program[12] provides employment and training services to qualifying American Indians, Alaska Natives and Native Hawaiians. Federal funds are allocated on a formula basis to Indian and Native Americans, or INA, grantees based on the share of Native American persons in the designated INA area living in poverty and the share of unemployed Native Americans in the designated INA service area. For program year 2016, funding allotments were made for 177 INA grantees totaling $49.5 million. An additional $13.5 million was allocated for 135 youth programs. Arizona received the most funding at $13.4 million for 15 INA grantees. Within Arizona, the Navajo Nation received a total of $8.5 million for a total of $62.6 million. Grantees in Oklahoma received $6.8 million for 19 grantees.

The Senior Community Service Employment Program[13] provides training for low-income, unemployed seniors. Participants must be at least age 55, unemployed and have a family income of no more than 125 percent of the federal poverty level. National grants are competitively awarded to nonprofit organizations, federal public agencies and tribal organizations. State grants are awarded based on the latest census counts of the eligible population and require a 10 percent state match. State program year 2016 funding totaled $90.7 million.
The Temporary Assistance for Needy Families [14], or TANF, program provides block grant funds to states to provide families with financial assistance and support a range of services to improve employment opportunities. Federal funds are allocated based on historical funding levels.10,11 States have broad flexibility in how they spend their TANF funds and the state contribution, called the maintenance-of-effort, or MOE. In 2015, total TANF funding (including both federal and the state MOE) was $31.7 billion. Of this, $2.1 billion, or 6.7 percent, was spent on work, education and training activities. Total federal funds allocated to states for employment-related services were $1.6 billion. **Table 2** lists the state-by-state allocations of federal TANF funding. More information on state TANF funding and expenditures can be found on an interactive map on the U.S. Department of Health and Human Services web-site [15]. For example, Nebraska allocates 13.9 percent of TANF funds for education and training activities, while Alabama allocates only 2.1 percent of TANF funds for education and training activities.

The Trade Adjustment Assistance, or TAA [16], Program assists U.S. workers who have lost their jobs as a result of foreign trade and is authorized by the Trade Adjustment Assistance Reauthorization Act of 2015 [17]. The program is funded by the federal government and administered by state agencies through the workforce systems and unemployment insurance programs.12 Benefits provided under TAA include training and employment services, and weekly income support payments. Funds for TAA employment and training services are allocated to states based on a formula that considers past and anticipated future program usage.13 The income support and wage insurance programs are administered through local job centers, similar to the unemployment insurance system, with funding provided via the Department of Labor. In fiscal year 2016, $349.9 million was allocated to states for TAA employment and training programs.14 In the same year, the Department of Labor was appropriated $411.0 million for income support. **State profiles** [18] for fiscal year 2015 are available on the Department of Labor Trade Act Program website.

The Jobs for Veterans State Grants Program [19] provides job-training services for covered veterans and eligible spouses, including widows and widowers. States receive annual funding through formula grants based on the national share veterans residing in the state. The preliminary estimate of fiscal year 2017 state grant funding is $172.1 million.15

Unemployment Insurance, or UI [20], is a program jointly financed through federal and state employer payroll taxes. The Federal Unemployment Tax is used to fund state workforce agencies. The state unemployment tax is used solely for the payment of benefits to eligible unemployed workers.16 In order to continue to receive UI payments, participants must participate in programs that assist them with finding a job. The Reemployment Services and Eligibility Assessment, or REAEA, program is a state formula grant program to assist individuals receiving UI benefits with reemployment. Federal funds are allocated based on prior year UI payments and proposals submitted by states. In fiscal year 2016, $111.7 million was awarded to states for the RESEA program.17

The Job Corps program [21] was reauthorized by WIOA and is a comprehensive, residential education and job-training program for at-risk youth, ages 16-24. Private companies, state agencies, federal agencies and unions recruit young people to participate in Job Corps, where they can train for and be placed in jobs. The Job Corp programs are provided in 126 centers [22], both residential and non-residential, in all 50 states, the District of Columbia and the Commonwealth of Puerto Rico. Job Corps centers are operated for the U.S. Department of Labor by private companies through competitive contracting processes, and by other federal agencies through interagency agreements. Therefore, no funding is provided directly to state governments. Total federal funding for Job Corps funding was $1.7 million in 2016.

The YouthBuild program [23] is a community-based alternative education program that provides job training and educational opportunities for at-risk youth ages 16-24. Youth learn construction skills while building or rehabilitating affordable housing, and earn their GED or high school diploma. The YouthBuild program is funded via competitive grants. In September 2016, the U.S. Department of Labor awarded $79.2 million in grants to nonprofit organizations in 35 states. The grants range from $700,000 to $1.1 million.18 Nonprofit organizations in both California and New York each received funding for six programs, for a total of $6.6 million for California and $5.4 million for New York. Nonprofits in Youthbuild Grants for FY 2016 17 states received funding for one program each.

The U.S. Department of Housing and Urban Development, or HUD, offers the Job Plus program, which provides services to public housing residents to support employment including job placement, career counseling and educational services. Federal funds are allocated through a competitive grant process. On Sept. 27, 2016, HUD announced $14.4 million in grants to housing authorities in six states.19
The Community Development Block Grant program, or CDBG, provides grant funds to states to ensure decent affordable housing, to provide services to the most vulnerable in communities, to create jobs through the expansion and retention of businesses and to support employment and training programs. CDBG funds are distributed to state and local governments on a formula basis and on a competitive grant basis according to population, poverty levels and other housing variables. CDBG funds allocated in fiscal year 2016 totaled $3 billion.

Programs offered under the Second Chance Act of 2007 are intended to break the cycle of criminal recidivism and to help formerly incarcerated people return to their communities. Re-entry programs provide employment and training services to individuals who have been released from jail or prison or who are preparing to be released. Funding for this program is provided through a competitive grant program to nonprofit organizations on a periodic basis. On June 24th, 2016, the U.S. Department of Labor announced $64.5 million in grants awarded to 40 organizations providing services to 26 states and the District of Columbia.

Conclusion
The WIOA is a comprehensive program to realign federally funded workforce programs that are administered at the state level. Funding allocated to states for Core WIOA workforce programs was $6.9 billion, while funding for the required partner programs was $3.6 billion. The combined state allocations totaled $10.5 billion. In addition, the annually funded, federally administered Job Corps program receives $1.7 million. Finally, other workforce system funding is provided through competitive grants. Table 3 (see PDF version of report) presents total funding by state.

These programs represent a significant financial investment in the workforce system. The goal of WIOA is to ensure that federally-funded state employment and training programs provide job seekers the skill sets needed by businesses and to ensure that employment programs effectively link job seekers to employers. States are required to comply with the strategic planning and operating guidelines under WIOA or risk losing funding for the Core programs. Considering the magnitude of the federal investment and the importance of preparing a skilled workforce for future economic growth, WIOA provides the guidelines, strategies and incentives to improve future program performance to meet program objectives.

This is the second in a three-part series of Capitol Research briefs on WIOA. The first brief provided an overview of WIOA and the state requirements under WIOA. The third brief will highlight the state planning process and specific state programs and initiatives.

ENDNOTES:
1 Shares are equally weighted one-third for each factor. Disadvantaged adults include individuals age 22 to 72 living at the poverty level or 70 percent of lower living standard income level. See Training and Employment Guidance Letter No. 17-15, Workforce Innovation and Opportunity Act (WIOA) Adult, Dislocated Worker and Youth Activities Program Allotments for Program Year (PY) 2016; Final PY 2016 Allotments for the Wagner-Peyser Act Employment Service (ES) Program Allotments; and Workforce Information Grants to States Allotments for PY 2016, April 5, 2016.

2 Data in this brief are reported for the time period that the data was available on the federal websites. Funding for some programs is reported on a program year, or PY, basis and for others it is reported on a fiscal year basis.


4 Disadvantaged youth include individuals age 16 to 21 living at the poverty level or 70 percent of lower living standard income level. Ibid.

5 Shares are weighted two-thirds based on civilian labor force and one-third unemployment. Ibid.

REFERENCES:

1. 20 CFR 668 Indian and Native American Programs Under Title I of the Workforce Investment Act [28].
2. 20 CFR 641.400, Senior Community Service Employment Program, September 1, 2010 [29].