



HOW IS TEXAS USING RECOVERY ACT FUNDS TO CREATE JOBS?

Even as the economy recovers from the devastating recession that has plagued it for the past few years, unemployment remains far too high. The American Recovery and Reinvestment Act (ARRA) aimed to create jobs, partially by allocating \$3.1 billion to Workforce Investment Act programs that provide training and support to job-seekers. Texas received more than \$170 million to fund job creation programs in our state, and the U.S. Labor Department issued new guidelines that made it easier for states to make use of the money.

To date, Texas has exceeded performance goals for the Summer Youth Employment program and expended most of its WIA Youth funds. In some areas, though, Texas has lagged behind in making sure that ARRA job creation funding is put to good use.

This policy page evaluates what Texas can do better to create jobs and ensure that training and job support goes to those who need it most.

What is the Workforce Investment Act?

Authorized by Congress in 1998, the Workforce Investment Act (WIA) streamlined and coordinated the delivery of multiple employment, education, and training programs under the previous Job Training Partnership Act (JTPA). WIA Title I seeks to address the needs of job-seekers. As the largest single source of federal funding for workforce development activities, WIA created “one-stop” career centers and established a “sequence of services” that regulated how and when training and support services would be offered to job-seekers.

How Did ARRA Seek to Enhance Job Creation?

With the passage of ARRA and the growing need for retraining and re-employment of large segments of the U.S. labor force, a total of \$3.1 billion was designated for additional funding for state WIA allocations. Through ARRA, Texas received a total of \$170.1 million for WIA. As unemployment surged last year and has remained elevated, these additional WIA funds have been critical in meeting extremely high demand on the workforce development system.

ARRA Workforce Investment Act (WIA) Funding Texas

WIA Program	ARRA Award Amount	Percent Expended (through 3/31/10)
Adult	\$34.3 million	42.7%
Youth	\$82.1 million	80.7%
Dislocated Worker	\$53.8 million	38.6%
Total	\$170.1 million	59.7%

In order to maximize these additional federal funds, the Labor Department issued guidance to states in advance of their revised WIA and Wagner-Peyser Act state plans for the Recovery Act. [Their recommendations](#) provide states additional flexibility to expedite education and training for WIA adult clients. The Recovery Act, along with this guidance letter, sought to use WIA funds to remove barriers to training for hard-to-serve adults. As such, states are directed to:

- Execute contracts with institutions of higher education and other training providers.

This Recovery Act provision allows workforce boards to award contracts to community colleges. This additional flexibility is intended to allow workforce boards to quickly design training to fit the needs of job seekers and employers.

- Place emphasis on serving low-income, under-skilled adults and youth.

These groups have been particularly impacted by the recession, measured in terms of higher unemployment rates and lower access to the unemployment insurance system. Recipients of public assistance are also considered to be a priority population for WIA services.

- Provide Re-employment Services.

The Recovery Act included a new linkage between re-employment services and UI claimants. States are encouraged to develop close partnering relationships between UI and one-stop services to develop and pursue an employment plan.

- Establish Connections to other Federal Recovery Act Investments, including weatherization, infrastructure development, and health care.

This guidance expresses the intent of ARRA to enable local workforce boards to address a broader range of needs in order to support adult entry and reentry into the labor market. In particular, the Recovery Act provisions and federal guidance make it clear that WIA funds can be used for a broader range of basic education and training activities, including:

- Registered apprenticeship programs;
- Job Readiness Training; and
- Adult Basic Education and English as a Second Language (ESL).

To this end, the Labor Department encouraged states to consider the following strategies in delivering services with ARRA/WIA resources:

- Targeting Use of Funds for recipients of public assistance and other low-income individuals;
- Coordination and Alignment with other aspects of the state workforce system, including Wagner-Peyser, re-employment services, TAA, and UI;
- Support for Registered Apprenticeship Programs; and
- Alignment with State and Regional Economic Recovery Plans.

How Has Texas Used Stimulus Money to Improve Job Training?

To date, states have submitted three quarterly reports outlining their WIA performance indicators and their progress in WIA expenditures. Through the March 31, 2010, reporting period (ARRA Section 1512), TWC had expended nearly 60 percent of the total ARRA WIA funds. However, more than half of the funds expended are for the WIA Youth programs, with the Adult (42.7 percent) and Dislocated Worker (38.6 percent) program expenditures well below targets. Use of these funds is time-limited: WIA funding for Adult, Dislocated Workers, and Youth must be expended by June 30, 2011.

For Summer 2009, TWC has exceeded initial performance targets for WIA Youth by providing summer employment opportunities for 21,844 Texas youth, or 159.5 percent of target. More than 80 percent of youth enrolled in the program completed the Summer Youth Employment Program.

Are WIA Adults Receiving Enough Training under ARRA?

In order to align with ARRA WIA Adult and Dislocated program goals, TWC established performance targets for local workforce boards that require that no less than 67 percent of their funds be spent on training services, including the following activities:

- Occupational Skills;
- On-the-job Training programs, including registered apprenticeship;
- Private Sector Training Programs;
- Skills upgrade and retraining;
- Entrepreneurship;
- Job readiness; and
- Adult Education and Literacy Training.

Access to ARRA WIA Training Services in Texas, 2009-2010

WIA Program	Worker Customers Served	Number of Workers in Training (%)
Adult	6,560	4,027 (61.4%)
Dislocated Worker	7,264	4,332 (59.6%)
Total	13,824	8,359 (60.5%)

For WIA Adult and Dislocated Worker services, the workforce boards are falling a bit short in meeting the 67 percent benchmark for adults receiving training services. The above table shows the share of individuals receiving training under WIA Title I, through April 23, 2010.

As mentioned earlier, ARRA enabled local workforce boards to contract directly with colleges and universities. As of the March 31 report, nine of the twenty-eight local workforce boards are contracting directly with higher education institutions.

Texas Must Do More

Streamlined and efficient WIA services are critical to retraining job seekers for the jobs of today and tomorrow. ARRA provided additional funding as well as additional flexibility to enable states to meet the needs of adults seeking education and training. As emphasized under ARRA, it remains critical for local boards to prioritize services for lower-income job seekers and those on public assistance.

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