

Empowering Local Workforce Development Systems through WIOA Reauthorization

Modernization of WIOA is Needed

Congressional efforts to modernize the Workforce Innovation and Opportunity Act (WIOA) reflect the critical need to align workforce development with current economic demands. The latest version of *A Stronger Workforce for America Act* (ASWA) included several promising updates:

- Increased flexibility to deliver incumbent worker training and transitional jobs.
- Streamlined eligibility for Youth and work-based training participants.
- Codified the Reentry Employment Opportunity (REO) program.
- Incorporated more people-centered language into the terminology.

However, several provisions of ASWA may unintentionally undermine the effectiveness and adaptability of local workforce systems.

Areas of Concern for ASWA

Spending Mandates

The requirement to allocate **50%** of Adult and Dislocated Worker funds exclusively to training—of which only 8% may include supportive services funding—would result in significant reductions to career counseling, case management, and employer engagement. These cuts could lead to the closure of American Job Centers and reduce overall system responsiveness and innovation. More training funding would be welcomed by the public workforce system to better meet employer demand, but the corresponding reduction in career services could mean that job seekers enter subsistence jobs rather than career pathways.

New mandates requiring **40%** of youth funds to be spent on work experience and **12.5%** on apprenticeships/pre-apprenticeships will reduce access to other effective program elements, such as occupational training and adult mentoring services.

Flat Funding Through 2030

Maintaining current funding levels through 2030 fails to account for inflation and the growing demand for workforce development services. Without annual increases, American businesses will not have the skilled workforce they need to grow our local economy.

Local Area Designation

Proposed changes to the local area designation process would increase gubernatorial authority while eliminating protections for high-performing local workforce boards, many of whom perform well because of their expertise regarding their local labor markets. The absence of local workforce board input could diminish the ability of regions to address workforce challenges specific to their communities.

Shift in Resources to State Discretionary Funds

Expanding the Governor's discretionary set-aside from **15% to 25%** would significantly reduce funding available to local programs. Local workforce systems are best positioned to deliver consistent, data- and customer-informed services tailored to regional labor market needs.

Priorities Moving Ahead

Policy makers have a chance to ensure that American businesses are more competitive by taking a balanced approach to WIOA reauthorization that:

- Ensures adequate, sustainable **funding** to meet the high demand for workforce development services.
- Preserves **local flexibility** and resources to ensure services are tailored to needs of regional labor markets.
- Prioritizes the **customer experience**, minimizing administrative burden for job seekers and employers.

A well-funded, adaptable system is essential for delivering programs that connect job seekers with the skills and opportunities needed to meet employer and industry demands.

