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Submitted by: The Local Initiatives Support Corporation (LISC)

Thank you for the opportunity to offer comments the proposed Workforce Innovation and Opportunity Act Joint Rule for Unified and Combined State Plans, Performance Accountability, and the One-Stop System Joint Provisions. The Local Initiatives Support Corporation (LISC) supports this effort to implement job training system reforms and strengthen the nation's workforce development system to put Americans back to work and make the United States more competitive in the 21st Century.

If you have any questions about our public comments, please contact Seung Kim, Program Director for Family Income & Wealth Building at (312-422-9579) or skim@lisc.org.

ABOUT LISC
Established in 1979, LISC is one of the nation’s largest nonprofit community development support organizations, dedicated to helping community residents transform distressed neighborhoods into healthy places of choice and opportunity. With local offices in 30 cities and partners throughout Rural America, LISC mobilizes corporate, government and philanthropic support to provide local community development organizations with loans, grants and equity investments; local, statewide and national policy support; and technical and management assistance.
LISC’s leadership in supporting innovative, evidence-based economic opportunity programs nationwide has been recognized by a diverse array of foundation, corporate, and federal-agency funders. In 2010, LISC was one of the inaugural recipients of a federal Social Innovation Fund intermediary grant to support the expansion and strengthening of Financial Opportunity Centers (FOCs). Our FOC model provides integrated employment services, financial coaching, and income supports access to low- and moderate-income neighborhood residents through accessible, trusted, and culturally competent community-based organizations.

Ten years after piloting the model in Chicago, LISC’s network of FOCs now comprises over 75 Centers in 33 cities across the country. These organizations provide a wide range of workforce development services, including job readiness, pre-apprenticeship or “bridge” programming, technical skills training, and ongoing employment coaching to facilitate success on the job and career advancement. LISC’s FOC network partners blend funding from LISC and locally-raised sources; many also receive Workforce Investment Act funds through federal competitive grants or connections with their state or local workforce agency.

As part of this work, LISC has embarked on an initiative to support and strengthen pre-apprenticeship and “bridge” programming within its Financial Opportunity Center network. Across the 75 Centers, employment coaches report that too many families in their communities are financially struggling, yet have difficulty accessing community colleges, apprenticeships and other “middle-skills” job training outlets due to academic readiness barriers and logistical barriers like access to high quality child care and transportation. Our partners’ pre-apprenticeship and bridge programs are designed to provide industry-contextualized foundational instruction in areas including reading, math, computer skills, and English proficiency, so that neighborhood residents can qualify for and succeed in training that will ultimately lead to industry-recognized credentials, a career pathway, and family-supporting employment.

Recommendations:
As the first legislative reform of the public workforce system in more than 15 years, we are encouraged that the Workforce Innovation and Opportunity Act (WIOA) seeks to improve job and career options by promoting interagency collaboration, integrating the public workforce system, and connecting people to businesses. As the Departments of Education (ED) and Labor (DOL) make determinations on how to implement WIOA reforms, we offer the following recommendations based upon our experience with supporting a program that is designed to connect low-to-moderate income families to the financial and labor market mainstream.

§677.155 Primary Indicators of Performance under the Workforce Innovation and Opportunity Act
LISC Comment: Identify “net income” as a primary performance accountability indicator.
The six primary indicators of performance that States must include in their Unified or Combined State Plan are powerful tools that will help DOL, ED and other agencies offering comparable discretionary grant programs align their programming efforts and move people toward economic stability and self-sufficiency. While unsubsidized employment, median earnings, credential attainment, skill gains and serving employers are important measures of programmatic success, they do not adequately incentivize state and local systems move program participants toward long-term economic stability. Our experience with integrated service delivery and the outcomes analysis data of our FOC model
shows that net income (expenses subtracted from income) is a key indicator of financial and employment stability.

What sets FOCs apart from traditional workforce development programs, and at the core of our model is the bundling of services. The program combines soft skills training, vocational education, and job placement services with one-on-one financial coaching for as long as clients need it, as well as help accessing public benefits for which they are eligible. Clients find and maintain good jobs, stick to realistic budgets, improve their credit and save for the future.

LISC's FOC model considers net income to be a key indicator, because if a client’s net income is negative, he or she is in an unsustainable situation, falling farther and farther behind each month. If the client has a job, negative net income makes it harder—and less worthwhile—to keep that job. If net income is positive, even if total income is low, then the client is much better positioned to build on the current relative stability and make even more positive gains.

LISC recognizes that tracking net income involves a level of customer engagement that is not necessarily feasible for individuals who are accessing One-Stops and similar publicly-funded programs for “light-touch” or one-time services. For this reason, LISC encourages DOL to set criteria and guidance for areas in which net income should apply as a performance indicator. For example, the enhanced performance indicator for net income could apply to workforce system customers who are accessing individualized career services such as those described in proposed §678.430(b)—in particular: §678.430(b)(2-6), customers receiving an individual employment plan, counseling and/or career planning; §678.430(b)(7) internships and work experiences; and §678.430(b)(9), financial literacy services.

Given the importance of net income, we suggest that it be included as primary performance accountability indicator.

§678.425 Applicable Career Services Provided by the One-Stop Delivery System
LISC Comment #1: LISC is encouraged by the inclusion of financial education and financial literacy as an allowable activity under WIOA.
With 10 years of experience supporting a network of Financial Opportunity Centers offering integrated financial, employment, and benefits access services, LISC has seen how “bundling” financial education and coaching with workforce development can lead to improved employment and financial outcomes for unemployed and underemployed individuals.

Research shows a relationship between the number and type of services accessed and the FOC clients’ ability to grow their earnings and secure their finances. Accessing employment coaching and financial coaching together improved both job placement and job retention rates for Financial Opportunity Center clients, many of whom had historically experienced substantial barriers to employment and to financial stability. Participants who spent the most time on all three bundled services offered by the FOCs (employment services, financial coaching and public benefits) had the highest job placement rates and the highest job retention rates—a 74 percent placement rate and a 78 percent six-month retention rate.

Our analysis examined changes in net income for clients who received financial counseling and completed more than one budget as part of that program. Overall, participants’ net income gains were
strong. Seventy-six percent of clients showed increases in net income. In their initial budgets, only 35 percent of participants had positive net income. In their final budgets, 70 percent of participants did. Of clients who started with zero or negative net income, 58 percent moved to positive net income during their time with the FOC program.

LISC Comment #2: LISC supports the elimination of the Workforce Investment Act’s sequence of services, as detailed in WIOA proposed regulations §678.425(b).
This change will give staff greater flexibility to meet the needs of hard-to-serve workforce system customers more expeditiously, since customers with more substantial needs will no longer be required to move through core services before accessing more intensive and individualized levels of assistance.

§680.600 Priority of Service
LISC Comment: LISC applauds the strengthening of the priority of services for public assistance recipients, low-income individuals, and individuals who are basic-skills deficient. LISC supports the proposed elimination of the Workforce Investment Act regulations that exempted states and localities with limited funds from this priority of service requirement. The WIOA service priority for recipients of public assistance, other low-income individuals, and individuals who are basic skills deficient is a promising revision that has the potential to open up new opportunities for those who fall into the hard to serve/hard to employ demographic. Explicitly identifying priority recipients removes the burden placed on local areas to trigger the “limited funding” exception, and signals that low-income and lower-skilled individuals should be the targets of career and training services under the Title I Adult funding stream.

LISC also supports the following specific recommendations developed by the Center for Law and Social Policy (CLASP):

1. The U.S. Department of Labor (DOL) should define “priority of service” more clearly and set expectations for state and local implementation;

2. DOL should interpret the interaction between the law’s expanded definition of “basic skills deficient” and the provision ensuring “priority of service” to avoid designating otherwise high-functioning individuals as “basic skills deficient” because they lack specific skills needed for a particular job;

3. DOL should clarify the rule for designating “other eligible individuals” for priority of service, ensuring that targeted high-need adults and veterans come first in priority;

4. DOL should use its existing guidance and requirements for priority of service for veterans as a model for its protocols for implementing priority of service for targeted high-need adults;

5. DOL should compile examples of states and local areas that are successfully implementing priority of service and use this information in technical assistance to the field; and

6. DOL should set benchmarks to show improvement in the percentage of targeted high-need individuals who receive services from WIOA Title I Adult funds and tie discretionary grant funding to progress on this goal.
Furthermore, LISC is especially encouraged by the inclusion of basic skills-deficient adults in the priority of service definition. We have found that, across our national network of over 75 community-based Financial Opportunity Centers, too many adults are disconnected from training and credentialing opportunities because of basic skills deficiencies. In the communities where LISC works, almost 20 percent of residents lack a high school diploma or GED; furthermore, our FOC partners report that many of their clients who do have a diploma or GED nonetheless do not have the grade-level reading and math skills necessary to enter university, community college, or other types of technical and skills training programs. To address these gaps, LISC launched its Bridges to Career Opportunity initiative, through which FOCs are providing contextualized basic education that efficiently and effectively addresses adult learners’ basic education needs and allows them to connect to training and credentialing programs in locally in-demand industries.

(§361.405) Temporary Assistance for Needy Families (TANF) system partnership requirement
LISC Comment: LISC supports the proposed regulation requiring that the TANF program be a partner in the WIOA One-Stop system.
Requiring the TANF program to be a partner in the One-Stop system will potentially further the statute’s system alignment goals, and improve the coordination of service for vulnerable populations.

Thank you again for the opportunity to provide comment. We look forward to continuing to contribute to the Departments’ mission.