



*An affinity group of the National Human Services Assembly*

## **Workforce Investment Act (WIA) – Youth Development Funds**

### **Background**

In 1998, Congress passed the Workforce Investment Act (WIA) to consolidate and integrate employment and training services at the local level into a unified workforce development system. Effective July 1, 2000, WIA repealed the Job Training Partnership Act (JTPA), and created three funding streams, including one for youth development services. Having expired on June 30, 2003, WIA is in the process of being reauthorized by Congress. The Administration's FY 2006 budget plan proposes to include the youth formula in a "WIA Plus Consolidated Block Grant" to states that would also include funding for adults, dislocated workers, and the Employment Service.

Since 2002, funding for WIA youth development services has been cut by nearly 30 percent, even though youth are being hardest hit by the economic slowdown. A recent study from Northeastern University's Center for Labor Market Studies found:

- Between 2000 and 2004, the number of employed teens has declined by nearly 1.3 million.
- The 2004 youth employment rate (36.4 percent) is the lowest in the 57 years that this data has been collected, despite overall job growth during over the past few years.

### **Programs**

Key WIA youth programs are the Youth Formula and the Youth Opportunity (YO!) Grant Program. YO! was eliminated through the FY 2004 appropriations process; however, WIA reauthorization proposals would replace YO! with a new National Challenge Grant Program.

**Youth Formula** funding (based on youth population, poverty, and unemployment rates) is allocated to state Workforce Investment Boards (WIBs), which reserve 15 percent for statewide activities and, using the same formula, allocate 85 percent of the funds to local WIBs. Directed by WIBs, low-income in- and out-of-school youth (14-21 years of age) who face barriers to school completion or employment are prepared for postsecondary educational opportunities or employment, and must receive at least one year of guidance and counseling, and follow-up services. In addition, WIA requires individual skills and service needs assessment, service strategy availability of basic, occupational, and work maturity skills training and work experience, and supportive services.

**The New National Challenge Grant Program** would be a competitive grant program that the Administration proposed as part of its WIA reauthorization proposal. The program would replace the Youth Opportunity Grant program, which was eliminated in FY 2004. The Administration proposes to divert 25 percent of the Youth Formula to fund the National Challenge Grant Program. Funds for the National Challenge Grant Program should be new funds rather than from existing funds, such as the Youth Formula.

### **Authorization Level**

Current law states that for each fiscal year in which the amount appropriated for the Youth Formula exceeds \$1 billion, \$250 million shall be reserved for the Youth Opportunity Grant Program.

<b><u>Funding</u></b>	<b><u>Youth Formula Funds</u></b>	<b><u>YO! Grant Program</u></b>
FY 2002 appropriation	\$1.127 billion	\$225 million
FY 2005 appropriation	\$986 million	\$0
FY 2006 budget request	Consolidate youth formula in a block grant to states also including funding for adults, dislocated workers, and the Employment Service.	\$0

**National Collaboration for Youth Funding Request** \$1.65 billion: \$1.4 billion for WIA youth formula funds and \$250 million for the National Challenge Grant Program.

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