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Dislocated Worker Activities in the Workforce Innovation and Opportunity Act (WIOA)

Overview and Program Rationale

The Workforce Innovation and Opportunity Act (WIOA) Dislocated Worker Employment and Training Activities (DW) program provides employment and training services to dislocated individuals ages 18 and older. Approximately 80% of the WIOA-DW funding is allotted to states by formula and the remaining 20% is for a National Reserve to address specific dislocation events. This report provides a brief overview of the WIOA-DW program. For a detailed discussion of WIOA, see CRS Report R44252, *The Workforce Innovation and Opportunity Act and the One-Stop Delivery System*, by David H. Bradley.

The Workforce Innovation and Opportunity Act

WIOA (P.L. 113-28) is the primary federal law that supports workforce development. It was enacted in 2014 and authorizes appropriations for its programs from FY2015 through FY2020.

Title I of WIOA authorizes programs and activities that support job training and related services to unemployed and underemployed individuals. Title I programs are administered by the U.S. Department of Labor (DOL), primarily through its Employment and Training Administration (ETA), and delivered through a national One-Stop system that is governed by state and local Workforce Development Boards (WDBs). In FY2020, programs and activities authorized under Title I were funded at \$5.2 billion, including \$2.8 billion for state formula grants for youth, adult, and dislocated worker training and employment activities.

Table I. WIOA Dislocated Worker Funding
(Dollars in thousands)

FY	Formula Grants	National Reserve	Total
2015	\$1,015,530	\$220,859	\$1,236,389
2016	\$1,020,860	\$220,859	\$1,241,719
2017	\$1,020,860	\$220,859	\$1,241,719
2018	\$1,040,860	\$220,859	\$1,261,719
2019	\$1,040,860	\$220,859	\$1,261,719
2020	\$1,052,053	\$270,859	\$1,322,912

Source: Prepared by CRS based on Labor-HHS-ED (LHHS) appropriations acts.

Note: Figures do not include supplemental appropriations or rescissions.

DW State Formula Grants

The DW state program is funded through formula grants to states, which in turn allocate the majority of those funds to local areas. The WIOA-DW formula grants have been funded at about \$1 billion per year (**Table 1**).

Defining Dislocated Workers

An individual is generally eligible for services under the provisions for dislocated workers in WIOA if he or she

- has been terminated or laid off, or has been notified of a termination or layoff;
- is sufficiently attached to the workforce, demonstrated either through eligibility for/exhaustion of unemployment compensation or through other means; and
- is unlikely to return to the previous industry or occupation.

There is some breadth in the definition of a *dislocated worker* under WIOA. For instance, eligibility is afforded in cases of anticipated facility closings and for self-employed workers. However, the core eligibility requirement is dislocation due to termination or facility closing. There is no eligibility requirement under WIOA related to the cause of the dislocation.

State and Local WIOA-DW Activities

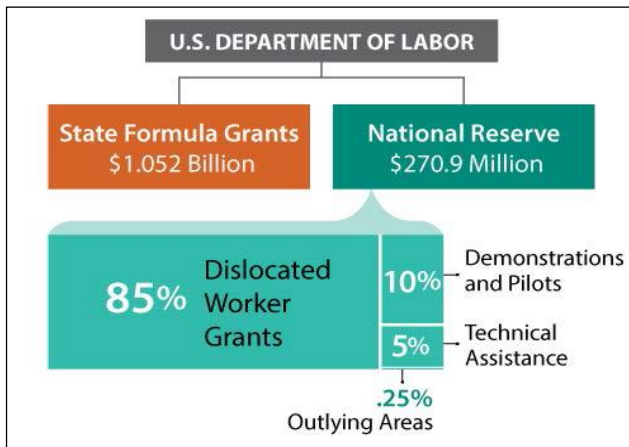
Of the state allotment for DW activities, the governor must reserve not more than 25% for dislocated worker *rapid response activities* to assist these workers in obtaining reemployment as quickly as possible. A dislocation event is typically defined as a permanent closure or mass layoff at a facility or a disaster (natural or otherwise) resulting in mass job dislocation. Rapid response activities may include establishing onsite contact with employers and employee representatives immediately after the dislocation event, providing information and access to employment and training programs through the WIOA-DW program, and providing assistance to the affected local community to develop a coordinated response in seeking state economic development aid.

The remaining WIOA-DW funds are allocated to local areas. Through the One-Stop system, dislocated workers receive career services and training. Career services include the provision of labor market information and job postings, skills assessment, and case management. Training services include occupational classroom training and a range of work-based training (e.g., on-the-job training).

DW National Reserve

From total funding appropriated for the DW program in a fiscal year, WIOA specifies that 20% is to be used for a National Reserve account, which provides for National Dislocated Worker Grants (NDWG) and other services for dislocated workers. The majority of National Reserve funding, at least 85%, is used for NDWG activities, after required reservations for other activities (**Figure 1**). The additional reservations include funds for demonstration and pilot projects (maximum reservation of 10%), assistance to states not meeting DW performance measures (maximum reservation of 5%), and DW funds for outlying areas (maximum reservation of 0.25%).

Figure 1. WIOA-DW Flow of Funds, FY2020



Source: Prepared by CRS based on Labor-HHS-ED (LHHS) appropriations acts.

NDWG Categories

NDWGs are discretionary, time-limited grants made by the Secretary of Labor to assist states and local areas in responding to major economic dislocations or other events that cause large-scale employment loss. There are two main NDWG categories: Disaster Recovery and Employment Recovery.

Disaster Recovery NDWGs:

- Qualifying events: emergencies and major disasters resulting in large employment loss;
- Eligible applicants: states, outlying areas, or tribal governments;
- Eligible participants: those unemployed due to disaster, dislocated workers, long-term unemployed, or self-employed who became unemployed due to disaster;
- Allowable activities: disaster relief employment (to individuals for a period of up to 12 months for work related to a disaster), job search and training, and supportive services.

Employment Recovery NDWGs:

- Qualifying events: mass layoffs, plant closures, industry-wide layoffs, and community impact events (e.g., multiple small dislocations in a local region);

- Eligible applicants: states, outlying areas, or tribal governments; local WDBs; entities designated by a governor; or entities demonstrating to the Secretary the capability to respond to a particular dislocation;
- Eligible participants: dislocated workers, Department of Defense employees or contractors at risk of dislocation due to reduced defense expenditures, and qualifying members of the military employed at an installation that is being closed within 24 months of eligibility determination;
- Allowable activities: career, training, and supportive services.

Recent Developments and Uses of NDWG Funding

Since the enactment of WIOA, annual LHHS appropriations acts have included reservations in the National Reserve for specific subpopulations or institutions:

- The FY2016 and FY2017 acts included reservations of \$19 million and \$20 million, respectively, for workers dislocated from coal mines and coal-fired power plants (P.L. 114-113; P.L. 115-31);
- The FY2018, FY2019, and FY2020 acts included reservations of \$30 million annually for workers in the Appalachian and the Lower Mississippi regions (P.L. 115-141; P.L. 115-245; P.L. 116-94); and
- The FY2020 act included a \$40 million reservation for developing career training programs at community colleges (P.L. 116-94).

In addition to reservations, the National Reserve has received supplemental appropriations three times since WIOA was enacted:

- In FY2018, \$100 million related to Hurricanes Harvey, Maria, and Irma and to wildfires (P.L. 115-123);
- In FY2019, \$50 million related to Hurricanes Florence and Michael, Typhoon Mangkhut, Super Typhoon Yutu, and wildfires, earthquakes, tornadoes, and floods (P.L. 116-20); and
- In FY2020, \$345 million related to COVID-19 (P.L. 116-136).

Finally, existing National Reserve funds have been directed, by legislation or by ETA, for use in addressing particular dislocations. For example, P.L. 115-271 permitted ETA to use up to \$100 million to fund a pilot program for opioid-related dislocations. ETA has made existing National Reserve funds available to address dislocations related to various emergencies, including the provision of up to \$100 million in FY2020 for responses to COVID-19.

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