

ELEVATE Act Discussion Draft

Section by Section Summary

Section 1: Short Title.

This act may be cited as the “Economic Ladders to End Volatility and Advance Training and Employment (ELEVATE) Act of 2018”.

Section 2: Establishment and Operation of the Program

- Title IV of the Social Security Act is amended by adding a new Part F- “Employment and Training Program.”

Section 481: Purpose and Definitions

- Provides states funds to:
 - promote subsidized and transitional employment programs for public and private sector jobs.
 - expand the availability of jobs during economic downturns or in areas with persistently high unemployment and poverty.
 - provide economically and socially disadvantaged individuals (such as the long-term unemployed, people with criminal records, former foster youth, and other economically and socially disadvantaged populations) with the ability to gain job experience.
 - provide employers with new pathways into the workforce development system enabling them to have a greater role in the training and hiring of new workers and labor market re-entrants.
 - allow for sufficient state flexibility to design programs targeted at community-specific workforce gaps and employer needs.
- Eligible individuals include:
 - the long-term unemployed;
 - current, former, or individuals eligible to be recipients of TANF assistance;
 - noncustodial parents with a child support order established;
 - individuals who were in foster care;
 - previously incarcerated individuals.
- Employment and training services include:
 - transitional jobs in public or private settings, work experience, and community service;
 - job readiness;
 - job search;
 - job skills training;
 - integrated education and training;
 - education directly related to employment;
 - phased-in work connections for eligible individuals completing substance use disorder treatment, in collaboration with a substance use disorder treatment center;
 - casework and job coaching, employability assessments, creation of employability plans, and monitoring of employability plans;
 - core programs of the state supported through the Workforce Innovation and Opportunity Act (WIOA).
- Supports include:
 - wages, benefits, or supervision for eligible individuals participating in transitional jobs in public or private settings;
 - stipends for eligible individuals provided with unpaid employment and training services;
 - books and supplies for eligible individuals engaged in educational activities;
 - childcare assistance that meets the criteria of the Childcare and Development Block Grant (CCDBG);
 - other supplemental services, including transportation if necessary.

- Eligible states include each of the 50 States of the United States, D.C., Puerto Rico, the United States Virgin Islands, Guam, and American Samoa.
- Employment and training services are required to meet evidence standards within a 3-Tier format:
 - Tier-1 practices include those that:
 - offer a new or potentially more effective strategy for addressing widely shared challenges;
 - have not been systematically studied but are supported by a strong logic model; and
 - depart from existing workforce strategies.
 - Tier-2 practices include those that:
 - expand knowledge about the efficacy of a workforce strategy and provide more information about the feasibility of implementing proven workforce strategies in different contexts and have been implemented by a state program and evaluated, and the evaluation results indicate some potential for positive impacts on participants or system-wide outcomes; or
 - have not been previously implemented by the state, but are supported by strong evidence of positive change and have been evaluated before using an outcome, quasi-experimental, or random assignment design, and evaluation findings indicate some statistically significant positive change.
 - Tier-3 practices include those that:
 - previously have been implemented by a program funded by a state;
 - previously have been evaluated using a random assignment design and the evaluation findings indicate some positive impacts on participant or system wide outcomes; and
 - support a significant expansion of structural or service delivery reform ideas.

Section 482: State Plan Requirements

- States must submit to the Secretary of Health and Human Services a plan that describes:
 - the state’s strategy for employing and training eligible individuals under the state program;
 - how the state’s strategy fits with the state’s overall strategy for assessing and addressing workforce needs;
 - the employment and training services and supports to be provided under the state program;
 - a description of which specific eligible populations the state will serve, with a focus on how the state plans to assess and serve those with serious or multiple barriers to employment;
 - the strategies the State will use to create employability plans for eligible individuals participating in the State program;
 - how the state will coordinate this state program with other human services and workforce development programs of the state, including programs supported through WIOA and TANF;
 - a plan for regular, rigorous evaluation of the state program funded under this part including measurement of program outcomes and impacts.

Section 483: Use of Funds

- States may use funds to provide eligible individuals with employment and training services, training employers to use the program, and for the proper and efficient administration of the state program.
- States are required to utilize evidence-based practices that meet the requirements for being considered a Tier-1, Tier-2, or Tier-3 practice for employment and training services. The requirement to only fund evidence-based practices may be waived for economic downturns.
 - Beginning with the 21st fiscal year quarter for which the state carries out the program, at least 50 percent of the total amount expended by the state must be for employment and training services and supports that meet the requirements of a Tier-2 or Tier-3 practice.
- States are eligible to receive funding to conduct an evaluation if:

- the state submits to the Secretary a description of the proposed evaluation and the Secretary determines that the design and approach of the proposed evaluation is rigorous, will measure program outcomes and impacts, and is likely to yield information that is credible and will be useful to the state; and
- unless waived by the Secretary, the state contributes to the cost of the evaluation, from non-federal sources, an amount equal to at least 25 percent of the cost of the proposed evaluation.

Section 484: Payments to States

- States are eligible to receive the federal medical assistance percentage (FMAP) that applies for the fiscal year to the state for the total amount expended by the state during the quarter to provide eligible individuals with employment and training services and supports and for the proper and efficient administration of the program.
- States will receive increased federal support during economic downturns
 - If the total unemployment in a state (seasonally adjusted) for the period consisting of the most recent 3 months for which data for all states are published is
 - equal to or greater than 6.5 percent but less than 7 percent, the applicable number of percentage points is 10;
 - equal to or greater than 7 percent but less than 7.5 percent, the applicable number of percentage points is 20;
 - equal to or greater than 7.5 percent but less than 8 percent, the applicable number of percentage points is 30; and
 - equal to or greater than 8 percent, the applicable number of percentage points is 40.
- Maintenance of Effort - As a condition of receiving payments the total amount of state expenditures for employment and training services and supports provided through programs such as WIOA, shall not be less than the amount of such expenditures for fiscal year 2017.

Section 485: Other Program Requirements

- States must establish procedures to conduct assessment and employability plans that:
 - assess an eligible individual's job skills, education, past work experience, and potential barriers to employment within 30 days of the eligible individual commencing the state program; and
 - based on such assessment, create an individualized employability plan for each eligible individual participating in the program that specifies the ultimate employment goal of the eligible individual and the employment and training services and supports that will lead to such goal and will be provided by the state.
- Employment standards and criteria for transitional jobs
 - Subsidies for the transitional job placement may only be used by a public or private sector employer for costs attributable to the hiring of, compensation for, or on-the-job training of, the eligible individual.
 - A public or private sector employer is not eligible to be paid a subsidy that exceeds 120 percent of wage costs.
 - An eligible individual in a transitional job placement cannot be paid less than the prevailing minimum wage in the relevant jurisdiction.
 - A transitional job placement for an eligible individual cannot exceed 6 months unless the placement is extended to accommodate time needed for training.
 - Employers participating in the program must make a good faith effort to hire the individual placed in a transitional job in their company if the individual has demonstrated satisfactory performance and there is an available job.
 - If an eligible individual is unemployed for at least 3 total months after completing a transitional job placement, the eligible individual may apply for a new transitional job placement but only with a different public or private sector employer.

- A public or private sector employer cannot use an eligible individual transitional job placement to displace an employee, position, or volunteer, or to partially displace any employee, position, or volunteer such as through a reduction in hours, wages, or employment benefits or displace an employee participating in a strike or union activities;
- Any supports or employment-related income individuals receive through this program shall not be taken into account when determining the individual's eligibility for federal means tested benefits, with the exception of the EITC.

Section 486: Reports; Research

- States must submit quarterly reports to the Secretary including the data and information required by the Secretary.
- The Secretary must study and submit annual reports to Congress that measures the performance of the State programs, include information on the categories of individuals and employers served, and describe the types of funded activities.
- The Secretary must coordinate with the Secretary of Labor on aligning performance measures and regulations for this state program and those funded under WIOA.
- The Secretary must create new performance measures that address income gains, poverty reduction, and poverty alleviation for eligible individuals and their families participating in the State programs.
- The Secretary, in consultation with the Secretary of Labor, shall determine the data states should collect and report and the extent to which that data collection and reporting and required evaluations can be coordinated with the data collection, reporting, and evaluations required for the State programs funded under WIOA.

Section 487: Tribal Programs

- Allows any tribe or consortium operating a TANF program to also be eligible to receive direct funding from HHS for the operation of an employment and training program and receive a federal match at the tribal FMAP rate.

Section 488: Direct Funding and Administration for Programs Operated by Local Governments

- The Secretary must establish procedures for a local government, or a consortium of local governments to establish a program if their State does not elect to establish a State program.

Section 3: Program Performance Incentives

- Requires the Secretary to enter into an agreement with the National Academy of Sciences to evaluate and analyze the relationships between engagement, impacts and outcome measures. The evaluation shall also examine the issue of program performance and include recommendations to Congress on whether and how program performance might be tied to fiscal incentives.

Section 4: Conforming Amendments

Section 5: Tax-Related Provisions

- Ensures income received through subsidized employment is counted as income when determining eligibility for the EITC.
- Prohibits employers from claiming WOTC on behalf of workers employed through subsidies under this Act.

Section 6: Effective Dates